

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

FIVE-JAB, INC.

AI # 120123, 131557 and 179397

PROCEEDINGS UNDER THE LOUISIANA
ENVIRONMENTAL QUALITY ACT
LA. R.S. 30:2001, ET SEQ.

* Settlement Tracking No.
* SA-AE-19-0034
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* Enforcement Tracking No.
* AE-PP-15-00595
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SETTLEMENT

The following Settlement is hereby agreed to between Five-Jab, Inc. (“Respondent”) and the Department of Environmental Quality (“DEQ” or “the Department”), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. (“the Act”).

I

Respondent is a corporation that owns and/or operates oil and gas production facilities located in Beauregard, Calcasieu and Jefferson Davis Parishes (“the Facilities”).

II

On December 16, 2016, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-15-00595, attached as Exhibit A.

III

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

IV

Nonetheless, Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount of Three Thousand and No/100 Dollars (\$3,000.00), of which Five Hundred Seventy-Eight and 93/100 Dollars (\$578.93) represents the Department's enforcement costs, in settlement of the claims set forth in this agreement. The total amount of money expended by Respondent on cash payments to the Department as described above, shall be considered a civil penalty for tax purposes, as required by La. R.S. 30:2050.7(E)(1).

V

Respondent further agrees that the Department may consider the inspection report(s)/permit record(s), the Notice of Potential Penalty and this Settlement for the purpose of determining compliance history in connection with any future enforcement or permitting action by the Department against Respondent, and in any such action Respondent shall be estopped from objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

VI

This agreement shall be considered a final order of the Secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this agreement, except such review as may be required for interpretation of this agreement in any action by the Department to enforce this agreement.

VII

This settlement is being made in the interest of settling the state's claims and avoiding for both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the Department considered the factors for issuing civil penalties set forth in La. R. S. 30:2025(E) of the Act.

VIII

As required by law, the Department has submitted this Settlement Agreement to the Louisiana Attorney General for approval or rejection. The Attorney General's concurrence is appended to this Settlement Agreement.

IX

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Beauregard, Calcasieu and Jefferson Davis Parishes, Louisiana. The advertisement, in form and wording approved by the Department, announced the availability of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted an original proof-of-publication affidavit and an original public notice to the Department and, as of the date this Settlement is executed on behalf of the Department, more than forty-five (45) days have elapsed since publication of the notice.

X

Payment is to be made within ten (10) days from notice of the Secretary's signature. If payment is not received within that time, this Agreement is voidable at the option of the Department. Payments are to be made by check, payable to the Department of Environmental Quality, and mailed or delivered to the attention of Accountant Administrator, Financial Services Division, Department of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303. Each

payment shall be accompanied by a completed Settlement Payment Form (Exhibit B).

XI

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

XII

Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his or her respective party, and to legally bind such party to its terms and conditions.

Five-Jab, Inc.

BY: [Signature]
(Signature)

James Bohannon
(Printed)

TITLE: V. President

THUS DONE AND SIGNED in duplicate original before me this 11th day of June, 20 20, at 9:09 a.m.

[Signature]

NOTARY PUBLIC (ID # 130733107)



(stamped or printed)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Chuck Carr Brown, Ph.D., Secretary

BY: [Signature]

Lourdes Iturralde, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 18th day of September, 20 20, at Baton Rouge, Louisiana.

[Signature]

NOTARY PUBLIC (ID # 92503)

Amber Gremillion Hitchfield
(stamped or printed)

Approved: [Signature]
Lourdes Iturralde, Assistant Secretary



JOHN BEL EDWARDS
GOVERNOR

CHUCK CARR BROWN, PH.D.
SECRETARY

State of Louisiana
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

December 16, 2016

CERTIFIED MAIL (7004 2510 0006 3853 2431)
RETURN RECEIPT REQUESTED

FIVE-JAB, INC.
c/o James Bohannon
Agent for Service of Process
2851 Johnson St.
Lafayette, LA 70503

**RE: NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. AE-PP-15-00595
AGENCY INTEREST NOS. 120123, 131557, 179397**

Dear Sir(s):

On or about November 23, 2016, a file review of the **B. HEBERT ET AL NO. 1 PRODUCTION FACILITY** (facility), agency interest number 120123, an oil and gas production facility, owned and/or operated by **FIVE-JAB, INC. (RESPONDENT)**, was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations. The facility is located approximately 6.6 miles south of Ragley in Beauregard Parish, Louisiana. Ownership of the facility was transferred to the Respondent from White Oak Operating Company, LLC on or about May 1, 2015, and Minor Source Air Permit No. 0320-00066-01 was transferred to the Respondent on July 10, 2015. The facility currently operates under Minor Source Air Permit No. 0320-00066-01 issued on May 21, 2015.

While the investigation by the Louisiana Department of Environmental Quality (the Department) is not yet complete, the following violations were noted during the course of the file review:

- A. The Respondent failed to submit a timely Name/Ownership/Operator Change Form (NOC-1 form) prior to or no later than 45 days after a change in ownership of the facility. Specifically, the Respondent was transferred ownership of the facility on or about May 1, 2015; however, a NOC-1 form was not submitted to the Office of Environmental Services until on or about June 18, 2015. Payment for the transfer was received by the Department on or about June 23, 2015. The failure to submit a timely NOC-1 form is a violation of LAC 33:I.1907.B, LAC 33:III.517.G and La. R.S. 30:2057(A)(2).



