STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	*	**Settlement Tracking No.**
	*	**SA-AE-19-0106**
PIONEER EXPLORATION, LLC	*	
	*	**Enforcement Tracking Nos.**
AI # 168977, 7303, 31809, 31832	*	**AE-PP-13-01391**
	*	**AE-P-13-01108**
	*	
PROCEEDINGS UNDER THE LOUISIANA ENVIRONMENTAL QUALITY ACT LA. R.S. 30:2001, ET SEQ.	*	

SETTLEMENT

The following Settlement is hereby agreed to between Pioneer Exploration, 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 facilities located in Jefferson Davis, Vermilion, and Cameron Parishes, Louisiana ("the Facilities").

II

On January 8, 2015, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-13-01391 (Exhibit 1).

On April 20, 2015, the Department issued to Respondent a Penalty Assessment, Enforcement No. AE-P-13-01108 (Exhibit 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 SIXTEEN THOUSAND FIVE HUNDRED AND NO/100 DOLLARS ($16,500.00), of which Four Thousand Six Hundred Sixty-Two and 13/100 Dollars ($4,662.13) 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), the Notice of Potential Penalty, the Penalty Assessment 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 Jefferson Davis, Vermilion, and Cameron Parishes, 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 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.

PIONEER EXPLORATION, LLC

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
Chuck Carr Brown, Ph.D., Secretary

BY: _____
Lourdes Iturralde, 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: _____
Lourdes Iturralde, Assistant Secretary

BOBBY JINDAL
GOVERNOR

PEGGY M. HATCH
SECRETARY

State of Louisiana

DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

January 8, 2015

CERTIFIED MAIL (7004 2510 0006 3853 0680)
RETURN RECEIPT REQUESTED

PIONEER EXPLORATION, LLC
c/o C T Corporation System
Agent of Service
5615 Corporate Blvd., Ste. 400B
Baton Rouge, LA 70808

RE: NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. AE-PP-13-01391
AGENCY INTEREST NO. 168977

Dear Sir:

On or about November 17, 2014, a file review, of **BYLER #1 PRODUCTION FACILITY** (the facility), a natural gas, crude oil, and saltwater collection and separation facility, owned and/or operated by **PIONEER EXPLORATION, 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 on Telo Farm Road, 3.6 miles northwest of Lake Arthur in Jefferson Davis Parish, Louisiana. The facility operates under Air Permit No. 1360-0561-00, issued on or about February 23, 2010.

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 review:

> In correspondence dated January 28, 2010, the Respondent submitted an initial minor source air permit application for the facility. The application stated that the facility was operating without an air permit when the Respondent purchased the facility in December 2009. Air Permit No. 1360-0561-00 was issued on or about February 23, 2010. Therefore, the Respondent operated the facility without a valid permit from on or about December 2009, until Air Permit No. 1360-00561-00 was issued on or about February 23, 2010. Operation of a facility which will, or ultimately may, result in emission of air contaminants, without a valid permit, is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

EXHIBIT
tabbies
1

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 at (225) 219-3782 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.

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.

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,

Peggy M. Hatch

Peggy M. Hatch
Secretary

PMH/MEB/meb
Alt ID No. 1360-00561

c: Pioneer Exploration, LLC
Mr. Ijaz Rehman
15603 Kuykendahl Ste. 200
Houston, TX 77090-3655

BOBBY JINDAL
GOVERNOR

PEGGY M. HATCH
SECRETARY

State of Louisiana

DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

April 20, 2015

CERTIFIED MAIL (7004 2510 0006 3853 0635)
RETURN RECEIPT REQUESTED

PIONEER EXPLORATION, LLC
c/o C T Corporation System
Agent of Service
5615 Corporate Blvd., Ste. 400B
Baton Rouge, LA 70808

RE: PENALTY ASSESSMENT
ENFORCEMENT TRACKING NO. AE-P-13-01108
AGENCY INTEREST NOS. 7303, 31809, 31832

Dear Sir:

Pursuant to the Louisiana Environmental Quality Act (La. R.S. 30:2001, et seq.), the attached **PENALTY ASSESSMENT** is hereby served on **PIONEER EXPLORATION, LLC (RESPONDENT)** for the violations described therein.

Any questions concerning this action should be directed to Mark E. Brown at (225) 219-3782.

Sincerely,

Celena J. Cage
Administrator
Enforcement Division

CJC/MEB/meb
Alt ID Nos. 2940-00092, 0560-00091, 0560-00134
c: Pioneer Exploration, LLC
Mr. John Gilbert
Vice President of Operations
15603 Kuykendahl Ste. 200
Houston, TX 77090-3655

EXHIBIT
2

STATE OF LOUISIANA
DEPARTMENT OF ENVIRONMENTAL QUALITY

OFFICE OF ENVIRONMENTAL COMPLIANCE

IN THE MATTER OF	*	
	*	
PIONEER EXPLORATION, LLC	*	**ENFORCEMENT TRACKING NO.**
VERMILION, CAMERON, PARISHES	*	
ALT ID NOS. 2940-00092, 0560-00091,	*	**AE-P-13-01108**
0560-00134	*	
	*	**AGENCY INTEREST NOS.**
	*	
PROCEEDINGS UNDER THE LOUISIANA	*	**7303, 31809, 31832**
	*	
ENVIRONMENTAL QUALITY ACT,	*	
La. R.S. 30:2001, ET SEQ.	*	

PENALTY ASSESSMENT

The following **PENALTY ASSESSMENT** is issued to **PIONEER EXPLORATION, LLC (RESPONDENT)** by the Louisiana Department of Environmental Quality (the Department), under the authority granted by the Louisiana Environmental Quality Act (the Act), La. R.S. 30:2001, et seq., and particularly by La. R.S. 30:2025(E) and 30:2050.3.

