

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

URBAN OIL & GAS GROUP, LLC

AI # 31526, 156077, 187421, 188321,
188768, 209346, 209347, 209348, 209349,
209350, 209351, 209352, 209353, 209354,
209355, 209356

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

* Settlement Tracking No.
* SA-MM-22-0061
*
* Enforcement Tracking No.
* MM-PP-21-00656
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SETTLEMENT

The following Settlement is hereby agreed to between Urban Oil & Gas Group, 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 Assumption Parish, West Baton Rouge Parish, and Iberville Parish, Louisiana (“the Facilities”).

II

On March 16, 2022, the Department issued to Respondent a Notice of Potential Penalty, Enforcement Tracking No. MM-PP-21-00656 (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 SEVEN THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$7,500.00), of which Two Thousand Four Hundred Fifty-Two and 82/100 Dollars (\$2,452.82) 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 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 Assumption Parish, West Baton Rouge Parish, and Iberville 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.

URBAN OIL & GAS GROUP, LLC

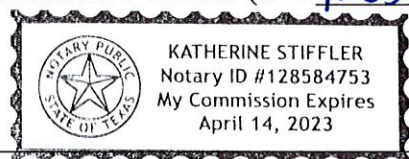
BY: [Signature]
(Signature)

Glenn Markgraf
(Printed)

TITLE: SUP Operations

THUS DONE AND SIGNED in duplicate original before me this 30th day of November, 20 22, at 2:20pm.

[Signature]
NOTARY PUBLIC (ID # 128584753)



(stamped or printed)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY

Roger W. Gringles, Secretary

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

THUS DONE AND SIGNED in duplicate original before me this 31st day of May, 20 23, at Baton Rouge, Louisiana.

[Signature]
NOTARY PUBLIC (ID # 6681)
Jay L. Glorioso
(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

MAR 16 2022



CERTIFIED MAIL (7020 1810 0000 5261 0126)
RETURN RECEIPT REQUESTED

URBAN OIL & GAS GROUP, LLC
c/o Capitol Corporate Services, Inc.
Agent for Service of Process
8550 United Plaza Building II, Suite 305
Baton Rouge, LA 70809

**RE: NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. MM-PP-21-00656
AGENCY INTEREST NOS. 31526; 156077; 187421; 188321; 188768; 209346; 209347;
209348; 209349; 209350; 209351; 209352; 209353; 209354; 209355; and 209356**

Dear Sir/Madam:

On or about January 31, 2022, a file review of the facilities listed in Table A owned and/or operated by the **URBAN OIL & GAS GROUP, LLC (RESPONDENT)**, was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act), the Air Quality Regulations, and all applicable permits. The Respondent owns/owned and/or operates/operated the following facilities under the authority of the Air Quality Permits listed below:

TABLE A								
	AI NO.	ALT. ID	FACILITY NAME	PERMIT NO.	PERMIT ISSUE DATE	PERMIT TYPE	FACILITY ADDRESS	PARISH
1	31526	0200-00023	Napoleonville Field Production Facility	0200-00023-03	7/22/13	Minor Source General – Crude Oil & Natural Gas Production Air Permit	LA Hwy. 69 6.5 miles northeast of Pierre Part, LA 70339	Assumption
2	156077	3120-00094	A Wilbert's Sons LLC 88 #2 Production Facility	3120-00094-01	9/21/12	Minor Source General – Crude Oil & Natural Gas Production Air Permit	LA Hwy. 76 13.5 miles west of Port Allen, LA 70767	West Baton Rouge
3	187421	3120-00108	DuPont 96-4 Production Facility	3120-00108-00	7/9/13	Minor Source Air Permit	0.7 miles on Bayou Tommy Lane, Erwinville, LA 70000	West Baton Rouge
4	188321	3120-00109	Wilberts 8-1 Production Facility	3120-00109-00	12/30/13	Minor Source Air Permit	Rosedale Rd, Erwinville, LA 70000	West Baton Rouge
5	188768	1280-00167	C W Row III et al. #6 Production Facility	1280-00167-01	5/8/18	Minor Source General – Crude Oil & Natural Gas Production Air Permit	LA Hwy. 411, Maringouin, LA 70757	Iberville
6	209346	3120-00124	A Wilberts Sons 89 #1-Alt & 89 #2 Tank Battery- Erwinville Field	3120-00124-00	5/16/18	Minor Source General – Crude Oil & Natural Gas Production Air Permit	Travel NW on Sidney Rd. (LA Hwy. 411) approx. 1.5 miles thence NE approx. 1.2 miles to facility, Erwinville, LA 70767	West Baton Rouge

