



#### 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 FIFTEEN THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$15,500.00), of which One Thousand Six Hundred Thirty-Two and 64/100 Dollars (\$1,632.64) 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 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 Bienville Parish and Webster Parish, 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 in four (4) installments of \$3,875.00 over four (4) consecutive months. The first payment is due 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 A).

### XIII

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

### XIV

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.

31 OPERATING LLC

BY: [Signature]  
(Signature)

Ken Goyans  
(Printed)

TITLE: President

THUS DONE AND SIGNED in duplicate original before me this 31 day of JANUARY, 20 22, at Rockwall.

[Signature]  
NOTARY PUBLIC (ID # \_\_\_\_\_)



(stamped or printed)

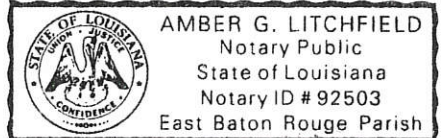
LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY  
Chuck Carr Brown, Ph.D., Secretary

BY: [Signature]  
Celena J. Cage, Assistant Secretary  
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 11th day of May, 20 20, at Baton Rouge, Louisiana.

[Signature]

NOTARY PUBLIC (ID # 92503)



(stamped or printed)

Approved: [Signature]  
Lourdes Iturralde, Assistant Secretary

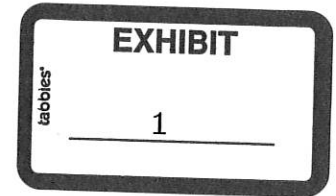
JOHN BEL EDWARDS  
GOVERNOR



CHUCK CARR BROWN, PH.D.  
SECRETARY

State of Louisiana  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
OFFICE OF ENVIRONMENTAL COMPLIANCE

July 6, 2018



CERTIFIED MAIL (7014 0510 0002 3595 3823)  
RETURN RECEIPT REQUESTED

**31 OPERATING LLC**

c/o Registered Agents Inc  
Agent for Service of Process  
201 Rue Beauregard, Ste. 202  
Lafayette, LA 70508

**RE: NOTICE OF POTENTIAL PENALTY**

**ENFORCEMENT TRACKING NO. AE-PP-16-01070**

**AGENCY INTEREST NOS. 31628, 31646, 33513, 87737, 115202, 119351, 121103, 121438, 122229, 122523, 128000, 128334, 129403, 130248, 130347, 130615, 130839, 139059, 139468, 139469, 139770, 145646, 147069**

Dear Sir:

On or about June 21, 2018, file reviews of the following oil and natural gas facilities, owned and/or operated by **31 OPERATING LLC (RESPONDENT)**, were performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act), the Air Quality Regulations, and all applicable permits. The facilities are located and currently permitted as shown in Table A:

**TABLE A**

AI#	Facility	Location, Parish*	Small Source Air Permit No.	Permit Issue Date
31628	Woodard Walker Jones Mason Batteries	1.5 mi SW of Ada, Bienville	0360-00102-01	12/20/2013
31646	Woodard Walker G #2	Blacklake Road, Ada, Bienville	0360-00129-02	12/16/13
33513	Perryman 21 #1	1.9 mi N of Dubberly, Webster	3080-00139-02	11/25/13
87737	Roberts # 2	Lease Road, Sibley, Webster	3080-00202-02	11/26/13
115202	McKinney 5 #1 Alt	Hwy 371, 6.5 mi S of Sibley, Webster	3080-00252-02	12/16/13
119351	W E McKinney	Sec 5 T17N R9W,	3080-00279-01	11/26/13