FINDINGS OF FACT

I.

The Respondent owns and/or operates facilities as shown in Table A:

TABLE A

Facility Name	AI #	Facility Location
State Lease 5419 #2 Production Facility	7303	1.5 miles west of Louisiana Highway 14, two miles south of Lake Arthur in Vermilion Parish
Kings Bayou Field Production Facility	31809	1365 Oak Grove Highway in Grand Chenier, Cameron Parish
Theriot Central Facility	31832	Two miles southeast of Creole in Cameron Parish

The facilities operate, or have operated, under air permits as shown in Table B:

TABLE B

AI#	Permit No.	Permit Issue Date	Comments
7303	Air 2940-00092-03	January 7, 1998	
31809	SOGA 0560-00091-04	August 2, 2005	Rescinded October 23, 2006
	Air 0560-00091-05	December 17, 2009	
31832	SOGA 0560-00134-02	November 5, 2003	

II.

On or about November 4, 2009, a file review of State Lease 5419 #2, AI# 7303, Production Facility (the facility) owned and/or operated by the 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 1.5 miles west of Louisiana Highway 14, two miles south of Lake Arthur, Vermilion Parish, Louisiana. The facility currently operates under Air Permit No. 2940-00092-03, issued January 7, 1998.

While the Louisiana Department of Environmental Quality's (the Department) investigation is not yet complete, the following violation was noted during the course of the file review:

> The Respondent purchased the facility on or about February 2, 2004. On or about June 7, 2006, the Respondent submitted a Name/Ownership/Operator Change Form (NOC-1 form), a period of twenty-eight (28) months after the date of purchase. The failure to submit notification within forty-five (45) days after the date of ownership change is a violation of LAC 33:I.1905.A and La. R.S. 30:2057(A)(2).

III.

On or about January 13, 2009, an Air Quality inspection was performed on Kings Bayou Field Production Facility (the facility), AI# 31809, owned and/or operated by the Respondent, to determine the degree of compliance with the Act and the Air Quality Regulations. On or about November 4, 2009, a file review was performed to determine the degree of compliance with the Act and the Air Quality Regulations. The facility is located at 1365 Oak Grove Highway in Grand Chenier, Cameron Parish, Louisiana. The facility is operating without a current Air Permit.

While the Department's investigation is not yet complete, the following violations were noted during the course of the inspection and file review:

A. The Respondent purchased the facility on or about February 1, 2004. The Respondent has not submitted a NOC-1 form to the Department. The failure to submit notification within forty-five (45) days after the date of ownership change is a violation of LAC 33:I.1905.A and La. R.S. 30:2057(A)(2).

B. The Respondent purchased the facility from Transworld Exploration and Production, Inc., on or about February 1, 2004. Special Oil and Gas Air (SOGA) Permit No. 0560-00091-04, issued on or about August 2, 2005 to the previous owner, was not transferred to the Respondent upon or after acquiring ownership of the facility. In correspondence dated September 7, 2006, Transworld Exploration and Production, Inc. requested that the Department rescind the facility's SOGA permit. The Department rescinded the permit on or about October 23, 2006. On or about May 5, 2009, the Department received an application from the Respondent for a minor source air permit for the facility. The Respondent has operated the facility from the transfer of ownership date of February 1, 2004, to current, without a permit. The failure to obtain approval prior to operation of a facility which ultimately may result in an initiation or increase in emission of air contaminants is a violation of LAC 33:III.501.C.1, LAC 33:III.501.C.2, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

C. On or about November 2, 2009, the Department requested that additional information from the Respondent be submitted by November 30, 2009 in order to complete processing the permit application. The response was received on December 7, 2009. The failure to submit the additional information by the due date is a violation of LAC 33:III.519.B.2, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

IV.

On or about November 4, 2009, a file review of Theriot Central Facility (the facility), AI# 31832, owned and/or operated by the Respondent was performed to determine the degree of compliance with the Act and the Air Quality Regulations. The facility is located two miles southeast of Creole, Cameron Parish, Louisiana. The facility currently operates under SOGA Permit No. 0560-00134-02, issued to the previous owner, Hilcorp Energy Company, on or about November 5, 2003.

While the Department's investigation is not yet complete, the following violations were noted during the course of the file review:

A. The Respondent purchased the facility on or about June 1, 2008. On or about December 29, 2008, the Respondent submitted a NOC-1 form, a period of about seven months after the date of purchase. The failure to submit notification within forty-five (45) days after the date of ownership change is a violation of LAC 33:I.1905.A and La. R.S. 30:2057(A)(2).

