STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	*	**Settlement Tracking No.**
	*	**SA-AE-13-0073**
EOG RESOURCES, INC.	*	
	*	**Enforcement Tracking No.**
AI # 124803, 148348 and 162736	*	**AE-CN-11-00470**
	*	
PROCEEDINGS UNDER THE LOUISIANA	*	
ENVIRONMENTAL QUALITY ACT	*	**Docket No. 2012-14910-EQ**
LA. R.S. 30:2001, ET SEQ.	*	

SETTLEMENT

The following Settlement is hereby agreed to between EOG Resources, 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 an oil production facility located in De Soto Parish and Jackson Parish, Louisiana ("the Facility").

II

On December 21, 2011, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. **AE-CN-11-00470**, which was based upon the following findings of fact:

The Respondent owns and/or operates Martin Timber Production Facility (AI 148348), an oil production facility located on Louisiana Highway 175 approximately 5.4 miles southeast of Mansfield, De Soto Parish, Louisiana. The Respondent originally operated under Minor Source/Small Source Air Permit 0760-00645-00, issued on February 7, 2007. The Respondent

submitted a permit modification application and was subsequently issued permit 0760-00645-01 on February 17, 2009. The Respondent submitted an additional permit modification and currently operates under permit 0760-00645-02 that was issued on December 11, 2009.

On or about February 11, 2009, an inspection of the facility was performed to determine the degree of compliance with the Act and the Air Regulations. While the investigation by the Department is not yet complete, the following violations were noted during the course of the inspection and subsequent file review conducted on April 15, 2011:

A. The file review indicates that the Respondent failed to notify the Department of the estimated start-up date of operation, which commenced in May 2007. Failure to notify the Department is a violation of General Condition VI of Minor Source/Small Source Air Permit Number 0760-00645-00, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1).

B. At the time of the inspection, the Respondent had removed the following emission points from the facility:

   EQT 3 - Gas Compressor Engine 1,
   EQT 5 - Liquefied Natural Gas Storage Tank 1,
   EQT 6 - Liquefied Natural Gas Storage Tank 2,
   FUG 2 - Skid-Mounted Liquefied Natural Gas Unit.

   The Respondent also did not install the following emission points as specified:

   EQT 4 – Gas Compressor Engine 2,
   EQT 0012 - Amine Unit 1 Pump Engine 1,
   EQT 0013 - Amine Unit 1 Pump Engine 2,
   EQT 0019 - Amine Unit 2 Pump Engine 1,
   EQT 0020 - Amine Unit 2 Pump Engine 2,
   EQT 0026 - Amine Unit 3 Pump Engine 1, and
   EQT 0027 - Amine Unit 3 Pump Engine 2.

   The Respondent's failure to obtain prior approval before effecting significant changes to the facility's design is a violation of General Condition V of Minor Source/Small Source Air Permit Number 0760-00645-00, LAC 33:III.501.C.2, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and La. R.S. 30:2057(A)(2).

C. The inspection and file review indicates that the Respondent installed the following emission points at the facility on the dates as listed below:

Condensate Storage Tank 2	February 16, 2008
Amine Unit 1 Flash Vessel	February 16, 2008
Amine Unit 1 Regenerator Column Vent	February 16, 2008
Amine Unit 1 Heater	February 16, 2009
Amine Unit 1 Pump Engine 1	February 16, 2009
Amine Unit 1 Pump Engine 2	February 16, 2009
Amine Unit 1 Cooler Engine 1	February 16, 2009
Amine Unit 1 Cooler Engine 2	February 16, 2009
Amine Unit 2 Flash Vessel	February 16, 2008
Amine Unit 2 Regenerator Column Vent	February 16, 2008
Amine Unit 2 Heater	February 16, 2009
Amine Unit 2 Pump Engine 1	February 16, 2009
Amine Unit 2 Pump Engine 2	February 16, 2009
Amine Unit 2 Cooler Engine 1	February 16, 2009
Amine Unit 2 Cooler Engine 2	February 16, 2009
Amine Unit 3 Flash Vessel	February 16, 2008
Amine Unit 3 Regenerator Column Vent	February 16, 2008
Amine Unit 3 Heater	February 16, 2009
Amine Unit 3 Pump Engine 1	February 16, 2009
Amine Unit 3 Pump Engine 2	February 16, 2009
Amine Unit 3 Cooler Engine 1	February 16, 2009
Amine Unit 3 Cooler Engine 2	February 16, 2009
Dehydrator 1 Heater Stack	February 27, 2009
Dehydrator 1 Regenerator Stack	February 27, 2009
Dehydrator 2 Heater Stack	February 27, 2009
Dehydrator 2 Regenerator Stack	February 27, 2009

The Respondent's failure to obtain a permit prior effecting significant changes to the facility's design and prior to the commencement of operations that ultimately resulted in the emission of air contaminants is a violation of LAC 33:III.501.C.2, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1), and La. R.S. 30:2057(A)(2). These emission points were addressed upon the modification of Minor Source/Small Source Air Permit Number 0760-00645-01 on February 17, 2009, and Minor Source/Small Source Air Permit Number 0760-00645-02 on December 11, 2009.

D. On or about January 19, 2009, the Respondent submitted a permit modification application to include the emission points listed in subpart C of this paragraph, which were not included in Minor Source/Small Source Air Permit Number 0760-00645-00. On or about July 6, 2009, the Respondent submitted a second permit modification application to include additional emission points listed in subpart C and to correct the specification of the engines listed in subpart D of this paragraph, which were not

included in Minor Source/Small Source Air Permit Number 0760-00645-01. Each failure to submit timely and complete permit applications to the Department prior to the construction, reconstruction, or modification of the facility is a violation of LAC 33:III.501.C.1 and La. R.S. 30:2057(A)(2). These emission points were addressed upon the modification of Minor Source/Small Source Air Permit Number 0760-00645-01 on February 17, 2009, and Minor Source/Small Source Air Permit Number 0760-00645-02 on December 11, 2009.

