STATE OF LOUISIANA
DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

TEXEGY OPERATING COMPANY LLC

AI # 32969, 33333, 33335, 33342, 33347, 33349, 33371, 33374, 33381, 93448, 103699, 103705, 103710, 103712, 118225, 120260, 125375, 130862, 145712, 146147, 154281, 154283, 155394, 179588, 179589, 179594, 179625, 185143

PROCEEDINGS UNDER THE LOUISIANA ENVIRONMENTAL QUALITY ACT

SETTLEMENT

The following Settlement is hereby agreed to between Texegy Operating Company LLC ("Respondent") and the Department of Environmental Quality ("DEQ" or "the Department"), under authority granted by the Louisiana Environmental Quality Act, L.a. R.S. 30:2001, et seq. ("the Act").

I

Respondent is a limited liability company that owned and/or operated facilities located in Sabine Parish, Vernon Parish, and Beauregard Parish, Louisiana ("the Facilities").

II

On November 9, 2017, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-17-00426 (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 EIGHT THOUSAND FIVE HUNDRED AND NO/100 DOLLARS ($8,500.00), of which One Thousand Ninety-Four and 12/100 Dollars ($1,094.12) 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

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 Sabine Parish, Vernon Parish, and Beauregard 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.
TEXEGY OPERATING COMPANY LLC

BY: [Signature]

(Redacted, as per request)

TITLE: CEO

THUS DONE AND SIGNED in duplicate original before me this 21st day of September, 2021, at Corpus Christi, Texas.

[Notary Seal]

BECKHAM JAMES FIELDS
Notary Public, State of Texas
Comm. Expires 09-29-2023
Notary ID 126191814

(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 30th day of December, 2021, at Baton Rouge, Louisiana.

[Notary Seal]

AMBER G. LITCHFIELD
Notary Public
State of Louisiana
Notary ID # 92503

(stamped or printed)

Approved: Lourdes Iturralde, Assistant Secretary
TEXEGY OPERATING COMPANY LLC
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-17-00426
AGENCY INTEREST NOS. 32969, 33333, 33335, 33342, 33347, 33349, 33371, 33374,
33381, 93448, 103699, 103705, 103710, 103712, 118225, 120260, 125375, 130862, 145712,
146147, 154281, 154283, 155394, 179588, 179589, 179594, 179625, and 185143

Dear Sir:

On or about May 10, 2017, and October 27, 2017, file reviews of the following facilities, owned
and/or operated by TEXEGY OPERATING COMPANY LLC (RESPONDENT), were performed to
determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air
Quality Regulations.