B. The Respondent purchased the facility on or about June 1, 2008. On or about December 29, 2008, the Respondent submitted a NOC-1 form. The Department transferred the facility's permit to the Respondent with an effective date of January 9, 2009. Therefore, the Respondent operated the facility from June 1, 2008 until January 9, 2009, without a permit. That is a period of seven months. The failure to obtain approval prior to any operation of a facility which ultimately may result in an initiation or increase in emission of air contaminants is a violation of LAC 33:III.501.C.1, LAC 33:III.501.C.2, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1).and 30:2057(A)(2).

V.

On or about February 5, 2010, the Department issued a Notice of Potential Penalty (NOPP), Enforcement Tracking No. AE-PP-09-0138 to the Respondent.

VI.

A civil penalty under Section 2025(E) and 2050.3 of the Act may be assessed for the violations described herein.

VII.

Having considered the factors set forth in Section 2025(E)(3) of the Act, and in light of all facts and circumstances presently known, a civil penalty would be appropriate, equitable, and justified.

ASSESSMENT

VIII.

A penalty in the amount of **TWENTY THOUSAND ONE HUNDRED NINETY-EIGHT and 42/100 DOLLARS ($20,198.42)** is hereby assessed together with legal interest as allowed by law and all costs of bringing and prosecuting this enforcement action accruing after the date of issuance.

THE RESPONDENT SHALL FURTHER BE ON NOTICE THAT:

I.

The Respondent has a right to an adjudicatory hearing on a disputed issue of material fact or of law arising from this **PENALTY ASSESSMENT**. This right may be exercised by filing a written request with the Secretary no later than thirty (30) days after receipt of this **PENALTY ASSESSMENT**.

II.

The request for an adjudicatory hearing shall specify the provisions of the **PENALTY ASSESSMENT** on which the hearing is requested and shall briefly describe the basis for the request. This request should reference the Enforcement Tracking Number and Agency Interest Number, which are located in the upper right-hand corner of the first page of this document and should be directed to the following:

Department of Environmental Quality
Office of the Secretary
Post Office Box 4302
Baton Rouge, Louisiana 70821-4302
Attn: Hearings Clerk, Legal Division
Re: Enforcement Tracking No. AE-P-13-01108
Agency Interest Nos. 7303, 31809, 31832

III.

Upon the Respondent's timely filing a request for a hearing, a hearing on the disputed issue of material fact or of law regarding this **PENALTY ASSESSMENT** may be scheduled by the Secretary of the Department. The hearing shall be governed by the Act, the Administrative Procedure Act (La. R.S. 49:950, et seq.), and the Department's Rules of Procedure. The Department may amend or supplement this **PENALTY ASSESSMENT** prior to the hearing, after providing sufficient notice and an opportunity for the preparation of a defense for the hearing.

IV.

This **PENALTY ASSESSMENT** shall become a final enforcement action unless the request for a hearing is timely filed. Failure to timely request a hearing constitutes a waiver of the Respondent's right to a hearing on a disputed issue of material fact or of law under Section 2050.4 of the Act for the violations described herein and the assessed penalty.

V.

The Respondent must make full payment of the civil penalty assessed herein no later than fifteen (15) days after the assessment becomes final. Penalties are to be made payable to the Department of Environmental Quality, and mailed to:

Department of Environmental Quality
Office of Management and Finance
Post Office Box 4303
Baton Rouge, Louisiana 70821-4303
Attn: Jenny O'Rourke, Accountant
Re: Enforcement Tracking No. AE-P-13-01108
Agency Interest Nos. 7303, 31809, 31832

Enclose with your payment the attached Penalty Payment form.

VI.

Upon the penalty assessed herein becoming final because of the Respondent's failure to timely file a request for a hearing, and upon the Respondent's failure to pay the civil penalty provided herein or failure to make arrangements satisfactory to the Department for such payment, this matter shall be referred to the Attorney General for collection of the penalty plus all costs associated with the collection.

VII.

For each violation described herein, the Department reserves 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 compliance.

VIII.

This **PENALTY ASSESSMENT** is effective upon receipt.

Baton Rouge, Louisiana, this 20 day of April, 2015.

D. Chance McNeely
Assistant Secretary
Office of Environmental Compliance

Copies of a request for a hearing and/or related correspondence should be sent to:

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

PENALTY PAYMENT FORM

Please attach this form to your penalty payment and submit to:

Department of Environmental Quality
Office of Management and Finance
P. O. Box 4303
Baton Rouge, Louisiana 70821-4303
Attn: Jenny O'Rourke, **Accountant**

Respondent: Pioneer Exploration, LLC

Enforcement Tracking Number: AE-P-13-01108

Penalty Amount: $20,198.42

AI Numbers: 7303, 31809, 31832

Alternate ID Numbers: 2940-00092, 0560-00091, 0560-00134

TEMPO Activity Number: ENF20130001

For Official Use Only.
Do Not write in this Section.