TABLE A - CONTINUED								
	AI NO.	ALT. ID	FACILITY NAME	PERMIT NO.	PERMIT ISSUE DATE	PERMIT TYPE	FACILITY ADDRESS	PARISH
8	209348	3120-00126	A Wilberts Sons LLC 94 #1 Tank Battery- Erwinville Field	3120-00126-00	10/11/18	Minor Source General - Crude Oil & Natural Gas Production Air Permit	Travel NW on Sidney Rd. (LA Hwy. 411) approx. 0.4 miles to unnamed road NE on said road approx. 1.1 miles thence N approx. 1.8 miles, Erwinville, LA 70767	West Baton Rouge
9	209349	1280-00288	CW Row III et al. #4 Tank Battery- Southeast Maringouin Field	1280-00288-00	4/5/18	Minor Source General - Crude Oil & Natural Gas Production Air Permit	Travel NW on Sidney Rd. (LA Hwy. 411) approx. 3.9 miles to unnamed road then NE approx. 0.6 miles thence N approx. 0.7 miles, Rosedale, LA 70772	Iberville
10	209350	1280-00286	CW Row III et al. #5 Tank Battery- Southeast Maringouin Field	1280-00286-00	8/8/18	Minor Source General - Crude Oil & Natural Gas Production Air Permit	Travel NW on Sidney Rd. (LA Hwy. 411) approx. 1.9 miles thence NE approx. 1.0 mile, Rosedale, LA 70772	Iberville
11	209351	3120-00121	CBC 86 #1 Tank Battery-Bayou Cholpe Field	3120-00121-00	3/14/18	Minor Source General - Crude Oil & Natural Gas Production Air Permit	Travel S Poydras Bayou Rd. approx. 3.1 miles to Sharp Ln. then W approx. 0.3 miles thence SW approx. 0.8 miles, Erwinville, LA 70767	West Baton Rouge
12	209352	3120-00127	Dupont 95 #1 & 95 #2 Tank Battery- Erwinville Field	3120-00127-00	5/1/18	Minor Source General - Crude Oil & Natural Gas Production Air Permit	Travel SW on Rosedale Rd. (State Rt. 76) approx. 2.2 miles thence NW 1.5 miles, Erwinville, LA 70767	West Baton Rouge
13	209353	3120-00125	Dupont 96 #2 Tank Battery-Bayou Cholpe Field	3120-00125-00	5/10/18	Minor Source General - Crude Oil & Natural Gas Production Air Permit	Travel SW on Rosedale Rd. (State Rt. 76) approx. 1.1 miles to facility on N side of Rd., Erwinville, LA 70767	West Baton Rouge
14	209354	3120-00123	Dupont 96 #3 Tank Battery-Bayou Cholpe Field	3120-00123-00	9/27/18	Minor Source General - Crude Oil & Natural Gas Production Air Permit	Travel SW on Rosedale Rd. (State Rt. 76) approx. 0.4 miles to unnamed Rd. then NW approx. 0.6 miles to facility, Erwinville, LA 70767	West Baton Rouge
15	209355	3120-00120	Opelousas St. Landry 87 #1 Tank Battery-Bayou Cholpe Field	3120-00120-00	3/14/18	Minor Source General - Crude Oil & Natural Gas Production Air Permit	Travel W on Sharp Ln. approx. 1.1 miles thence SW approx. 1.3 miles to facility, Erwinville, LA 70767	West Baton Rouge
16	209356	1280-00287	Schwing Management LLC 18 #1 Tank Battery- Southeast Maringouin Field	1280-00287-00	8/13/18	Minor Source General - Crude Oil & Natural Gas Production Air Permit	Approx. 2 miles N of Rosedale, LA 70772	Iberville

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

The Respondent failed to submit a complete Criteria Pollutant Emissions Inventory Certification Statement for 2019 by the May 30, 2020, extended deadline for all facilities listed in Table A. The certification statement was postmarked on June 1, 2020. Each failure to timely submit the certification statement is a violation of LAC 33:III.501.C.4, LAC 33:III.919.F.1.d, and La. R.S. 30:2057(A)(2).