The Respondent owns and/or operates Mack 19-1 Production Facility (AI 124803), an oil production facility located on Louisiana Highway 155 approximately six (6) miles east of Quitman, Jackson Parish, Louisiana. The Respondent originally operated under Standard Oil and Gas Air (SOGA) Permit Number 1300-00235-00, issued on December 17, 2004. The Respondent submitted a permit modification application and was subsequently issued SOGA Permit Number 1300-00235-01 on December 28, 2006. The Respondent currently operates under modified SOGA permit 1300-00235-01 that was issued on July 10, 2009.

On or about July 18, 2008, an inspection of the facility was performed to determine the degree of compliance with the Act and the Air Regulations. While the investigation by the Department is not yet complete, the following violations were noted during the course of the inspection and subsequent file review conducted on April 15, 2011:

A. The Respondent applied for a SOGA Permit and subsequent modifications prior to construction and modifications of the facility. The Respondent has failed to submit any semiannual progress reports outlining the status of construction. Each failure to submit the report is a violation of General Condition III of SOGA Permit Numbers 1300-00235-00/01, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1).

B. The facility was operational at the time of the inspection. However, the file review indicates the Respondent failed to notify the Department upon completion of construction and the estimated start-up date of operation. Failure to submit this report is a violation of SOGA Permit Numbers 1300-00235-00/01, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1).

C. The Respondent was operating under SOGA Permit 1300-00235-01 that was issued on December 28, 2006, that included emissions from a 1,165 hp Caterpillar G3516TALEAFR compressor engine. According to information provided to the

inspector, this compressor engine was never installed; instead, in October 2007, the Respondent installed a 625 hp Caterpillar G3508 LE. Although the replacement compressor engine was stack tested according to 1300-00235-01 and meets the emission limits set forth within the permit, the Respondent's failure to update the permit within seven (7) calendar days after effecting a modification to the facility is a violation General Condition V of SOGA Permit Number 1300-00235-01, as issued on December 28, 2006, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1), and La. R.S. 30:2057(A)(2). The Respondent requested a permit modification on September 12, 2006, to include the installed compressor engine, and the Department issued the modified permit on July 10, 2009.

D. The facility did not have a written plan for housekeeping and maintenance that addressed the prevention or reduction of volatile organic compounds (VOCs) emission from the facility. The Respondent's failure to develop such plan is a violation of LAC 33:III.2113, Specific Condition 27 of SOGA Permit Number 1300-00235-01, as issued on December 28, 2006, La. R.S. 30:2057(A)(1), and La. R.S. 30:2057(A)(2). The Respondent has since developed a plan and submitted the plan to the Department upon request on March 14, 2011.

The Respondent owns and/or operates the Trenton Production Facility (AI 162736), an oil and gas production facility located on Louisiana Highway 513 approximately 5 miles southeast of Mansfield, DeSoto Parish, Louisiana. The Respondent originally operated under Standard Oil and Gas Air (SOGA) Permit 0760-01023-00, issued on February 17, 2009. The Respondent submitted a permit modification application and was subsequently issued SOGA Permit Number 0760-01023-01 on January 4, 2010.

On or about May 9, 2011, file review of the facility was performed to determine the degree of compliance with the Act and the Air Regulations. While the investigation by the Department is not yet complete, the following violation was noted:

The file review indicates that the Respondent installed the following emission points at the facility on or before compliance testing conducted on October 28, 2009:

EQT20 - AMINE4ENG1
EQT21 - AMINE4ENG2
EQT22 - AMINE4COL1
EQT23 - AMINE4COL2

Although the emission points were included in the SOGA Permit Number 0760-01023-00 modification application submitted to the Department on July 17, 2009, the Respondent's failure to obtain prior approval before effecting significant changes to the facility's design is a violation of LAC 33:III.501.C.2, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1), and La. R.S. 30:2057(A)(2). These emission points were addressed upon the modification of SOGA Permit Number 0760-01023-00 on January 4, 2010.

III

In response to the Consolidated Compliance Order & Notice of Potential Penalty, Respondent made a timely request for a hearing.

IV

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

V

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 SEVEN THOUSAND AND NO/100 DOLLARS ($7,000.00), of which One Thousand Sixty-Two and 48/100 Dollars ($1,062.48) 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).

VI

Respondent further agrees that the Department may consider the inspection report(s), the Consolidated Compliance Order & 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.

VII

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.

VIII

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.

IX

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in De Soto Parish and Jackson Parish, Louisiana. The advertisement, in form, wording, and size 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 from the newspaper of each affected parish 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 A).

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.

EOG RESOURCES, INC.

BY: _____
(Signature)

_____
(Printed)

TITLE: _____

THUS DONE AND SIGNED in duplicate original before me this _____ day of _____, 20 _____, at _____.

_____
NOTARY PUBLIC (ID #_____)

_____
(stamped or printed)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Peggy M. Hatch, Secretary

BY: _____
Cheryl Sonnier Nolan, Assistant Secretary
Office of Environmental Compliance

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

_____
NOTARY PUBLIC (ID # _____)

_____
(stamped or printed)

Approved: _____
Cheryl Sonnier Nolan, Assistant Secretary