STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	*	**Settlement Tracking No.**
	*	**SA-AE-13-0040**
LEWIS OPERATING CO.	*	
	*	**Enforcement Tracking No.**
AI # 31483, 183038	*	**AE-CN-08-0249**
	*	**AE-PP-12-00980**
	*	
PROCEEDINGS UNDER THE LOUISIANA ENVIRONMENTAL QUALITY ACT LA. R.S. 30:2001, ET SEQ.	*	

SETTLEMENT

The following Settlement is hereby agreed to between Lewis Operating Co. ("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 facilities located in Allen Parish and Jefferson Davis Parish, Louisiana ("the Facilities").

II

On March 18, 2010, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty (CONOPP), Enforcement No. AE-CN-08-0249, which was based upon the following findings of fact:

The Respondent owns and/or operates Bel Estate Comingling Facility, an oil and gas production facility. The facility is located at or near US Highway 190 ten (10) miles west of Reeves in Allen Parish, Louisiana. The facility currently operates under Air Permit No. 0060-00001-04 issued on March 4, 2009. The facility operated under Air Permit No. 0060-00001-03 issued on

December 10, 1997.

On or about August 6, 2008, an inspection of the Respondent's facility was performed to determine the degree of compliance with the Act and the Air Quality Regulations. The following violations were noted during the course of the inspection:

A. During the course of the inspection, the inspector noted that the hatch seal on Storage Oil Tank No. 5952 (Emission Point No. 017C) was missing. The Respondent's failure to maintain best practical housekeeping and maintenance practices at the highest possible standards to reduce the quantity of organic compounds emissions is a violation of LAC 33:III.2113.A, LAC 33:III.905, La. R.S. 30:2057(A)(1), and30:2057(A)(2).

B. During the course of the inspection, the inspector noted that the hatch seals on Storage Oil Tank Nos. 62076, 62077, and 5953 (Emission Point Nos. 017A, 017B, and 017D) were leaking. There were oil spills on the storage tanks, truck load out area, and near the compressor. Also a pipe off the glycol still was dripping liquid on the ground. Each failure of the Respondent to maintain best practical housekeeping and maintenance practices at the highest possible standards to reduce the quantity of organic compounds emissions is a violation of LAC 33:III.2113.A,LAC 33:III.905, La. R.S. 30:2057(A)(1), and 30:2057(A)(2).

C. During the course of the inspection, the inspector noted that the auto igniter on the flare (Emission Point No. 009) was not functioning. This is a violation of Specific Condition No. 1 of Air Permit No. 0060-00001-03, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).

On or about May 1, 2013, the Department issued to Respondent a Notice of Potential Penalty (NOPP), Enforcement No. AE-PP-12-00980, which was based upon the following findings of fact:

On or about July 19, 2012, an inspection of **TUPPER #2 PRODUCTION FACILITY – SOUTH ELTON FIELD (facility)**, an oil and natural gas production facility owned and/or operated by **LEWIS OPERATING CO. (RESPONDENT)**, was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations. Subsequent file reviews were conducted on or about September 10, 2012, January 11, 2013, and February 21, 2013. The facility is located 4.5 miles southeast of Elton in Jefferson Davis Parish,

Louisiana. The Respondent currently operates the facility under Air Permit No. 1360-00583-00 issued to the Respondent on October 19, 2012.

The following violations were noted during the course of the inspection and/or subsequent file reviews:

A. During the course of the inspection, the inspector noted that the facility was operating without an air permit. Through correspondence dated February 21, 2013, the Respondent indicated that two new wells began flowing to the facility in 2007 which caused an increase in volatile organic compound (VOC) emissions from the facility. The Respondent reported that VOC emissions in 2007 and 2008 were 5.62 tons and 6.47 tons, respectively. The failure to submit a permit application 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)(1) and 30:2057(A)(2).

B. During the course of the inspection, the inspector noted that the facility was operating without an air permit. Through correspondence dated February 21, 2013, the Respondent indicated that two new wells began flowing to the facility in 2007 which caused an increase in volatile organic compound (VOC) emissions from the facility. The Respondent reported that VOC emissions in 2007 and 2008 were 5.62 tons and 6.47 tons, respectively. Production from the additional wells decreased in 2009, reducing VOC emissions to below five (5) tpy for years 2009 through 2012. The unauthorized operation of the facility during years 2007 and 2008 is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057 (A)(2).

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 FIVE HUNDRED AND NO/100 DOLLARS ($3,500.00), of which Nine Hundred Seventy-Two and 03/100 Dollars ($972.03) 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), CONOPP, NOPP 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

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Allen Parish and Jefferson Davis 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.

IX

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).

X

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

XI

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.

LEWIS OPERATING CO.

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