

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

WILL-DRILL PRODUCTION COMPANY,
INC.

AI # 186930, 32721, 32723, 32724, 32725, 88141,
88142, 135161, 147852, 147853, 147855, 147857,
147859, 147860, 147862, 187825, 184717

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

* Settlement Tracking No.

* SA-AE-20-0065

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* Enforcement Tracking Nos.

* AE-PP-15-00323

* AE-PP-14-01138

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SETTLEMENT

The following Settlement is hereby agreed to between Will-Drill Production Company, 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 owned and/or operated facilities located in Beauregard Parish and Pointe Coupee Parish, Louisiana (“the Facilities”).

II

On August 28, 2015, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-15-00323 (Exhibit 1).

On September 11, 2015, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-14-01138 (Exhibit 2).

The following violations, although not cited in the foregoing enforcement action(s), are included within the scope of this settlement:

Columbia L & T 9 #1 Facility (AI# 184717)

The Respondent became the owner/operator of the aforementioned facility on December 1, 2014. The Respondent submitted a Notification of Change Form (NOC-1) to the Department on or about September 11, 2015, and additional information on September 21, 2015. The failure to submit the NOC-1 and associated documentation to the Department within forty-five (45) days after a change in ownership of a permitted facility is a violation of LAC 33:I.1907.B; LAC 33:III.517.G; and La. R.S. 30:2057(A)(2).

The Respondent operated the aforementioned facility from December 1, 2014, through September 25, 2015. The unauthorized operation of the facility from the date of acquisition until the permit was transferred 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 TWELVE THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$12,500.00), of which One Thousand Forty-Six and 59/100 Dollars (\$1,046.59) 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 Notices 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

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 Beauregard Parish and Pointe Coupee Parish, 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.

**WILL-DRILL PRODUCTION COMPANY,
INC.**

BY: [Signature]
(Signature)

Ernest L NIX Jr
(Printed)

TITLE: President

THUS DONE AND SIGNED in duplicate original before me this 1st day of February, 20 21, at Shreveport, Louisiana

Cynthia S. Barker
NOTARY PUBLIC (ID # 35584)

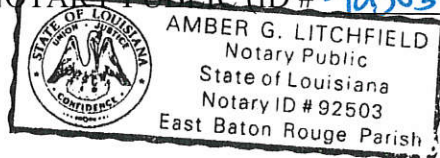
Cynthia S. Barker, Notary Public
Notary No. 35584
Bossier/Caddo Parish, Louisiana
My Commission is For Life
(stamped or printed)

**LOUISIANA DEPARTMENT OF
ENVIRONMENTAL QUALITY**
Chuck Carr Brown, Ph.D., Secretary

BY: [Signature]
Lourdes Iturralde, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 23rd day of June, 20 21, at Baton Rouge, Louisiana.

NOTARY PUBLIC (ID # 92503)



(stamped or printed)

Approved: [Signature]
Lourdes Iturralde, Assistant Secretary

BOBBY JINDAL
GOVERNOR



PEGGY M. HATCH
SECRETARY

State of Louisiana
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

August 28, 2015



CERTIFIED MAIL (7004 2510 0005 5753 7401)
RETURN RECEIPT REQUESTED

WILL-DRILL PRODUCTION COMPANY, INC.
c/o Ernest J. Nix, Jr.
Agent for Service of Process
416 Travis Street, Suite 1200
Shreveport, Louisiana 71101

**RE: NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. AE-PP-15-00323
AGENCY INTEREST NO. 186930**

Dear Sir:

On or about March 23, 2015, an investigation of **WILMA STUMP 9 #1 – LAKE SKINNER FIELD**, an oil and gas facility, owned and/or operated by **WILL-DRILL PRODUCTION COMPANY, 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 0.75 miles southwest of Bancroft in Beauregard Parish, Louisiana. The facility was previously owned and operated by Halcon Louisiana Operating, LP; however, the permit was transferred to Will-Drill Production Company, Inc. effective February 2, 2015. The facility currently operates under Permit No. 0320-00169 issued on or about May 28, 2013.