Check Number:	**Check Date:**
Check Amount:	**Received Date:**
PIV Number:	**PIV Date:**
Stamp "Paid" in the box to the right and initial.	
Route Completed form to: **D. Chance McNeely** **Assistant Secretary** **Office of Environmental Compliance**	

PENALTY CALCULATION WORKSHEET

Penalty Event #1 – Paragraph II - State Lease 5419 #2 Production Facility - AI# 7303
The Respondent purchased the facility on or about February 2, 2004. In correspondence signed June 7, 2006, and received by the Department on or about June 8, 2006, the Respondent submitted a Name/Ownership/Operator Change Form (NOC-1 form) for the purchase. The delay in submission was twenty-eight (28) months after the date of purchase. The failure to submit notification within ninety (90) days after the date of purchase is a violation of LAC 33:III.517.G and La. R.S. 30:2057(A)(2).

Violation Specific Factors

Degree of Risk/Impact to Human Health Or Property: Minor

Justification:
Because the violation is administrative in nature, there is no substantial risk of harm to the environment or public health.

Nature and Gravity of the Violation: Major

Justification:
By submitting the NOC-1 form 28 months following the purchase instead of within 90 days, the violation resulted in substantial deviation from the intent of the requirement.

Violator Specific Factors

Adjustment Factors Per Event – the upward or downward percentage adjustment for each violator-specific factor shall be no more than 100 percent of the difference between the minimum and maximum penalty amount for the chosen matrix cell. The total upward or downward percentage adjustment is also limited to 100 percent.

1. The history of previous violations or repeated noncompliance.
   Adjustment = 0%

   Justification:
   The Respondent does not have a history of this violation or of repeated noncompliance.

2. The gross revenues generated by the Respondent.
   Adjustment = 10%

   Justification:
   The Respondent's gross revenue statement indicates that the Respondent is capable of following regulations and is capable of paying a reasonable penalty.

3. The degree of culpability, recalcitrance, defiance, or indifference to regulations or orders.
   Adjustment = 20%

   Justification:
   The Respondent is fully culpable for the violation. The Respondent has not displayed recalcitrance, defiance, or indifference to regulations or orders.

4. Whether the person charged has failed to mitigate or to make a reasonable attempt to mitigate the damages caused by the noncompliance or violation.
   Adjustment = 0%

   Justification:
   There were no discernable damages caused by this violation that required mitigation.

5. Whether the noncompliance or violation and the surrounding circumstances were immediately reported to the Department, and whether the violation or noncompliance was concealed or there was an attempt to conceal by the person charged.
   Adjustment = 0%

   Justification:
   The Respondent did not conceal, nor attempt to conceal the violation.

Total Percentage for Violator Specific Adjustment Factors: 30%

Penalty Range for the Penalty Event (using the Violation Specific Factors and the Penalty Matrix)	Minimum (A)	$1,500
	Maximum (C)	$3,000
Sum of the Percentages for the Penalty Event (using the Violator Specific Factors)	Sum of %s (B)	30%
Formula(s) to obtain a penalty amount for each penalty event		P = A + (B x [C-A]) P = $1,500 + (30% x [$3,000 -$1,500]) P = $1,500 + (30% x $1,500) P = $1,500 + $450 P = $1,950

Penalty Amount for Penalty Event #1 = $1,950

Penalty Event #2 – Paragraph III.A - Kings Bayou Field Production Facility - AI# 31809
The Respondent purchased the facility on or about February 1, 2004. The Respondent did not submit a NOC-1 form to the Department. In correspondence dated April 27, 2009, the Respondent submitted an initial permit application. Minor Source Permit No. 0560-00091-05 was issued December 17, 2009. The failure to submit notification within ninety (90) days after the date of ownership change is a violation of LAC 33:III.517.G and La. R.S. 30:2057(A)(2).

Violation Specific Factors

Degree of Risk/Impact to Human Health Or Property: Minor

Justification:
Because the violation is administrative in nature, there is no substantial risk of harm to the environment or public health.

Nature and Gravity of the Violation: Major

Justification:
By completely failing to submit a NOC-1 form to notify the Department of the ownership change, the violation resulted in negating the intent of the requirement to such an extent that little or no implementation of the requirement occurred.

Violator Specific Factors

Adjustment Factors Per Event – the upward or downward percentage adjustment for each violator-specific factor shall be no more than 100 percent of the difference between the minimum and maximum penalty amount for the chosen matrix cell. The total upward or downward percentage adjustment is also limited to 100 percent.

1. The history of previous violations or repeated noncompliance.
   Adjustment = 0%

   Justification:
   The Respondent does not have a history of this violation or of repeated noncompliance.

2. The gross revenues generated by the Respondent.
   Adjustment = 10%

   Justification:
   The Respondent's gross revenue statement indicates that the Respondent is capable of following regulations and is capable of paying a reasonable penalty.

3. The degree of culpability, recalcitrance, defiance, or indifference to regulations or orders.
   Adjustment = 20%
   Justification:
   The Respondent is fully culpable for the violation. The Respondent has not displayed recalcitrance, defiance, or indifference to regulations or orders.

4. Whether the person charged has failed to mitigate or to make a reasonable attempt to mitigate the damages caused by the noncompliance or violation.
   Adjustment = 0%

   Justification:
   There were no discernable damages caused by this violation that required mitigation.

