

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

BAKER HUGHES OILFIELD
OPERATIONS, INC.

AI # 1050

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

* Settlement Tracking No.

* SA-AE-09-0042

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* Enforcement Tracking No.

* AE-PP-08-0062

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SETTLEMENT

The following Settlement is hereby agreed to between Baker Hughes Oilfield Operations, 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 a hydrochloric acid storage and blending facility located in Broussard, Lafayette Parish, Louisiana ("the Facility").

II

On November 21, 2008, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-08-0062, which was based upon the following findings of fact:

On or about August 6, 2008, a file review of Lafayette Acid Plant (Facility), owned and/or operated by Baker Hughes Oilfield Operations, 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 at 219 Bernard Road in Broussard, Lafayette Parish, Louisiana.

On or about February 13, 2007, the Department received the facility's Air Permit Application dated February 7, 2007. The facility currently operates under Air Permit No. 0620-00350-00, issued on April 3, 2008.

The following violation was noted during the course of the file review:

- A. According to an email from the Respondent's representative dated August 6, 2008, the estimated date construction commenced at the facility was during the fall of the 1973 calendar year. The Respondent failed to receive approval from the permitting authority prior to constructing the facility. This is a violation of LAC 33:III.501.C.1 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

- B. According to an email from the Respondent's representative dated August 6, 2008, the estimated date operation commenced at the facility was during the fall of 1973 calendar year. The facility's Air Permit No. 0620-00350-00 was approved on April 3, 2008. Operating the facility between the fall of 1973 and April 3, 2008, without an air permit 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 neither admits nor denies the findings of fact alleged above or the allegations of violation, and denies it committed any violations, and denies that it is liable for any fines, forfeitures and/or penalties.

IV

Nonetheless, in the interest of avoiding the time, expense, and uncertainty of protracted litigation, Respondent, without making any admission of facts or liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount of TEN THOUSAND AND NO/100 DOLLARS (\$10,000.00), of which Two Hundred Fifty-Eight and 53/100 Dollars (\$258.53) 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 file, including but not limited to, inspection report(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 or application of this agreement in any action to enforce this agreement. Respondent expressly reserves any and all rights, defenses, claims, demands, and causes of action which it may have with respect to any matter, action, event, claim, or proceeding related in any way to the matters addressed in this Settlement against any person, firm, or corporation except as provided herein. Respondent does not admit, and retains the right to contest in any subsequent proceedings, with parties other than the Department, the validity of the facts or conclusions of law contained herein.

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 Lafayette 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 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). On July 27, 2009, the Respondent paid the full settlement amount of \$10,000.00 sent directly to the Department's Financial Services Division by Electronic Funds Transfer.

X

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

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.

**BAKER HUGHES OILFIELD
OPERATIONS, INC.**

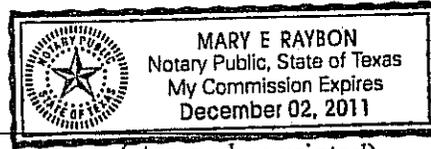
BY: *Dina C. Kuykendall*
(Signature)

DINA C. KUYKENDALL
(Printed)

TITLE: DIRECTOR OF ENVIRONMENTAL
AFFAIRS

THUS DONE AND SIGNED in duplicate original before me this 15 day of
APRIL, 20 11, at _____.

Mary E. Raybon
NOTARY PUBLIC (ID # _____)



(stamped or printed)

**LOUISIANA DEPARTMENT OF
ENVIRONMENTAL QUALITY**
Peggy M. Hatch Secretary

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

THUS DONE AND SIGNED in duplicate original before me this 25th day of
August, 20 11, at Baton Rouge, Louisiana.

Diana King
NOTARY PUBLIC (ID # 20590)
Bar Roll # *Life Commission*

Diana King
(stamped or printed)

Approved: *Cheryl*
Cheryl Sonnier Nolan, Assistant Secretary