<table>
<thead>
<tr>
<th>AGENCY INTEREST NUMBER</th>
<th>FACILITY</th>
<th>LOCATION</th>
<th>PERMIT</th>
<th>ISSUE DATE</th>
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<tbody>
<tr>
<td>32969</td>
<td>Snyder Minerals A26 #1</td>
<td>2.5 Miles South of, Toro, Sabine Parish, LA</td>
<td>2700-00014-02</td>
<td>February 3, 2014</td>
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<tr>
<td>33333</td>
<td>Sonat Minerals 27 #1 Production Facility</td>
<td>3 Miles Northeast of, Evans, Vernon Parish, LA</td>
<td>2960-00014-03</td>
<td>December 19, 2012</td>
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<tr>
<td>33335</td>
<td>Sonat Minerals 1 #3 SWD</td>
<td>4 Miles Southeast of, Burr Ferry, Vernon Parish, LA</td>
<td>2960-00022-01</td>
<td>July 11, 2003</td>
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<tr>
<td>33342</td>
<td>Sonat Minerals 10 #1 Facility</td>
<td>1.85 Miles East of, Burr Ferry, Vernon Parish, LA</td>
<td>2960-00029-01</td>
<td>September 21, 2015</td>
</tr>
<tr>
<td>33347</td>
<td>Sonat Minerals 18 #1 Facility</td>
<td>17 Miles Northwest of, De Ridder, Vernon Parish, LA</td>
<td>2960-00101-01</td>
<td>March 8, 2012</td>
</tr>
<tr>
<td>AGENCY INTEREST NUMBER</td>
<td>FACILITY</td>
<td>LOCATION</td>
<td>PERMIT</td>
<td>ISSUE DATE</td>
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<tr>
<td>33349</td>
<td>Blackstone Minerals 7 #1 Facility</td>
<td>21.2 Miles Northwest of, De Ridder, Vernon Parish, LA</td>
<td>2960-00041-03</td>
<td>March 22, 2013</td>
</tr>
<tr>
<td>33371</td>
<td>Sonat Minerals A27 #1 Facility</td>
<td>2.7 Miles Southeast of, Burr Ferry, Vernon Parish, LA</td>
<td>2960-00100-02</td>
<td>March 14, 2016</td>
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<tr>
<td>33374</td>
<td>Langton 20 #1 Production Facility</td>
<td>2 Miles West of, Burr Ferry, Vernon Parish, LA</td>
<td>2960-00068-02</td>
<td>March 1, 2013</td>
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<tr>
<td>33381</td>
<td>Sonat Minerals 4 #1 Production Facility</td>
<td>3 Miles North of, Burr Ferry, Vernon Parish, LA</td>
<td>2960-00075-01</td>
<td>September 27, 2012</td>
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<tr>
<td>93448</td>
<td>Swenco 21 #1 Facility</td>
<td>4.4 Miles Northeast of, Knight, Vernon Parish, LA</td>
<td>2960-00131-01</td>
<td>March 1, 2013</td>
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<tr>
<td>103699</td>
<td>Swenco 25 #1 Facility</td>
<td>15 Miles Southwest of, Leesville, Vernon Parish, LA</td>
<td>2960-00130-01</td>
<td>January 22, 2013</td>
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<tr>
<td>103705</td>
<td>Sonat Minerals 28 #1 Facility</td>
<td>7 Miles West Southwest of, Leesville, Vernon Parish, LA</td>
<td>2960-00097-02</td>
<td>May 10, 2013</td>
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<tr>
<td>103710</td>
<td>Temple 21 #1 Production Facility</td>
<td>off Camp Baker Rd, Leesville, Vernon Parish, LA</td>
<td>2960-00098-02</td>
<td>June 7, 2012</td>
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<tr>
<td>103712</td>
<td>Temple 28 #1 Facility</td>
<td>22.8 Miles Northwest of, De Ridder, Vernon Parish, LA</td>
<td>2960-00105-01</td>
<td>April 22, 2016</td>
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<tr>
<td>120260</td>
<td>Boise Southern Company #1 Production Facility</td>
<td>Highway 389 3.5 Miles South Southeast of, Fields, Beauregard Parish, LA</td>
<td>0320-00067-01</td>
<td>November 15, 2012</td>
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<tr>
<td>125375</td>
<td>Powell Lumber #4 Production Facility</td>
<td>3 Miles East of, Fields, Beauregard Parish, LA</td>
<td>0320-00070-01</td>
<td>October 2, 2012</td>
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<tr>
<td>130862</td>
<td>Krause &amp; Managan Lumber Production Facility</td>
<td>3.82 Miles Southeast of, Fields, Beauregard Parish, LA</td>
<td>0320-00073-01</td>
<td>December 12, 2012</td>
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<tr>
<td>145712</td>
<td>Lower Wilcox Sales Point</td>
<td>Highway 389 2.9 Miles East of, Fields, Beauregard Parish, LA</td>
<td>0320-00077-01</td>
<td>July 1, 2013</td>
</tr>
</tbody>
</table>
Notice of Potential Penalty  
Texegy Operating Company LLC  
Page 3