On or about May 14, 2021, and January 31, 2022, the Department conducted a routine compliance inspection and a subsequent file review of the Respondent's facility, C W Row III et al. #5 Tank Battery-Southeast Maringouin Field, Agency Interest No. 209350, to determine the Respondent's degree of compliance with the Act and the Air Quality and Solid Waste Regulations. 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 failed to submit a permit application pertaining to a new or modified source prior to commencement of construction, reconstruction, or modification of EPN 12-21-ICE-ES

(EQT 0010). Specifically, the Respondent replaced EPN 2-17-ICE-ES (EQT 0001) with a new Pumping Unit Engine EPN 12-21-ICE-ES (EQT 0010) in January 2021, and did not submit a permit modification application to add this emission source until May 7, 2021. As per LAC 33:III.501.D, a facility may make a replacement of an existing emissions unit with an identical or functionally equivalent unit, known as an “in-kind replacement”, and the replacement would not constitute a modification for purposes of LAC 33:III.501.C.1 and 2, provided that the Respondent complies with the requirements in LAC 33:III.501.D.1-7. However, EQT 0010 was not an “in-kind replacement” because the unit is not identical to EQT 0001 and the permitted emissions increased. This is a violation of LAC 33:III.517.A.1, LAC 33:III.501.C.1, and La. R.S. 30:2057(A)(2). Additionally, the Respondent failed to permit EQT 0010 at the facility as an emission source prior to the commencement of operation. Specifically, the Respondent commenced operation of EQT 0010 on January 6, 2021; however, EQT 0010 was not permitted as an emission source until Minor Source Air General Permit Modification, Permit No. 1280-00286-00 was issued on July 23, 2021. The unauthorized operation of EQT 0010 from January 6, 2021 to July 23, 2021, 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).

- B. The Respondent failed to maintain best practical housekeeping and maintenance practices at the highest possible standards to reduce the quantity of organic compound emissions. Specifically, during the inspection, the Department’s inspectors observed an unlabeled and unsealed 55-gallon plastic drum. The Respondent’s representative stated that the drum contained oily wastes. The oil in the oily wastes contains volatile organic compounds (VOCs), and the contents of the drum were allowed to evaporate to the atmosphere. The facility’s VOC housekeeping plan states, “containers of VOCs should be securely sealed when not in use.” The failure to comply with the maintenance and housekeeping plan is a violation of Specific Requirement 431 of Minor Source Air General Permit for Crude Oil & Natural Gas Production Facilities, LAC 33:III.2113.A.5, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1), and La. R.S. 30:2057(A)(2).
- C. The Respondent caused and/or allowed the deposition of regulated solid waste without a permit and/or authority from the Department, in violation of La. R.S. 30:2155 and LAC 33:VII.315.C. Specifically, at the time of the inspection, discarded pieces of paraffin-like material were observed on the gravel around and outside of the secondary containment for the paraffin tanks. On or about October 25, 2021, and October 28, 2021, documentation, submitted by the Respondent, showed the paraffin-like material had been collected off of the ground and placed in a roll-off box awaiting disposal.

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 Courtney Tolbert at 225-219-3347 or courtney.tolbert@la.gov 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

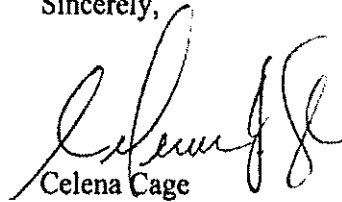
assessed and the amount of such penalty. Please forward the Respondent's most current annual gross revenue statement along with a statement of the monetary benefits of noncompliance for the cited violations to the above named contact person within ten (10) days of receipt of this **NOTICE OF POTENTIAL 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.Chapter 7. 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,



Celena Cage
Assistant Secretary
Office of Environmental Compliance

CJC/CJT/cjt

Alt ID Nos. 0200-00023, 3120-00094, 3120-00108, 3120-00109, 1280-00167, 3120-00124, 3120-00122, 3120-00126, 1280-00288, 1280-00286, 3120-00121, 3120-00127, 3120-00125, 3120-00123, 3120-00120, and 1280-00287

c: Urban Oil & Gas Group, LLC
1000 E. 14th Street, Suite 300
Plano, TX 75074

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.	MM-PP-21-00656	Contact Name	Courtney Tolbert
Agency Interest (AI) No.	SEE TABLE A	Contact Phone No.	225-219-3347
Alternate ID No.	SEE TABLE A		
Respondent:	Urban Oil & Gas Group, LLC	Facility Name:	SEE TABLE A
	c/o Capitol Corporate Services, Inc.	Physical Location:	SEE TABLE A
	Agent for Service of Process		
	8550 United Plaza Building II, Ste. 305 Baton Rouge, LA 70809	City, State, Zip:	SEE TABLE A
		Parish:	SEE TABLE A

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 MM-PP-21-00656**, 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 MM-PP-21-00656**, 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 MM-PP-21-00656** 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: Courtney Tolbert