5. Whether the noncompliance or violation and the surrounding circumstances were immediately reported to the Department, and whether the violation or noncompliance was concealed or there was an attempt to conceal by the person charged.
   Adjustment = 0%

   Justification:
   The Respondent did not conceal, nor attempt to conceal the violation.

Total Percentage for Violator Specific Adjustment Factors: 30%

Penalty Range for the Penalty Event (using the Violation Specific Factors and the Penalty Matrix)	Minimum (A)	$1,500
	Maximum (C)	$3,000
Sum of the Percentages for the Penalty Event (using the Violator Specific Factors)	Sum of %s (B)	30%
Formula(s) to obtain a penalty amount for each penalty event		P = A + (B x [C-A]) P = $1,500 + (30% x [$3,000 - $1,500]) P = $1,500 + (30% x $1,500) P = $1,500 + $450 P = $1,950

Penalty Amount for Penalty Event #2 = $1,950

Penalty Event #3 – Paragraph III.B - Kings Bayou Field Production Facility - AI# 31809
The Respondent purchased the facility from Transworld Exploration and Production, Inc., on or about February 1, 2004. Standard Oil and Gas Air (SOGA) Permit No. 0560-00091-04, issued on or about August 2, 2005 to the previous owner, was not transferred to the Respondent upon or after acquiring ownership of the facility. In correspondence dated September 7, 2006, Transworld Exploration and Production, Inc., requested that the Department rescind the facility's SOGA permit. The Department rescinded the permit on or about October 23, 2006. Air Permit No. 0560-00091-04 was issued on or about December 17, 2009. The failure to obtain approval prior to operation of a facility which ultimately may result in an initiation or increase in emission of air contaminants is a violation of LAC 33:III.501.C.1, LAC 33:III.501.C.2, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

Violation Specific Factors

Degree of Risk/Impact to Human Health Or Property: Minor

Justification:
Because the violation is administrative in nature, there is no substantial risk of harm to the environment or public health.

Nature and Gravity of the Violation: Major

Justification:
Operating without a valid air permit for 5.9 years from the purchase date resulted in negating the intent of the requirement to such an extent that little or no implementation of the requirement occurred.

Violator Specific Factors

Adjustment Factors Per Event – the upward or downward percentage adjustment for each violator-specific factor shall be no more than 100 percent of the difference between the minimum and maximum penalty amount for the chosen matrix cell. The total upward or downward percentage adjustment is also limited to 100 percent.

1. The history of previous violations or repeated noncompliance.
   Adjustment = 0%

   Justification:
   The Respondent does not have a history of this violation or of repeated noncompliance.

2. The gross revenues generated by the Respondent.
   Adjustment = 10%

   Justification:
   The Respondent's gross revenue statement indicates that the Respondent is capable of following regulations and is capable of paying a reasonable penalty.

3. The degree of culpability, recalcitrance, defiance, or indifference to regulations or orders.
   Adjustment = 20%

Justification:
The Respondent is fully culpable for the violation. The Respondent has not displayed recalcitrance, defiance, or indifference to regulations or orders.

4. Whether the person charged has failed to mitigate or to make a reasonable attempt to mitigate the damages caused by the noncompliance or violation.
Adjustment = 0%

Justification:
There were no discernable damages caused by this violation that required mitigation.

5. Whether the noncompliance or violation and the surrounding circumstances were immediately reported to the Department, and whether the violation or noncompliance was concealed or there was an attempt to conceal by the person charged.
Adjustment = 0%

Justification:
The Respondent did not conceal, nor attempt to conceal the violation.

Total Percentage for Violator Specific Adjustment Factors: 30%

Penalty Range for the Penalty Event (using the Violation Specific Factors and the Penalty Matrix)	Minimum (A)	$1,500
	Maximum (C)	$3,000
Sum of the Percentages for the Penalty Event (using the Violator Specific Factors)	Sum of %s (B)	30%

Formula(s) to obtain a penalty amount for each penalty event

P = A + (B x [C-A])
P = $1,500 + (30% x [$3,000 - $1,500])
P = $1,500 + (30% x $1,500)
P = $1,500 + $450
P = $1,950

Penalty Amount for Penalty Event #3 = $1,950

The Penalty is multiplied by 6 for operating for 6 years without a valid air permit.

Penalty Amount for Penalty Event #3 x 6 = $11,750

Penalty Event #4 – Paragraph III.C - Kings Bayou Field Production Facility - AI# 31809
On or about November 2, 2009, the Department requested that additional information from the Respondent be submitted by November 30, 2009 in order to complete processing the permit application. The response was received on December 7, 2009. The failure to submit the additional information by the due date is a violation of LAC 33:III.519.B.2, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

Violation Specific Factors

Degree of Risk/Impact to Human Health Or Property: Minor

Justification:
Because the violation is administrative in nature, there is no substantial risk of harm to the environment or public health.

Nature and Gravity of the Violation: Minor

Justification:
The failure to timely submit additional information did result in deviation from the intent of the requirement, however substantial implementation of the requirement occurred.

Violator Specific Factors

Adjustment Factors Per Event – the upward or downward percentage adjustment for each violator-specific factor shall be no more than 100 percent of the difference between the minimum and maximum penalty amount for the chosen matrix cell. The total upward or downward percentage adjustment is also limited to 100 percent.

