



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 4  
ATLANTA FEDERAL CENTER  
61 FORSYTH STREET  
ATLANTA, GEORGIA 30303-8960

SEP 03 2013

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. Brendan Lowrey  
Eagle Rock Energy Partners, L.P.  
1415 Louisiana Street, Suite 2700  
Houston, Texas 77002

Re: Escambia Operating Co., LLC  
Consent Agreement and Final Order  
Docket Number EPCRA-04-2013-2050(b)

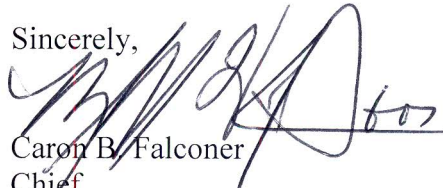
Dear Mr. Lowrey:

Enclosed please find an executed copy of the Consent Agreement and Final Order (CAFO) that resolves the Emergency Planning and Community Right-to-Know Act of 1986 matter (Docket No. EPCRA-04-2013-2050(b)) involving Escambia Operating Co., LLC. The CAFO was filed with the Regional Hearing Clerk, as required by 40 C.F.R. Part 22 and became effective on the date of the filing.

Also enclosed, please find a copy of the "Notice of Securities and Exchange Commission Registrants' Duty to Disclose Environmental Legal Proceedings." This document puts you on notice of your potential duty to disclose to the Security and Exchange Commission (SEC) any environmental enforcement actions taken by the U.S. Environmental Protection Agency. If you have any questions with regards to the SEC's environmental disclosure requirements, you may refer to the contact phone number at the bottom of the SEC Notice.

If you have any questions, please call Mr. Karl Wilson at (404) 562-9295.

Sincerely,



Caron B. Falconer  
Chief  
EPCRA Enforcement Section

Enclosures

**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 4**

IN THE MATTER OF: )  
 )  
 Escambia Operating Co. LLC )  
 )  
 Respondent. )  
\_\_\_\_\_ )

Docket Number: EPCRA-04-2013-2050(b)

HEARING CLERK

2013 SEP -3 AM 9:01

RECEIVED  
EPA REGION IV

CONSENT AGREEMENT AND FINAL ORDER

I. Nature of the Action

1. This is a civil penalty proceeding pursuant to Section 109 of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), as amended, 42 U.S.C. § 9609 and Section 325 of the Emergency Planning and Community Right-to-Know Act (EPCRA), 42 U.S.C. § 11045 and pursuant to the Consolidated Rules of Practice Governing Administrative Assessment of Civil Penalties, and the Revocation/Termination or Suspension of Permits (Consolidated Rules), codified at 40 C.F.R. Part 22. Complainant is the Director of the Air, Pesticides and Toxics Management Division, Region 4, United States Environmental Protection Agency (EPA). Respondent is Escambia Operating Co. LLC.

2. The authority to take action under Section 109 of CERCLA, 42 U.S.C. § 9609 and Section 325 of EPCRA, 42 U.S.C. § 11045, is vested in the Administrator of EPA. The Administrator of EPA has delegated this authority under CERCLA and under EPCRA to the Regional Administrators by EPA Delegations 14-31 and 22-3-A, both dated May 11, 1994. The Regional Administrator, Region 4, has redelegated to the Director, Air, Pesticides and Toxics Management Division, the authority under CERCLA by EPA Region 4 Delegation 14-31 dated March 8, 1999, and updated August 6, 2004, and the authority under EPCRA by EPA Region 4 Delegation 22-3-A, dated November 8, 1994. Pursuant to these delegations, the Director of the Air, Pesticides and Toxics Management Division has the authority to commence an enforcement action as the Complainant in this matter

3. Complainant and Respondent have conferred for the purpose of settlement pursuant to 40 C.F.R. § 22.18(b) and desire to resolve this matter and settle the allegations described herein without a formal hearing. Therefore, without the taking of any evidence or testimony, the making of any argument, or the adjudication of any issue in this matter, and in accordance with 40 C.F.R. §§ 22.13(b) and 22.18(b), this Consent Agreement and Final Order (CAFO) will simultaneously commence and conclude this matter.

