

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

TANA EXPLORATION COMPANY LLC

AI # 92037

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

* Settlement Tracking No.
* SA-AE-20-0105
*
* Enforcement Tracking No.
* AE-PP-13-01392
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SETTLEMENT

The following Settlement is hereby agreed to between Tana Exploration Company 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 owned and/or operated an oil and gas production facility located in Lafourche Parish, Louisiana (“the Facility”).

II

On October 20, 2016, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-13-01392 (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 FOURTEEN THOUSAND AND NO/100 DOLLARS (\$14,000.00), of which Two Thousand Two Hundred Twenty-Three and 68/100 Dollars (\$2,223.68) 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 Lafourche 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

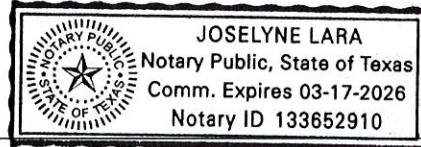
Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his or her respective party, and to legally bind such party to its terms and conditions.

TANA EXPLORATION COMPANY LLC

BY: [Signature]
(Signature)
John D. Long
(Printed)
TITLE: Director

THUS DONE AND SIGNED in duplicate original before me this 10th day of October, 20 22, at Dallas, Texas.

[Signature]
NOTARY PUBLIC (ID # 133652910)



(stamped or printed)

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

BY: [Signature]
Celena J. Cage, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 19th day of December, 20 22, at Baton Rouge, Louisiana.

[Signature]
NOTARY PUBLIC (ID # 33199)

Debra King
(stamped or printed)

Approved: [Signature]
Celena J. Cage, Assistant Secretary

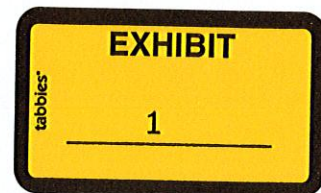
JOHN BEL EDWARDS
GOVERNOR



CHUCK CARR BROWN, Ph.D.
SECRETARY

State of Louisiana
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

October 20, 2016



CERTIFIED MAIL (7014 0510 0002 3595 2802)
RETURN RECEIPT REQUESTED

TANA EXPLORATION COMPANY, LLC
c/o Corporation Service Company
Agent for Service of Process
501 Louisiana Avenue
Baton Rouge, LA 70802

**RE: NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. AE-PP-13-01392
AGENCY INTEREST NO. 92037**

Dear Sir:

On or about August 5, 2016, a file review of **TIMBALIER BAY PRODUCTION COMPLEX**, an oil and gas production facility (the facility), owned and/or operated by **TANA EXPLORATION COMPANY, LLC (RESPONDENT)**, was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations from June 1, 2011 through March 29, 2016. The facility is located approximately six (6) miles southwest of Port Fourchon in Lafourche Parish, Louisiana. Tana Exploration Company, LLC purchased the facility from Maritech Resources, LLC (formerly Maritech Resources, Inc.) on June 1, 2011. The facility has operated under the authority of the following permits:

| Permit | Issue Date | Expiration Date |
|--------------------------------------|-------------------|-----------------|
| Title V Air Permit No. 1560-00138-V7 | February 22, 2016 | August 27, 2020 |
| Title V Air Permit No. 1560-00138-V6 | August 27, 2015 | August 27, 2020 |
| Title V Air Permit No. 1560-00138-V5 | January 22, 2014 | May 20, 2015 |
| Title V Air Permit No. 1560-00138-V4 | May 20, 2010 | May 20, 2015 |

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. On January 6, 2011, the Department received a letter from Maritech Resources, LLC stating two (2) natural gas generator engines, 208-HP, were installed and in operation