1. The history of previous violations or repeated noncompliance.
   Adjustment = 0%

   Justification:
   The Respondent does not have a history of this violation or of repeated noncompliance.

2. The gross revenues generated by the Respondent.
   Adjustment = 10%

   Justification:
   The Respondent's gross revenue statement indicates that the Respondent is capable of following regulations and is capable of paying a reasonable penalty.

3. The degree of culpability, recalcitrance, defiance, or indifference to regulations or orders.
   Adjustment = 20%

   Justification:
   The Respondent is fully culpable for the violation. The Respondent has not displayed recalcitrance, defiance, or indifference to regulations or orders.

4. Whether the person charged has failed to mitigate or to make a reasonable attempt to mitigate the damages caused by the noncompliance or violation.
Adjustment = 0%

Justification:
There were no discernable damages caused by this violation that required mitigation.

5. Whether the noncompliance or violation and the surrounding circumstances were immediately reported to the Department, and whether the violation or noncompliance was concealed or there was an attempt to conceal by the person charged.
Adjustment = 0%

Justification:
The Respondent did not conceal, nor attempt to conceal the violation.

Total Percentage for Violator Specific Adjustment Factors: 30%

Penalty Range for the Penalty Event (using the Violation Specific Factors and the Penalty Matrix)	Minimum (A) $100 Maximum (C) $500
Sum of the Percentages for the Penalty Event (using the Violator Specific Factors)	Sum of %s (B) 30%
Formula(s) to obtain a penalty amount for each penalty event	P = A + (B x [C-A]) P = $100 + (30% x [$500 - $100]) P = $100 + (30% x $400) P = $100 + $120 P = $320

Penalty Amount for Penalty Event #3 = $320

Penalty Event #5 – Paragraph IV.A - Theriot Central Facility - AI# 31832
The Respondent purchased the facility on or about June 1, 2008. On or about December 29, 2008, the Respondent submitted a NOC-1 form, a period of about seven months after the date of purchase. The failure to submit notification within forty-five (45) days after the date of ownership change is a violation of LAC 33:III.517.G, and La. R.S. 30:2057(A)(2).

Violation Specific Factors

Degree of Risk/Impact to Human Health Or Property: Minor

Justification:
Because the violation is administrative in nature, there is no substantial risk of harm to the environment or public health.

Nature and Gravity of the Violation: Minor

Justification:
The failure to timely submit notification did result in deviation from the intent of the requirement, however substantial implementation of the requirement occurred.

Violator Specific Factors

Adjustment Factors Per Event – the upward or downward percentage adjustment for each violator-specific factor shall be no more than 100 percent of the difference between the minimum and maximum penalty amount for the chosen matrix cell. The total upward or downward percentage adjustment is also limited to 100 percent.

1. The history of previous violations or repeated noncompliance.
   Adjustment = 0%

   Justification:
   The Respondent does not have a history of this violation or of repeated noncompliance.

2. The gross revenues generated by the Respondent.
   Adjustment = 10%
   Justification:
   The Respondent's gross revenue statement indicates that the Respondent is capable of following regulations and is capable of paying a reasonable penalty.

3. The degree of culpability, recalcitrance, defiance, or indifference to regulations or orders.
   Adjustment = 20%

   Justification:
   The Respondent is fully culpable for the violation. The Respondent has not displayed recalcitrance, defiance, or indifference to regulations or orders.

4. Whether the person charged has failed to mitigate or to make a reasonable attempt to mitigate the damages caused by the noncompliance or violation.
Adjustment = 0%

Justification:
There were no discernable damages caused by this violation that required mitigation.

5. Whether the noncompliance or violation and the surrounding circumstances were immediately reported to the Department, and whether the violation or noncompliance was concealed or there was an attempt to conceal by the person charged.
Adjustment = 0%

Justification:
The Respondent did not conceal, nor attempt to conceal the violation.

Total Percentage for Violator Specific Adjustment Factors: 30%

Penalty Range for the Penalty Event (using the Violation Specific Factors and the Penalty Matrix)	Minimum (A) $100 Maximum (C) $500
Sum of the Percentages for the Penalty Event (using the Violator Specific Factors)	Sum of %s (B) 30%
Formula(s) to obtain a penalty amount for each penalty event	P = A + (B x [C-A]) P = $100 + (30% x [$500 - $100]) P = $100 + (30% x $400) P = $100 + $120 P = $320

Penalty Amount for Penalty Event #5 = $320

Penalty Event #6 – Paragraph IVB. - Theriot Central Facility AI# 31832
The Respondent purchased the facility on or about June 1, 2008. On or about December 29, 2008, the Respondent submitted a NOC-1 form. The Department transferred the facility's permit to the Respondent with an effective date of January 9, 2009. Therefore, the Respondent operated the facility from June 1, 2008 until January 9, 2009, without a permit. That is a period of seven months. The failure to obtain approval prior to any operation of a facility which ultimately may result in an initiation or increase in emission of air contaminants is a violation of LAC 33:III.501.C.1, LAC 33:III.501.C.2, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

Violation Specific Factors

Degree of Risk/Impact to Human Health Or Property: Minor

Justification:
Because the violation is administrative in nature, there is no substantial risk of harm to the environment or public health.