II. Preliminary Statements

4. Respondent, Escambia Operating Co. LLC, is a limited liability company doing business in the State of Mississippi.



5. Respondent is a "person" as defined in Section 329(7) of EPCRA, 42 U.S.C. § 11049(7) and Section 101(21) of CERCLA, 42 U.S.C. § 9601(21).

6. Respondent has a "facility" as that term is defined by Section 101(9) of CERCLA, 42 U.S.C. § 9601(9) and by Section 329(4) of EPCRA, 42 U.S.C. § 11049(4).

7. Respondent's facility is located at Wayne County, Mississippi.

8. Respondent is an "owner or operator" of the facility as that term is defined by Section 101(20)(A) of CERCLA, 42 U.S.C. § 9601(20)(A).

### III. EPA's Allegations of Violations

#### Violations of Section 304(a) of EPCRA

9. Section 304(a) of EPCRA, 42 U.S.C. § 11004(a), and the regulations found at 40 C.F.R. § 355, Subpart C, require the owner or operator of a facility at which hazardous chemicals are produced, used or stored, to immediately notify the State Emergency Response Commission (SERC) and Local Emergency Planning Committee (LEPC) when there has been a release of a CERCLA hazardous substance or an EPCRA extremely hazardous substance in an amount equal to or greater than the RQ.

10. Respondent was the owner or operator of the facility on July 19, 2012.

11. At all times relevant to this matter, the facility produced, used, or stored a "hazardous chemical" as defined under Section 311(e) of EPCRA, 42 U.S.C. § 11021(e) and under 29 C.F.R. § 1910.1200(c).

12. Hydrogen sulfide is an "extremely hazardous substance" as that term is defined by Section 329(3) of EPCRA, 42 U.S.C. § 11049(3), with an RQ of 100 pounds, as specified in 40 C.F.R. Part 355, Appendices A & B.

13. On July 19, 2012, Respondent had a release of hydrogen sulfide above the RQ at the facility.

14. Respondent violated the notification requirements of Section 304(a) of EPCRA, 42 U.S.C. § 11004(a), by failing to immediately notify the SERC and LEPC as soon as Respondent had knowledge of the release of hydrogen sulfide in an amount equal to or greater than the RQ at Respondent's facility, and is therefore subject to the assessment of penalties under Section 325 of EPCRA, 42 U.S.C. § 11045.

15. Pursuant to Section 325(b) of EPCRA, 42 U.S.C. § 11045(b), and 40 C.F.R. Part 19, EPA may assess a penalty of not more than \$37,500 for each violation of Section 304(a) of EPCRA, 42 U.S.C. § 11004(a), that occurred after January 12, 2009. Civil penalties under Section 325(b) of EPCRA, 42 U.S.C. § 11045(b), may be assessed by Administrative Order.

#### Violations of Section 304(c) of EPCRA

16. Section 304(c) of EPCRA, 42 U.S.C. § 11004(c), and the regulations found at 40 C.F.R. § 355, Subpart C, require the owner or operator of a facility at which hazardous chemicals are produced, used or stored, to provide a written follow-up emergency notice to the SERC and LEPC when there has been a release of a CERCLA hazardous substance or an EPCRA extremely hazardous substance in an amount equal to or greater than the RQ.

17. Respondent was the owner or operator of the facility during the relevant period, described below.

18. At all times relevant to this matter, the facility produced, used, or stored a "hazardous chemical" as defined under Section 311(e) of EPCRA, 42 U.S.C. § 11021(e), and under 29 C.F.R. § 1910.1200(c).

19. Hydrogen sulfide is an "extremely hazardous substance" as that term is defined by Section 329(3) of EPCRA, 42 U.S.C. § 11049(3), with an RQ of 10 pounds, as specified in 40 C.F.R. Part 355, Appendices A & B.