31 Operating LLC

AE-PP-16-01070

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TABLE A

AI#	Facility	Location, Parish*	Small Source Air Permit No.	Permit Issue Date
	5 #2 Alt	Minden, Webster		
121103	T V Perryman et al 20 #1 - Alt	Hwy 532 S 2.6 mi to Parish Road 167, E 0.7 mi to Well Road on left to site, Minden, Webster	3080-00285-01AA	2/26/14
121438	La Methodist Orphanage #3-Alt	Hwy 7 S 4.5 mi E on Parish Road 171, 1.8 mi to Well Road, Minden, Webster	3080-00290-01AA	2/20/14
122229	Burton #2 Alt	Hwy 7 S 1.2 mi to Parish Road 159, W 1.2 mi to Parish Road 158, S 1.7 mi to Parish Road 157 SW, 0.7 mi to road on right, go N 0.6 mi to site, Sibley, Webster	3080-00296-01	6/30/14
122523	Goodwill 3 #2 Alt	Hwy 7, S 8 mi to Parish Road 171, E 1.6 mi to well road on left, go N .7 mi., go left .25 mi to well road on left to site, Minden, Webster	3080-00298-01	1/13/14
128000	Maude Reagan 20 #1-Alt	3.5 mi SE of Minden, Webster	3080-00313-01	12/20/13
128334	Kenner 8 #1-Alt	Yellow Pine Road 3.25 mi SW of Minden, Webster	3080-00318-01	12/20/13
129403	Jones et al #3-Alt 3	off Parish Road 139, 5.5 mi from Minden, Webster	3080-00336-01	10/4/13
130248	Harvey #3-Alt	1.3 mi E on Harveys Barbershop Road, Dubberly, Webster	3080-00350-01	6/30/14
130347	J D Bates C #2-Alt	0.5 mi S of Peachtree Road Dubberly, Webster	3080-00353-01	3/14/11
130615	Sibley Compression Site	Hwy 7, S 4.5 mi left on Parish Road 171, 0.4 mi to lease road on left, Sibley, Webster	3080-00358-01	11/5/13
130839	Melton 20 #2-Alt	off Brushwood/Parish Road 167 2.4 mi from Dubberly, Webster	3080-00360-01	12/30/13
139059	Mears #1	off of Parish Road 158 2.5 mi SE of Sibley, Webster	3080-00399-01	10/21/13
139468	Roberts #1-Alt	2.6 mi SE of Sibley, Webster	3080-00403-02	1/20/11
139469	Stewart 35 #1	Hwy 7 1.2 mi to Parish Road 159, E 1.1 mi to Parish Road 159, Sibley, Webster	3080-00404-01	11/5/13
139770	Burton #1- Alt	off Parish Road 157, 2.7 mi SE of Sibley, Webster	3080-00406-01	12/12/13
145646	Reed 33 #1-Alt	off Parish Road 157, 5.6 mi SE of Sibley, Webster	3080-00423-01	12/30/13

31 Operating LLC

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TABLE A

AI#	Facility	Location, Parish*	Small Source Air Permit No.	Permit Issue Date
147069	Ada Central Facility	3.3 mi SE of Dubberly, Webster	3080-00427-01	1/27/14

\*Ada is unincorporated, Dubberly is a village, Minden is a city, and Sibley is a town

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 reviews:

- A. In correspondence postmarked September 23, 2016, the Respondent submitted Notification of Change Forms (NOC-1) for the March 1, 2016 purchase of the facilities listed in Table A, with the exception of AI# 139469. In correspondence postmarked December 21, 2016, the Respondent submitted a NOC-1 for the March 1, 2016 purchase of Stewart 35 #1 (AI# 139469). Each failure to submit a NOC-1, and associated documentation, to the Department within forty-five days after the change of ownership 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 acquired ownership and/or operational control of facilities listed in Table A on or about March 1, 2016. The air permit for Stewart 35 #1, (AI# 139469) was transferred on or about January 17, 2017. The other permits for the facilities listed in Table A were transferred on or about October 19, 2016. The unauthorized operation of each facility from the date the facility was acquired until a permit was transferred is a violation of LAC 33:III.501.C.2 and 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 violations described herein. Written comments may be filed regarding the violations 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 violations. If you would like to have such a meeting, please contact Mark E. Brown 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. If the Respondent chooses not to submit the requested most current annual gross



31 Operating LLC  
AE-PP-16-01070  
Page 4

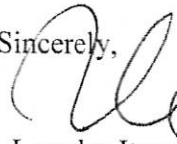
revenues statement within ten (10) days, it will be viewed by the Department as an admission that the Respondent has the ability to pay the statutory maximum penalty as outlined in La. R.S. 30:2025.

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.

