

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

J-W GATHERING COMPANY

AI # 31713, 132726, 169887

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

* Settlement Tracking No.
* SA-AE-21-0056
*
* Enforcement Tracking No.
* AE-PP-14-01191
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SETTLEMENT

The following Settlement is hereby agreed to between J-W Gathering Company (“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 Caddo Parish and Bossier Parish, Louisiana (“the Facilities”).

II

On March 29, 2017, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-14-01191 (Exhibit 1).

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 AND NO/100 DOLLARS (\$12,000.00), of which Five Hundred Ninety-One and 40/100 Dollars (\$591.40) 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

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 Caddo Parish and Bossier 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.

J-W GATHERING COMPANY

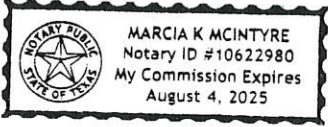
BY: R. Davis
(Signature)

Rick Davis
(Printed)

TITLE: VP of Finance

THUS DONE AND SIGNED in duplicate original before me this 18 day of October, 20 21, at Addison TX.

Marcia K. McIntyre
NOTARY PUBLIC (ID # 10622980)



(stamped or printed)

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

BY: Celena J. Cage
Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 24th day of March, 20 22, at Baton Rouge, Louisiana.

Amber D. Hitchfield
NOTARY PUBLIC (ID # HITCHFIELD)
Notary Public
State of Louisiana
Notary ID # 92503
East Baton Rouge Parish

(stamped or printed)

Approved: [Signature]

Lourdes Iturralde, Assistant Secretary

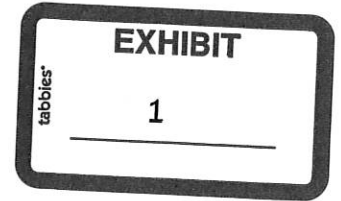


JOHN BEL EDWARDS
GOVERNOR

CHUCK CARR BROWN, PH.D.
SECRETARY

State of Louisiana
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

March 29, 2017



CERTIFIED MAIL (7005 1820 0002 2095 9871)
RETURN RECEIPT REQUESTED

J-W GATHERING COMPANY
c/o C T Corporation System
Agent for Service of Process
3867 Plaza Tower Dr.
Baton Rouge, LA 70816

**RE: NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. AE-PP-14-01191
AGENCY INTEREST NOS. 31713, 132726, 169887**

Dear Sir(s):

On or about January 25, 2017, a file review of the Prest No. 1 Production Facility (facility), Agency Interest No. 31713, an existing midstream natural gas facility, owned and/or operated by **J-W GATHERING COMPANY (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 Louisiana Highway 1 southeast of Gayles, approximately ten (10) miles south of Shreveport, in Caddo Parish, Louisiana. The facility currently operates under Minor Source Air Permit No. 0500-00093-07 issued on March 25, 2015. Ownership of the facility and permit responsibility for Minor Source Air Permit No. 0500-00093-07 was transferred from the Respondent to Aethon Energy Operating LLC on or about July 1, 2016.

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 failed to submit a notification to the Department prior to a required performance/emissions test. Specifically, the Respondent submitted initial stack test results to the Department on or about August 12, 2014, for stack tests conducted for EQT0001 and EQT0002 on or about July 1, 2014. The Department did not receive prior notification of the stack tests. Each failure to submit notifications prior to any required performance/emissions test is a violation of Minor Source Air Permit No. 0560-00093-06 Specific Requirements 26 and 33, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(2).

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- B. The Respondent failed to submit a notification to the Department prior to a required performance/emissions test. Specifically, the Respondent submitted initial stack test results to the Department on or about August 29, 2014, for a stack test conducted for EQT0003 on or about July 31, 2014. The Department did not receive prior notification of the stack test. This failure to submit notification prior to any required performance/emissions test is a violation of Minor Source Air Permit No. 0560-00093-06 Specific Requirements 26 and 33, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(2).
- C. The Respondent failed to submit initial notification to the Department that EQT0003 became subject to 40 CFR 60 Subpart JJJJ once it was modified in 2014. This is a violation of LAC 33:III.3003.A, which incorporate by reference 40 CFR Part 60, and La. R.S. 30:2057(A)(2).