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:

- A. According to the Name/Ownership Change Form (NOC-1 Form) received on October 28, 2014, the Respondent became the owner and/or operator of the facility on December 1, 2013. The Respondent's failure to submit a complete NOC-1 Form to the Department within 45 days after the ownership change is a violation of LAC 33:III.517.G, LAC 33:I.1907.B, and La. R.S. 30:2057(A)(2).
- B. According to the NOC-1 Form received on October 28, 2014, the Respondent became the owner and/or operator of the facility on December 1, 2013. The permit transfer date was February 2, 2015. The unauthorized operation of the facility during the time

Notice of Potential Penalty
Will-Drill Production Company, Inc.
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period of December 1, 2013 through February 1, 2015, is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

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 violation(s) described herein. Written comments may be filed regarding the violation(s) 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 violation(s). If you would like to have such a meeting, please contact Afton Bessix at (225) 219-3760 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,



D. Chance McNeely
Assistant Secretary
Office of Environmental Compliance

DCM/AJB/ajb
Alt ID No. 0320-00169



BOBBY JINDAL
GOVERNOR

PEGGY M. HATCH
SECRETARY

State of Louisiana
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

September 11, 2015



CERTIFIED MAIL (7004 2510 0006 3853 8860)
RETURN RECEIPT REQUESTED

WILL-DRILL PRODUCTION COMPANY, INC.

c/o Ernest J. Nix, Jr.
Agent for Service of Process
416 Travis Street, Suite 1200
Shreveport, LA 71101

RE: NOTICE OF POTENTIAL PENALTY

ENFORCEMENT TRACKING NO. AE-PP-14-01138

AGENCY INTEREST NOS. 32721, 32723, 32724, 32725, 88141, 88142, 135161, 147852, 147853, 147855, 147857, 147859, 147860, 147862, 187825

Dear Sir:

On or about February 26, 2015, a file review of the following facilities, owned and/or operated by **WILL-DRILL PRODUCTION COMPANY, INC. (RESPONDENT)**, was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations.

AGENCY INTEREST NUMBER	FACILITY	LOCATION	PERMIT	ISSUE DATE
32721	Bayou Grosse Tete David Barrow #1 Tank Battery	Five (5) miles south of U.S. Highway 190, one (1) mile east of Louisiana Highway 411 on Jack Torres Road, Livonia, Point Coupee Parish, LA	2260-00042-01	June 6, 2000
32723	Bellelo #1 Production Facility	5.2 miles west of Torbet, Point Coupee Parish, LA	2260-00045-02	August 14, 2012
32724	Bellelo #2 Production Facility	Off Louisiana Highway 978, 0.5 miles northwest of Torbet, Point Coupee Parish, LA 70000	2260-00046-02	August 14, 2012