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Tana Exploration Company, LLC
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at the facility. The unpermitted operation of these engines continued after Tana Exploration Company acquired the facility until the generators were added to Title V Air Permit No. 1560-00138-V5 on January 22, 2014. The Respondent reported the unpermitted operation of the engines in Title V Semiannual Monitoring Reports and Annual Compliance Certifications from June 1, 2011 to January 22, 2014. The Respondent submitted a response to the Department dated August 4, 2015 with the following unauthorized emissions:

| Unauthorized Emissions Released by Generator Engines in Tons Per Year (TPY) | | | | | | | |
|--|-------------|-----------|-----------------------|-------------------------|------------------------|-----------------------|------------|
| Equipment | Year | CO | NO_x | PM_{2.5} | PM₁₀ | SO₂ | VOC |
| No. 1 Generator – 208 HP EQT 65 (GE-06) | 2011 | 3.616 | 2.148 | 0.009 | 0.009 | 0.001 | 0.029 |
| | 2012 | 9.070 | 5.389 | 0.023 | 0.023 | 0.002 | 0.072 |
| | 2013 | 13.635 | 8.100 | 0.035 | 0.035 | 0.003 | 0.109 |
| | 2014 | 1.902 | 1.130 | 0.005 | 0.005 | 0.001 | 0.015 |
| No. 2 Generator – 208 HP EQT 66 (GE-07) | 2011 | 8.842 | 5.253 | 0.023 | 0.023 | 0.002 | 0.070 |
| | 2012 | 1.5843 | 0.941 | 0.004 | 0.004 | 0.004 | 0.013 |
| | 2013 | 11.900 | 7.069 | 0.030 | 0.030 | 0.003 | 0.095 |
| | 2014 | 8.218 | 4.882 | 0.021 | 0.021 | 0.002 | 0.065 |

The generators were labeled EQT 65 (GE-06) and EQT 66 (GE-07) in Title V Air Permit No. 1560-00138-V5, issued on January 22, 2014. The operation of equipment resulting in unpermitted emissions is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

- B. In Semiannual Monitoring Reports and Annual Compliance Certifications from reporting years 2011 to 2013, the Respondent reported the operation of an unlabeled heater treater that was not permitted under Title V Air Permit No. 1560-00138-V4. The heater treater was not added as an emission source on the facility's permit but released the following unpermitted emissions when it operated:

| Unauthorized Emissions Released by Unlabeled Heater Treater in Tons Per Year (TPY) | | | | | | |
|---|-----------|-----------------------|-------------------------|------------------------|-----------------------|------------|
| Year | CO | NO_x | PM_{2.5} | PM₁₀ | SO₂ | VOC |
| 2011 | 0.084 | 0.101 | 0.007 | 0.008 | 0.001 | 0.006 |

The Respondent submitted a response to the Department dated August 4, 2015 with the above emissions. The response stated the heater treater was not fired in 2012 or

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2013 and is no longer present onsite. The operation of equipment resulting in unpermitted emissions is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

- C. In Semiannual Monitoring Reports and Annual Compliance Certifications for reporting years 2011 through 2013, the Respondent reported an oil separator installed at the facility prior to 2011 caused the continual release of unauthorized vent gas into the atmosphere. The Respondent installed an Ejector Vapor Recovery Unit (EVRU) on January 9, 2013 to reduce emissions. The Respondent submitted a response to the Department dated August 4, 2015 with the following unauthorized emissions caused by the oil separator:

| Unauthorized Emissions Released by Oil Separator in Vent Gas | |
|--|--------------------|
| Year | VOCs Emitted (TPY) |
| 2011 | 9.288 |
| 2012 | 15.785 |
| 2013 | 0.005 |

The operation of equipment resulting in unpermitted emissions is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

- D. In Semiannual Monitoring Reports and Annual Compliance Certifications for reporting years 2011 through 2013, the Respondent reported unauthorized emissions from Oil and Water Storage Tanks T-01, T-03, T-04, and T-06 due to the lack of a combustion flare. In Title V Air Permit No. 1560-00138-V4, issued May 20, 2010, Combustion Flare FL-01 was added to the written permit as a control measure to combust tank vapors. The flare was not installed at the facility, causing unpermitted vapors to vent into the atmosphere. The Respondent submitted a response to the Department dated August 4, 2015 with the following unauthorized emissions:

| Unauthorized VOC Emissions Released by Oil & Water Storage Tanks in Tons per Year (TPY) | | | | |
|---|---------|--------|--------|--------|
| Equipment | 2011 | 2012 | 2013 | 2014 |
| T-01 | 191.141 | 0.593 | 52.180 | 0.955* |
| T-03 | 0.140 | 2.755 | 1.042 | 1.046 |
| T-04 | 0.140 | 2.755 | 1.042 | 1.046 |
| T-06 | 0.324 | 0.2697 | 1.042 | 0.285 |