The Department assesses civil penalties based on LAC 33:I.Subpart1.Chapter7. To expedite closure of this **NOTICE OF POTENTIAL PENALTY**, the Respondent may offer a settlement amount to resolve any claim for civil penalties for the violations described herein. The Respondent may offer a settlement amount, but the Department is under no obligation to enter into settlement negotiations. The decision to proceed with a settlement is at the discretion of the Department. The settlement offer amount may be entered on the attached "**NOTICE OF POTENTIAL PENALTY REQUEST TO SETTLE**" form. The Respondent must include a justification of the offer. **DO NOT** submit payment of the offer amount with the form. The Department will review the settlement offer and notify the Respondent as to whether the offer is or is not accepted.

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,



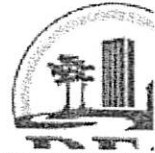
Lourdes Iturralde  
Assistant Secretary  
Office of Environmental Compliance

LI/MEB/meb  
Alt ID Nos. Multiple

c: 31 Operating LLC  
Ken Grogans, President  
P. O. Box 1706  
Rockwall, TX 75087

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY  
 OFFICE OF ENVIRONMENTAL COMPLIANCE  
 ENFORCEMENT DIVISION  
 POST OFFICE BOX 4312  
 BATON ROUGE, LOUISIANA 70821-4312

**NOTICE OF POTENTIAL PENALTY  
 REQUEST TO SETTLE (OPTIONAL)**



Enforcement Tracking No.	AE-PP-16-01070	Contact Name	Mark E. Brown
Agency Interest (AI) Nos.	Multiple	Contact Phone No.	(225) 219-3782
Alternate ID Nos.	Multiple		
Respondent:	31 Operating LLC	Facility Names:	Multiple
	c/o Registered Agents Inc.	Physical Locations:	Multiple
	Agent for Service of Process		
	201 Rue Beauregard, Ste 202	City, State, Zip:	Multiple
Lafayette, LA 70508	Parish:	Multiple	

**SETTLEMENT OFFER (OPTIONAL)**

*(check the applicable option)*

The Respondent is not interested in entering into settlement negotiations with the Department with the understanding that the Department has the right to assess civil penalties based on LAC 33:1.Subpart1.Chapter7.

In order to resolve any claim for civil penalties for the violations in **NOTICE OF POTENTIAL PENALTY** AE-PP-16-01070, the Respondent is interested in entering into settlement negotiations with the Department and would like to set up a meeting to discuss settlement procedures.

In order to resolve any claim for civil penalties for the violations in **NOTICE OF POTENTIAL PENALTY** AE-PP-16-01070, the Respondent is interested in entering into settlement negotiations with the Department and offers to pay \$ \_\_\_\_\_ which shall include LDEQ enforcement costs and any monetary benefit of non-compliance.

- Monetary component = \$ \_\_\_\_\_
- Beneficial Environmental Project (BEP) component (optional)= \$ \_\_\_\_\_
- **DO NOT SUBMIT PAYMENT OF THE OFFER WITH THIS FORM-** the Department will review the settlement offer and notify the Respondent as to whether the offer is or is not accepted.

The Respondent has reviewed the violations noted in **NOTICE OF POTENTIAL PENALTY** AE-PP-16-01070, and has attached a justification of its offer and a description of any BEPs if included in settlement offer.

**CERTIFICATION STATEMENT**

*I certify, under provisions in Louisiana and United States law that provide criminal penalties for false statements, that based on information and belief formed after reasonable inquiry, the statements and information attached and the compliance statement above, are true, accurate, and complete. I also certify that I do not owe outstanding fees or penalties to the Department for this facility or any other facility I own or operate. I further certify that I am either the Respondent or an authorized representative of the Respondent.*

Respondent's Signature	Respondent's Printed Name	Respondent's Title
Respondent's Physical Address	Respondent's Phone #	Date

**MAIL COMPLETED DOCUMENT TO THE ADDRESS BELOW:**

Louisiana Department of Environmental Quality  
 Office of Environmental Compliance  
 Enforcement Division  
 P.O. Box 4312  
 Baton Rouge, LA 70821  
 Attn: Mark E. Brown