Nature and Gravity of the Violation: Moderate

Justification:
Operation of the facility for a period of greater than six months without a permit resulted in substantial deviation from the intent of the requirement, however some implementation of the requirement occurred.

Violator Specific Factors

Adjustment Factors Per Event – the upward or downward percentage adjustment for each violator-specific factor shall be no more than 100 percent of the difference between the minimum and maximum penalty amount for the chosen matrix cell. The total upward or downward percentage adjustment is also limited to 100 percent.

1. The history of previous violations or repeated noncompliance.
   Adjustment = 0%

   Justification:
   The Respondent does not have a history of this violation or of repeated noncompliance.

2. The gross revenues generated by the Respondent.
   Adjustment = 10%

   Justification:
   The Respondent's gross revenue statement indicates that the Respondent is capable of following regulations and is capable of paying a reasonable penalty.

3. The degree of culpability, recalcitrance, defiance, or indifference to regulations or orders.
   Adjustment = 20%

Justification:
The Respondent is fully culpable for the violation. The Respondent has not displayed recalcitrance, defiance, or indifference to regulations or orders.

4. Whether the person charged has failed to mitigate or to make a reasonable attempt to mitigate the damages caused by the noncompliance or violation.
Adjustment = 0%

Justification:
There were no discernable damages caused by this violation that required mitigation.

5. Whether the noncompliance or violation and the surrounding circumstances were immediately reported to the Department, and whether the violation or noncompliance was concealed or there was an attempt to conceal by the person charged.
Adjustment = 0%

Justification:
The Respondent did not conceal, nor attempt to conceal the violation.

Total Percentage for Violator Specific Adjustment Factors: 30%

Penalty Range for the Penalty Event (using the Violation Specific Factors and the Penalty Matrix)	Minimum (A)	$500
	Maximum (C)	$1,500
Sum of the Percentages for the Penalty Event (using the Violator Specific Factors)	Sum of %s (B)	30%

Formula(s) to obtain a penalty amount for each penalty event

P = A + (B x [C-A])
P = 500 + (30% x [$1,500 - $500])
P = $500 + (30% x $1,000)
P = $500 + $300
P = $800

Theriot Central Facility AI# 31832
Penalty Amount for Penalty Event #2 = $800

MONETARY BENEFIT OF NONCOMPLIANCE
LAC 33:I.705.G

The Department shall consider the monetary benefits realized through noncompliance. Any monetary benefits calculated may be added to the penalty subtotal. However, the amount calculated may not cause the penalty subtotal to exceed the maximum penalty amount allowed by law. A cash penalty should be collected unless it has been demonstrated and documented that the violator cannot pay the cash penalty.

Justification/Explanation/Calculation of Benefit of Noncompliance

Penalty Event #1 – Paragraph II - State Lease 5419 #2 Production Facility – AI# 7303
The Respondent purchased the facility, on or about February 2, 2004. On or about June 7, 2006, the Respondent submitted a Name/Ownership/Operator Change Form (NOC-1 form), including the fee of $150.00. The fee should have been submitted no later than May 2, 2004, 90 days following the purchase. The Respondent benefitted by the interest on $150.00 from May 2, 2004, when the fee should have been paid, until June 7, 2006, when the fee was actually paid. The interest is $19.44.

BNC = $19.44

Penalty Event #2 – Paragraph III.A - Kings Bayou Field Production Facility – AI# 31809:
The Respondent purchased the facility on or about February 1, 2004. The Respondent did not submit a NOC-1 form to the Department. The facility submitted an application dated May 5, 2009, for a minor source air permit including the permit application fee. Once the permit application has been submitted, there is no longer a need to submit the NOC-1. The facility should have submitted an NOC-1, with the fee of $150.00, no later than May 1, 2004, 90 days following the purchase date. The Respondent benefitted by the interest on the $150.00 fee from May 1, 2004, when the fee should have been paid, until May 5, 2009, when the facility submitted the permit application fee. The interest is $56.10.

BNC = $56.10

Penalty Event #3 – Paragraph III.B - Kings Bayou Field Production Facility – AI# 31809:
The Respondent purchased the facility from Transworld Exploration and Production, Inc., on or about February 1, 2004. Standard Oil and Gas Air (SOGA) Permit No. 0560-00091-04, issued on or about August 2, 2005 to the previous owner, was not transferred to the Respondent upon or after acquiring ownership of the facility. In correspondence dated September 7, 2006, Transworld Exploration and Production, Inc. requested that the Department rescind the facility's SOGA permit. The Department rescinded the SOGA permit on or about October 23, 2006. The Department received an application dated May 5, 2009 from the Respondent for a minor source air permit for the facility. Air Permit No. 0560-00091-05 was issued on or about December 1, 2009. The Respondent operated the facility from the purchase date on or about February 1, 2004 until the new permit was issued on or about December 1, 2009. The Respondent paid annual fees with the exception of failing to submit the facility's annual fee of $90.00 for the years 2008 and 2009. The benefit is $180.00.