The amount released from Tank T-01 in 2014 includes only unauthorized emissions, not the total emissions. On January 9, 2013, the facility installed an EVRU to reduce emissions. The combustion flare was deleted and the EVRU was added to Title V Air

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Permit No. 1560-00138-V5 when it was issued on January 22, 2014. Failure to control emissions whenever practically, economically, and technologically feasible is a violation of Specific Requirement 97 of Title V Air Permit No. 1560-00138-V4, LAC 33:III.501.C.4, LAC 33:III.905, La. R.S. 30:2057(A)(1) and 30:2057(A)(2). The operation of equipment resulting in unpermitted emissions is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(2).

- E. In the 2012 and 2013 Second Semiannual Monitoring Reports and Annual Compliance Certifications, the Respondent reported operation over the permitted range for Pump Engine #2 (PE-03). The Respondent submitted a response to the Department dated August 4, 2015 with the following unauthorized emissions:

| Unauthorized Emissions Released by Pump Engine #2 (PE-03) | | | | | | |
|---|-------|-----------------|-------------------|------------------|-----------------|-------|
| Year | CO | NO _x | PM _{2.5} | PM ₁₀ | SO ₂ | VOCs |
| 2012 | 4.953 | 2.942 | 0.013 | 0.013 | 0.001 | 0.039 |
| 2013 | 8.218 | 4.882 | 0.021 | 0.021 | 0.002 | 0.065 |

Failure to operate a source in accordance with all terms and conditions of the permit is a violation of LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

- F. In the 2013 Second Semiannual Monitoring Report and the response submitted to the Department dated August 4, 2015, the Respondent reported the Gas-Operated Potable Water Tank Pump (GP-12) emitted 0.037 tons of unauthorized VOCs in 2013. The Portable Pump operated 94 hours over its permitted 365 hours annual period. Failure to operate a source in accordance with all terms and conditions of the permit is a violation of LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- G. The Respondent did not file a permit renewal at least six (6) months before the permit's expiration. Title V Air Permit No. 1560-00138-V5 was issued January 22, 2014 and expired May 20, 2015. The Respondent submitted a Title V Permit Renewal Application to the Department on March 16, 2015. The deadline for timely renewal was November 20, 2014. Failure to submit the permit renewal application at least six (6) months prior to the expiration date of a Title V Permit is a violation of Specific Requirement 166 of Title V Air Permit No. 1560-00138-V5, Part 40 CFR 70.7, LAC 33:III.501.C.4, LAC 33:III.507.E.4, and La. R.S. 30:2057(A)(2).
- H. The Respondent operated the facility without a permit from May 20, 2015 until the issuance of Title V Permit No. 1560-00138-V6 on August 27, 2015. As stated in LAC 33:III.507.E.3, the unauthorized operation of the facility from the date of the previous permit's expiration until the issuance of the new permit is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

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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.

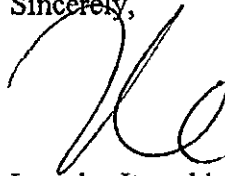
Prior to the issuance of any additional appropriate enforcement action, you may request a meeting with the Department to present any mitigating circumstances concerning the violation(s). If you would like to have such a meeting, please contact Bridget Rogers at (225) 219-3748 within ten (10) days of 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.

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,



Lourdes Iturralde
Assistant Secretary
Office of Environmental Compliance

LI/BDR/bdr
Alt ID No. 1560-00138

c: Tana Exploration Company, LLC
25025 I-45 North
Suite 600
The Woodlands, TX 77380