On or about January 25, 2017, a file review of the Port South Compressor Station (facility), Agency Interest No. 132726, an existing midstream oil and natural gas facility, owned and/or operated by **J-W GATHERING COMPANY (RESPONDENT)**, was performed to determine the degree of compliance with the Act and the Air Quality Regulations. The facility is located approximately 6.32 miles northwest of Caspiana in Caddo Parish, Louisiana. The facility operated under Minor Source Air General (MSOG) Permit No. 0500-00172-01 issued on April 12, 2012. Ownership of the facility and permit responsibility for MSOG Permit No. 0500-00172-01 was transferred from the Respondent to Aethon Energy Operating LLC on or about July 1, 2016. The facility currently operates under Minor Source Air Permit No. 0500-00172-02 issued on October 10, 2016.

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

- A. The Respondent failed to submit a notification to the Department prior to a required performance/emissions test for 40 CFR 60 Subpart JJJJ. Specifically, the Respondent submitted initial stack test results to the Department on or about August 29, 2014, for a stack test conducted for EQT0007 on or about July 31, 2014. The Department did not receive prior notification of the stack test. This failure to submit notification prior to any required performance/emissions test is a violation of MSOG Permit No. 0500-00172-01 Specific Requirement 193, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(2).
- B. On or about January 19, 2015, the Respondent submitted a stack test report for a stack test conducted for C2 – Caterpillar G3516 AFRC 1340 hp Compressor (EQT0006) on or about January 15, 2015. The report stated that the average carbon monoxide (CO) emissions rate from their runs was 2.352 pounds per hour (lbs/hr) with a permit limit of 0.46 lbs/hr. Additionally, the report stated that the average nitrogen oxides (NOx) emissions rate from their runs was 2.088 lbs/hr with a permit limit of 0.36 lbs/hr. Each exceedance is a violation of MSOG Permit No. 0500-00172-01 Emission Rates for Criteria Pollutants and CO₂e, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2). Emissions were reconciled for EQT0006

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with the issuance of Minor Source Air Permit No. 0500-00172-02 on October 10, 2016.

On or about January 25, 2017, a file review of the Roos 4 Compressor Station (facility), Agency Interest No. 169887, an existing oil and gas production facility, owned and/or operated by **J-W GATHERING COMPANY (RESPONDENT)**, was performed to determine the degree of compliance with the Act and the Air Quality Regulations. The facility is located off of Louisiana Highway 157 approximately 1.1 miles north of the intersection of Louisiana Highways 157 and 154 near Elm Grove in Bossier Parish, Louisiana. The facility currently operates under Minor Source Air Permit No. 0400-00486-03 issued on November 3, 2015. Ownership of the facility and permit responsibility for Minor Source Air Permit No. 0400-00486-03 was transferred from the Respondent to Aethon Energy Operating LLC on or about July 1, 2016.

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

- A. The Respondent failed to submit a timely Name/Ownership/Operator Change Form (NOC-1 form) prior to or no later than 45 days after a change in ownership of the facility. Specifically, the Respondent was transferred ownership of the facility from J-W Operating Company on or about December 1, 2015; however, a NOC-1 form was not submitted to the Office of Environmental Services until on or about January 20, 2016. The failure to submit a timely NOC-1 form 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 facility without approval from the permitting authority. Because the Respondent failed to submit a timely NOC-1 form to the Department, the facility did not retain coverage under Minor Source Air Permit No. 0400-00486-03 from the date of ownership transfer, December 1, 2015, until the date of permit transfer, February 19, 2016. The operation of the facility from December 1, 2015, through February 19, 2016, without an air permit is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1), and La. R.S. 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 Richard LeBlanc at (225) 219-3165 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

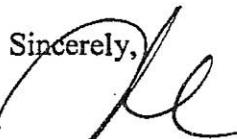
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violations to the above named contact person within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**. Include with your statement of monetary benefits the method(s) you utilized to arrive at the sum. If you assert that no monetary benefits have been gained, you are to fully justify this statement. If the Respondent chooses not to submit the requested most current annual gross revenues statement within ten (10) days, it will be viewed by the Department as an admission that the Respondent has the ability to pay the statutory maximum penalty as outlined in La. R.S. 30:2025.