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- B. The Respondent operated the facility without approval from the permitting authority. Because the Respondent failed to submit a timely NOC-1 form to the Department, the facility did not retain coverage under Minor Source Air Permit No. 0320-00066-00 from the date of ownership transfer, May 1, 2015, until the date Minor Source Air Permit No. 0320-00066-01 was transferred, July 10, 2015. The operation of the facility from May 1, 2015, through July 10, 2015, without an air permit is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

On or about November 23, 2016, a file review of the **MW GRIGGS #1 FACILITY** (facility), agency interest number 131557, an oil and gas production facility, owned and/or operated by the Respondent, was performed to determine the degree of compliance with the Act and the Air Quality Regulations. The facility is located off of Camp Edgewood Drive approximately eight (8) miles southeast of Perkins and approximately eight (8) miles east-southeast of Dequincy in Calcasieu Parish, Louisiana. Operatorship of the facility was transferred to the Respondent from Aspect Energy LLC on or about December 1, 2014, and Minor Source Air Permit No. 0520-00359-01 was transferred to the Respondent on June 5, 2015. The facility currently operates under Minor Source Air Permit No. 0520-00359-01 issued on April 5, 2013.

While the investigation by the Department is not yet complete, the following violations were noted during the course of the file review:

- A. The Respondent failed to submit a timely Name/Ownership/Operator Change Form (NOC-1 form) prior to or no later than 45 days after a change in operatorship of the facility. Specifically, the Respondent was transferred operatorship of the facility on or about December 1, 2014; however, a NOC-1 form was not submitted to the Office of Environmental Services until on or about April 20, 2015. Payment for the transfer was received by the Department on or about April 24, 2015. The failure to submit a timely NOC-1 form is a violation of LAC 33:I.1907.B, LAC 33:III.517.G and La. R.S. 30:2057(A)(2).
- B. The Respondent operated the facility without approval from the permitting authority. Because the Respondent failed to submit a timely NOC-1 form to the Department, the facility did not retain coverage under Minor Source Air Permit No. 0520-00359-01 from the date of operatorship transfer, December 1, 2014, until the date of permit transfer, June 5, 2015. The operation of the facility from December 1, 2014, through June 5, 2015, without an air permit is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

On or about November 30, 2016, a file review of the **QUATRE MINERALS 22 #1 FACILITY** (facility), agency interest number 179397, an oil and gas production facility, owned and/or operated by the Respondent, was performed to determine the degree of compliance with the Act and the Air Quality Regulations. The facility is located approximately 9.8 miles northwest of Fenten in DeQuincy, Jefferson Davis Parish, Louisiana. Operatorship of the facility was transferred to the Respondent from Aspect Energy LLC on or about December 1, 2014, and Minor Source Air Permit No. 1360-00572-00 was

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transferred to the Respondent on May 6, 2015. The facility currently operates under Minor Source Air Permit No. 1360-00572-00 issued on February 8, 2012.

While the investigation by the Department is not yet complete, the following violations were noted during the course of the file review:

- A. The Respondent failed to submit a timely Name/Ownership/Operator Change Form (NOC-1 form) prior to or no later than 45 days after a change in operatorship of the facility. Specifically, the Respondent was transferred operatorship of the facility on or about December 1, 2014; however, a NOC-1 form was not submitted to the Office of Environmental Services until on or about April 20, 2015. Payment for the transfer was received by the Department on or about April 24, 2015. The failure to submit a timely NOC-1 form is a violation of LAC 33:I.1907.B, LAC 33:III.517.G and La. R.S. 30:2057(A)(2).
- B. The Respondent operated the facility without approval from the permitting authority. Because the Respondent failed to submit a timely NOC-1 form to the Department, the facility did not retain coverage under Minor Source Air Permit No. 1360-00572-00 from the date of operatorship transfer, December 1, 2014, until the date of permit transfer, May 6, 2015. The operation of the facility from December 1, 2014, through May 6, 2015, without an air permit is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

Pursuant to La. R.S. 30:2050.3(B), you are hereby notified that the issuance of a penalty assessment is being considered for the violation(s) described herein. Written comments may be filed regarding the violation(s) and the contemplated penalty. If you elect to submit comments, it is requested that they be submitted within ten (10) days of receipt of this notice.

Prior to the issuance of any additional appropriate enforcement action, you may request a meeting with the Department to present any mitigating circumstances concerning the violation(s). If you would like to have such a meeting, please contact Richard LeBlanc at (225) 219-3165 within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**.

The Department is required by La. R.S. 30:2025(E)(3)(a) to consider the gross revenues of the Respondent and the monetary benefits of noncompliance in order to determine whether a penalty will be assessed and the amount of such penalty. Please forward the Respondent's most current annual gross revenue statement along with a statement of the monetary benefits of noncompliance for the cited violations to the above named contact person within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**. Include with your statement of monetary benefits the method(s) you utilized to arrive at the sum. If you assert that no monetary benefits have been gained, you are to fully justify this statement.

For each violation described herein, the Department reserves the right to seek civil penalties and the right to seek compliance with its rules and regulations in any manner allowed by law, and nothing herein shall be construed to preclude the right to seek such penalties and compliance.

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To reduce document handling, please refer to the Enforcement Tracking Number and Agency Interest Number on the front of this document on all correspondence in response to this action.

Sincerely,



Lourdes Iturralde
Assistant Secretary
Office of Environmental Compliance

LI/RDL/rdl
Alt ID Nos. 0320-00066, 0520-00359, 1360-00572

c: Five-Jab, Inc.
16202 Butera Rd.
Magnolia, TX 77355