BNC = $180.00

Penalty Event #4 – Paragraph III.C - Kings Bayou Field Production Facility – AI# 31809:
On or about November 2, 2009, the Department requested that additional information from the Respondent be submitted by November 30, 2009 in order to complete processing the permit application. The response was received on December 7, 2009. The Department has not determined that the Respondent had a financial benefit from this violation.

BNC = $0

Penalty Event #5 – Paragraph IV.A - Theriot Central Facility – AI# 31832:
The Respondent purchased the facility on or about June 1, 2008. On or about December 29, 2008, the Respondent submitted a NOC-1 form, including the fee of $150.00. The fee should have been submitted no later than August 30, 2008, 90 days following the purchase. The Respondent benefitted by the interest on $150.00 from August 30, 2008, when the fee should have been paid, until December 29, 2008, when the fee was actually paid. The interest is $3.17.

BNC = $3.17

Penalty Event #6 – Paragraph IV.B - Theriot Central Facility – AI# 31832:
The Respondent purchased the facility on or about June 1, 2008. On or about December 29, 2008, the Respondent submitted a NOC-1 form. The Department transferred the facility's permit to the Respondent with an effective date of January 9, 2009. Therefore, the Respondent operated the facility from June 1, 2008 until January 9, 2009, without a permit. All annual fees for the facility have been submitted. The Department has not determined that the Respondent had a financial benefit from this violation.

BNC = $0

Total BNC for three facilities = $258.71

COMPUTATION OF RESPONSE COST

LAC33:I.705.H

Response Costs—the costs to the state of any response action made necessary by a penalty event that are not voluntarily paid by the violator. These costs shall include, but are not limited to, the costs of surveillance staff activities including cleanup costs and the costs of bringing and prosecuting an enforcement action, such as staff time, equipment use, hearing records, and expert assistance. (See LAC 33:I:703.A). The following is a breakdown of response costs for this Penalty Assessment.

Personnel (A)	No. of Hours (B)	Hourly Rate of Pay (C)	Direct Cost (D)	Approved Federal Rate (E)	Indirect Cost (F)	Subtotal (G)
Enforcement Division						
Enforcement Writer Action	32.00	$22.56	$721.92	66.06%	$476.90	$1,198.82
Enforcement Writer Penalty	16.00	$23.44	$375.04	57.56%	$215.87	$590.91
Enforcement Supervisor Action	3.50	$26.35	$92.23	65.89%	$60.77	$152.99
Enforcement Supervisor Penalty	4.00	$25.91	$103.64	57.56%	$59.66	$163.30
Enforcement Analyst Action	1.20	$22.18	$26.26	65.89%	$17.54	$44.15
Enforcement Analyst Penalty	1.00	$22.18	$22.18	57.56%	$12.77	$34.95
Enforcement Manager Action	2.50	$29.23	$73.08	65.89%	$48.15	$121.22
Enforcement Manager Penalty	2.00	$40.66	$81.92	57.56%	$47.15	$129.07
Enforcement Administrator Action	1.25	$29.23	$36.54	65.89%	$24.07	$60.61
Enforcement Administrator Penalty	1.25	$36.05	$45.06	57.56%	$25.94	$71.00
Asst. Sec. Action	0.50	$49.40	$29.70	65.89%	$19.57	$49.27
Asst. Sec. Penalty	0.50	$49.04	$29.70	57.56%	$17.10	$46.80
Legal Division						
Enforcement Attorney Action	1.50	$36.66	$54.99	65.89%	$36.23	$91.72
Enforcement Attorney Penalty	2.00	$36.66	$73.32	57.56%	$42.20	$115.52
					Total Enforcement Costs:	**$2,869.85**

Direct Cost (D) = No. Hours (B) X Rate (C)
Indirect Cost (F) = Direct Cost (D) X Approved Federal Rate (E)
Subtotal (G) = Direct Cost (D) + Indirect Cost (F)

Note: Approved Federal Rate for the corresponding period when costs were incurred is used.

07/01/2014 – 06/30/2015	57.08%
07/01/2013 – 06/30/2014	57.56%
07/01/2012 – 06/30/2013	60.86%
07/01/2011 – 06/30/2012	46.54%
07/01/2010 – 06/30/2011	55.49%
07/01/2009 – 06/30/2010	65.89%
07/01/2008 – 06/30/2009	75.45%

FINAL PENALTY CALCULATION

The values for each penalty amount are added to determine a **Penalty Subtotal** (Ps).

$$P_s = P_1 + P_2 + P_3 \ldots$$

If **Monetary Benefit of Noncompliance** is added:

$$P_s = (P_1 + B_1) + (P_2 + B_2) + (P_3 + B_3) \ldots$$

P_s= ($1,950 + $19.44) + ($1,950 + $56.10) + ($11,750 + $180.00) + ($320 +$0) + ($320 + $3.17) + ($800.00 + $0)

P_s= $17,328.71

Response Costs (R_c) are then added to the penalty subtotal (P_s) to determine the total penalty amount (P_t).

R_c = $2,869.71

Penalty Total = Penalty Subtotal + Response Costs

$$(P_t) = P_s + R_c$$

$$(P_t) = \$17,328.71 + \$2,869.71$$

Penalty Total = $20,198.42