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.

The Department assesses civil penalties based on LAC 33:I.Subpart1.Chapter7. To expedite closure of this **NOTICE OF POTENTIAL PENALTY**, the Respondent may offer a settlement amount to resolve any claim for civil penalties for the violation(s) described herein. The Respondent may offer a settlement amount, but the Department is under no obligation to enter into settlement negotiations. The decision to proceed with a settlement is at the discretion of the Department. The settlement offer amount may be entered on the attached "**NOTICE OF POTENTIAL PENALTY REQUEST TO SETTLE**" form. The Respondent must include a justification of the offer. **DO NOT** submit payment of the offer amount with the form. The Department will review the settlement offer and notify the Respondent as to whether the offer is or is not accepted.

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,


Lourdes Iturralde
Assistant Secretary
Office of Environmental Compliance

LI/RDL/rdl
Alt ID No. 0500-00093, 0500-00172, 0400-00486

c: J-W Gathering Company
c/o John Copeland
15505 Wright Brothers Dr.
Addison, TX 75244

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
 OFFICE OF ENVIRONMENTAL COMPLIANCE
 ENFORCEMENT DIVISION
 POST OFFICE BOX 4312
 BATON ROUGE, LOUISIANA 70821-4312



**NOTICE OF POTENTIAL PENALTY
 REQUEST TO SETTLE (OPTIONAL)**

Enforcement Tracking No.	AE-PP-14-01191	Contact Name	Richard LeBlanc
Agency Interest (AI) Nos.	31713, 132726, 169887	Contact Phone No.	225-219-3165
Alternate ID Nos.	0500-00093, 0500-00172, 0400-00486		
Respondent:	J-W Gathering Company	Facility Name:	multiple
	c/o C T Corporation Syste, Agent for Service of Process	Physical Location:	multiple
	3867 Plaza Tower Dr.	City, State, Zip:	multiple
	Baton Rouge, LA 70816	Parish:	multiple

SETTLEMENT OFFER (OPTIONAL)

(check the applicable option)

_____ The Respondent is not interested in entering into settlement negotiations with the Department with the understanding that the Department has the right to assess civil penalties based on LAC 33:1.Subpart1.Chapter7.

_____ In order to resolve any claim for civil penalties for the violations in NOTICE OF POTENTIAL PENALTY (AE-PP-14-01191), the Respondent is interested in entering into settlement negotiations with the Department and would like to set up a meeting to discuss settlement procedures.

_____ In order to resolve any claim for civil penalties for the violations in NOTICE OF POTENTIAL PENALTY (AE-PP-14-01191), the Respondent is interested in entering into settlement negotiations with the Department and offers to pay \$ _____ which shall include LDEQ enforcement costs and any monetary benefit of non-compliance.

- Monetary component = \$ _____
- Beneficial Environmental Project (BEP) component (optional)= \$ _____
- **DO NOT SUBMIT PAYMENT OF THE OFFER WITH THIS FORM-** the Department will review the settlement offer and notify the Respondent as to whether the offer is or is not accepted.

_____ The Respondent has reviewed the violations noted in NOTICE OF POTENTIAL PENALTY (AE-PP-14-01191) and has attached a justification of its offer and a description of any BEPs if included in settlement offer.

CERTIFICATION STATEMENT

I certify, under provisions in Louisiana and United States law that provide criminal penalties for false statements, that based on information and belief formed after reasonable inquiry, the statements and information attached and the compliance statement above, are true, accurate, and complete. I also certify that I do not owe outstanding fees or penalties to the Department for this facility or any other facility I own or operate. I further certify that I am either the Respondent or an authorized representative of the Respondent.

Respondent's Signature	Respondent's Printed Name	Respondent's Title
Respondent's Physical Address	Respondent's Phone #	Date

MAIL COMPLETED DOCUMENT TO THE ADDRESS BELOW:

Louisiana Department of Environmental Quality
 Office of Environmental Compliance
 Enforcement Division
 P.O. Box 4312
 Baton Rouge, LA 70821
 Attn: Richard LeBlanc