<table>
<thead>
<tr>
<th>AGENCY INTEREST NUMBER</th>
<th>FACILITY</th>
<th>LOCATION</th>
<th>PERMIT</th>
<th>ISSUE DATE</th>
</tr>
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<tbody>
<tr>
<td>146147</td>
<td>Boise Southern Well #2 Facility</td>
<td>off Highway 389 2.8 Miles Southeast of, Fields, Beauregard Parish, LA</td>
<td>0320-00079-01</td>
<td>January 31, 2013</td>
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<tr>
<td>154281</td>
<td>Lutcher Moore #3 Facility</td>
<td>2.67 Miles Southeast of, Fields, Beauregard Parish, LA</td>
<td>0320-00086-01</td>
<td>March 17, 2016</td>
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<tr>
<td>154283</td>
<td>Powell Lumber #2 Production Facility</td>
<td>off Highway 389 2.5 Miles Northeast of, Fields, Beauregard Parish, LA</td>
<td>0320-00087-01</td>
<td>February 20, 2013</td>
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<tr>
<td>155394</td>
<td>West Facility</td>
<td>5 Miles East of, Fields, Beauregard Parish, LA</td>
<td>0320-00085-04</td>
<td>January 27, 2015</td>
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<tr>
<td>179588</td>
<td>James O Dolby #3 Tank Battery</td>
<td>3.25 Miles East of, Fields, Beauregard Parish, LA</td>
<td>0320-00145-00</td>
<td>February 7, 2012</td>
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<tr>
<td>179589</td>
<td>Gregg Estate #1 Facility</td>
<td>4.25 Miles East of, Fields, Beauregard Parish, LA</td>
<td>0320-00146-00</td>
<td>January 9, 2014</td>
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<tr>
<td>179594</td>
<td>Irby #6 Facility</td>
<td>3.25 Miles Southeast of, Fields, Beauregard Parish, LA</td>
<td>0320-00148-00</td>
<td>May 2, 2012</td>
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<tr>
<td>179625</td>
<td>GASRS 20 #1 Facility</td>
<td>5.5 Miles Southeast of, Evans, Vernon Parish, LA</td>
<td>2960-00276-00</td>
<td>March 12, 2012</td>
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<tr>
<td>185143</td>
<td>Sonat Minerals 24 #1 Facility</td>
<td>Burr Ferry Field, Burr Ferry, Vernon Parish, LA</td>
<td>2960-00285-00</td>
<td>July 31, 2013</td>
</tr>
</tbody>
</table>

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/operator of the aforementioned facilities on November 1, 2016. The Respondent submitted a Notification of Change Form (NOC-1) to the Department on or about April 10, 2017. Each failure to submit the NOC-1 and associated documentation to the Department within forty-five (45) days after a change in owner/operator of a permitted facility is a violation of LAC 33:1.1907.B; LAC 33:III.517.G; and La. R.S. 30:2057(A)(2).

B. The Respondent operated the aforementioned facilities from November 1, 2016, through April 24, 2017. The unauthorized operation of each facility from the date of acquisition until the permits were transferred on April 24, 2017, is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
Notice of Potential Penalty
Texegy Operating Company LLC
Page 4

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 Christopher Clement at (225) 219-3748 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. 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.
Notice of Potential Penalty
Texegy Operating Company LLC
Page 5

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 Itturalde
Assistant Secretary
Office of Environmental Compliance

LI/CGC/cgc
Alt ID Nos. 2700-00014, 2960-00014, 2960-00022, 2960-00029, 2960-00101, 2960-00041,
2960-00100, 2960-00068, 2960-00075, 2960-00131, 2960-00130, 2960-00097, 2960-00098,
2960-00105, 0320-00065, 0320-00067, 0320-00070, 0320-00073, 0320-00077, 0320-00079,
0320-00086, 0320-00087, 0320-00085, 0320-00145, 0320-00146, 0320-00148, 2960-00276,
2960-00285

c: Texegy Operating Company LLC
c/o Mr. Rajan Ahuja
615 North Upper Broadway, Suite 1770
Corpus Christi, Texas 78401
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)  

<table>
<thead>
<tr>
<th>Enforcement Tracking No.</th>
<th>AE-PP-17-00426</th>
<th>Contact Name</th>
<th>Christopher Clement</th>
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</thead>
<tbody>
<tr>
<td>Agency Interest (AI) No.</td>
<td>Multi</td>
<td>Contact Phone No.</td>
<td>(225) 219-3748</td>
</tr>
<tr>
<td>Alternate ID No.</td>
<td>Multi</td>
<td>Facility Name:</td>
<td>Multi</td>
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<tr>
<td>Respondent:</td>
<td>Texeey Operating Company LLC</td>
<td>Physical Location:</td>
<td>Multi</td>
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<td></td>
<td>c/o C T Corporation System</td>
<td>City, State, Zip:</td>
<td>Multi</td>
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<td></td>
<td>Agent for Service of Process</td>
<td>Parish:</td>
<td>Beauregard, Vernon, Sabine</td>
</tr>
<tr>
<td></td>
<td>3867 Plaza Tower Dr.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Baton Rouge, LA 70816</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**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 Subpart 1 Chapter 7.

---

In order to resolve any claim for civil penalties for the violations in NOTICE OF POTENTIAL PENALTY (AE-PP-17-00426), 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-17-00426), the Respondent is interested in entering into settlement negotiations with the Department and offers to pay $ change, 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-17-00426) 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: Christopher Clement