

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

BENGAS MIDSTREAM, LLC

AI # 176031

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

* Settlement Tracking No.
* SA-AE-12-0025
*
* Enforcement Tracking No.
* AE-PP-11-01098
*
*
*
*
*

SETTLEMENT

The following Settlement is hereby agreed to between Bengas Midstream, LLC (“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 limited liability company that owns and/or operates a crude oil and natural gas production facility in Ramah, Iberville Parish, Louisiana (“the Facility”).

II

On December 19, 2011, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-11-01098, which was based upon the following findings of fact:

On or about August 31, 2011, a file review of Iberville Sales Station (facility), a crude oil and natural gas production facility owned and/or operated by Bengas Midstream, LLC (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 La. Highway 975 in Ramah, Iberville Parish, Louisiana. The facility currently operates under Air Permit No. 1280-00145-00 issued on April 29, 2011.

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

The Respondent submitted a Minor Source Air General Permit application dated April 28, 2011, which proposed construction of the facility to begin in May 2011. The Respondent submitted correspondence dated September 15, 2011, which stated that the construction of the facility began on April 1, 2011, and operations of the facility began April 28, 2011. The Department issued Minor Source Permit No. 1280-00145-00 for the facility on April 29, 2011. The construction of the facility prior to submitting a permit application is a violation of LAC 33:III.501.C.1 and La. R.S. 30:2057(A)(2). The construction and operation of the facility prior to receiving approval from the Department is a violation of LAC 33:III.501.C.2, 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 SIX HUNDRED EIGHTY-FOUR AND 75/100 DOLLARS (\$684.75), of which Two Hundred Thirty-Five and 75/100 Dollars (\$235.75) 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

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Iberville 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 the affected parish(s) 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.

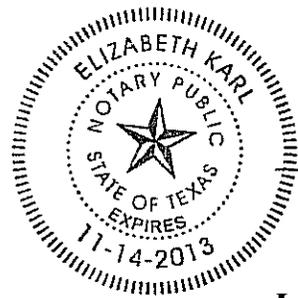
BENGAS MIDSTREAM, LLC

BY: [Signature]
(Signature)
Jeffrey G. Morris
(Printed)

TITLE: President

THUS DONE AND SIGNED in duplicate original before me this 11th day of September, 20 2012, at The Woodlands, TX.

[Signature]
NOTARY PUBLIC (ID # 125490195)



(stamped or printed)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Peggy M. Hatch Secretary

BY: [Signature]
Cheryl Sonnier Nolan, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 13th day of Feb, 20 13, at Baton Rouge, Louisiana.

[Signature]
NOTARY PUBLIC (ID # 19181)

Perry Theriot
(stamped or printed)

Approved: [Signature]
Cheryl Sonnier Nolan, Assistant Secretary