Notice of Potential Penalty
 Will-Drill Production Company, INC.
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AGENCY INTEREST NUMBER	FACILITY	LOCATION	PERMIT	ISSUE DATE
32725	Marionneaux #1 Facility	Off Louisiana Highway 78, 2.5 miles northeast of Livonia, Point Coupee Parish, LA 70755	2260-00047-02	November 1, 2012
88141	Exxon Fee #1 Facility	U.S. Highway 190 in Torbet, Point Coupee Parish, LA 70781	2260-00049-02	August 15, 2012
88142	Pickett #1 Production Facility	U.S. Highway 190 in Torbet, Point Coupee Parish, LA 70781	2260-00148-02	July 30, 2012
135161	Freneaux #1 Production Facility	0.7 Miles Northeast of Torbet, Point Coupee Parish, LA 70000	2260-00083-01	August 15, 2012
147852	Gremillion #2 Tank Battery- Frisco Field	Off Louisiana Highway 978 2.5 miles northwest of Torbet, Point Coupee Parish, LA 70000	2260-00090-01	August 15, 2012
147853	Laycock & Beal et al #2 SWD Facility – Frisco Field	Off Louisiana Highway 978 1.25 miles northwest of Torbet, Point Coupee Parish, LA 70000	2260-00091-01	September 5, 2012
147855	Delambre et al #1 Tank Battery – Frisco Field	Two (2) miles northwest of Torbet, Point Coupee Parish, LA 70000	2260-00093-01	August 14, 2012
147857	Humble Fee #7 Tank Battery – Frisco Field	Off Louisiana Highway 978 one (1) mile northwest of Torbet, Point Coupee Parish, LA 70000	2260-00095-01	September 5, 2012
147859	C F Beauvais #1 Tank Battery – Frisco Field	Off Louisiana Highway 978 two (2) miles northwest of Torbet, Point Coupee Parish, LA	2260-00097-01	August 10, 2012
147860	Martin #1-D Tank Battery – Frisco Field	On Louisiana Highway 979 2.5 miles northwest of Torbet, Point Coupee Parish, LA 70000	2260-00098-01	September 12, 2012
147862	Ivy Henry et al #1 Tank Battery – Frisco Field	On Louisiana Highway 979 two (2) miles northwest of Torbet, Point Coupee Parish, LA 70000	2260-00100-01	September 5, 2012

Notice of Potential Penalty
 Will-Drill Production Company, INC.
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AGENCY INTEREST NUMBER	FACILITY	LOCATION	PERMIT	ISSUE DATE
187825	Indigo II Opearting LLC 3 #1	0.87 miles outside of Bancroft, Beauregard Parish, LA 70000	0320-00171-00	July 29, 2013

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:

- A. The Respondent became the owner of the aforementioned facilities on December 01, 2013. The Respondent submitted a Notification of Change Form (NOC-1) to the Department on or about September 16, 2014. Each failure to submit the NOC-1 and associated documentation to the Department within forty-five (45) days after a change in ownership of a permitted facility is a violation of LAC 33:I.1907.B; LAC 33:III.517.G; and La. R.S. 30:2057(A)(2).
- B. The Respondent operated the aforementioned facilities from December 1, 2013, through October 10, 2014. The unauthorized operation of the facilities from the date of acquisition until the permit was transferred on October 10, 2014 is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

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 violation(s) described herein. Written comments may be filed regarding the violation(s) 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 violation(s). If you would like to have such a meeting, please contact David Seymour at 225-219-3138 within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**.

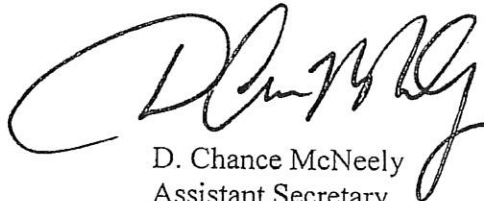
The Department is required by La. R.S. 30:2025(E)(3)(a) to consider the gross revenues of the Respondent and the monetary benefits of noncompliance in order to determine whether a penalty will be assessed and the amount of such penalty. Please forward the Respondent's most current annual gross revenue 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.

Notice of Potential Penalty
Will-Drill Production Company, INC.
Page 4

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,



D. Chance McNeely
Assistant Secretary
Office of Environmental Compliance

DCM/DGS/dgs

Alt ID Nos. 2260-00042-01, 2260-00045-02, 2260-00046-02, 2260-00047-02, 2260-00049-02,
2260-00148-02, 2260-00083-01, 2260-00090-01, 2260-00091-01, 2260-00093-01, 2260-00095-01,
2260-00097-01, 2260-00098-01, 2260-00100-01, 0320-00171-00

c: Will-Drill Production Company, INC.
c/o Bret Hardcastle
416 Travis Street, Suite 1200
Shreveport, LA 71101