20. On July 19, 2012, Respondent had a release of hydrogen sulfide above the RQ at the facility.

21. EPA alleges that Respondent violated the notification requirements of Section 304(c) of EPCRA, 42 U.S.C. § 11004(c), by failing to provide a written follow-up emergency notice to the SERC and LEPC when there had been a release of hydrogen sulfide in an amount equal to or greater than the RQ at Respondent's facility, and is therefore subject to the assessment of penalties under Section 325 of EPCRA, 42 U.S.C. § 11045.

22. Pursuant to Section 325(b) of EPCRA, 42 U.S.C. § 11045(b), and 40 C.F.R. Part 19, EPA may assess a penalty of not more than \$37,500 for each violation of Section 304(c) of EPCRA, 42 U.S.C. § 11004(c), that occurred after January 12, 2009. Civil penalties under Section 325(b) of EPCRA, 42 U.S.C. § 11045(b), may be assessed by Administrative Order.

#### IV. Consent Agreement

23. For the purposes of this CAFO, Respondent admits the jurisdictional allegations set out above but neither admits nor denies the factual allegations set out above.

24. Respondent waives any right to contest the allegations and its right to appeal the proposed final order accompanying the Consent Agreement.



25. Respondent consents to the assessment of and agrees to pay the civil penalty as set forth in this CAFO.

26. Respondent agrees to complete the Supplemental Environmental Project (SEP) set forth in this CAFO.

27. Respondent certifies that as of the date of its execution of this CAFO, it is in compliance with all relevant requirements of EPCRA.

28. Compliance with the CAFO shall resolve the allegations of violations contained herein. This CAFO shall not otherwise affect any liability of Respondent to the United States other than as expressed herein. Complainant does not waive any right to bring an enforcement action against Respondent for violation of any federal or state statute, regulation or permit, to initiate an action for imminent and substantial endangerment, or to pursue criminal enforcement.

29. Complainant and Respondent agree to settle this matter by their execution of this CAFO. The parties agree that the settlement of this matter is in the public interest and that this CAFO is consistent with the applicable requirements of EPCRA.

#### V. Final Order

30. Respondent shall pay a civil penalty of EIGHT THOUSAND EIGHT HUNDRED FORTY SIX DOLLARS (\$8,846) for the EPCRA violations which shall be paid within thirty (30) days of receipt of the ratified CAFO.

31. Respondent shall pay the penalty by forwarding a cashier's or certified check payable to "Treasurer, United States of America," to one of the following addresses:

BY MAIL

U.S. Environmental Protection Agency  
Fines and Penalties  
Cincinnati Finance Center  
P.O. Box 979077  
St. Louis, MO 63197-9000

BY OVERNIGHT

U.S. Bank  
Government Lockbox 979077  
U.S. EPA Fines & Penalties  
1005 Convention Plaza  
SL-MO-C2-GL  
St. Louis, MO 63101  
(314) 418-1028

The check shall reference on its face the name and the Docket Number of the CAFO.

32. At the time of payment, Respondent shall send a separate copy of each check, and a written statement that payment has been made in accordance with this CAFO, to the following persons at the following addresses:

Regional Hearing Clerk  
U.S. EPA, Region 4  
61 Forsyth Street, S.W.  
Atlanta, Georgia 30303

Karl Wilson  
U.S. EPA, Region 4  
Air, Pesticides & Toxics Management Division  
61 Forsyth Street, S.W.  
Atlanta, Georgia 30303

Saundi Wilson  
U.S. EPA, Region 4  
Office of Environmental Accountability  
61 Forsyth Street, S.W.  
Atlanta, Georgia 30303

33. For the purposes of state and federal income taxes, Respondent shall not be entitled, and agrees not to attempt, to claim a deduction for any civil penalty payment made pursuant to this CAFO. Any attempt by Respondent to deduct any such payments shall constitute a violation of this CAFO.

#### VI. Supplemental Environmental Project

34. Respondent shall undertake and complete the following Emergency Planning and Preparedness Supplemental Environmental Project (SEP) within 45 days of the effective date of this CAFO. Cash donations shall not be used to satisfy the terms and conditions of this SEP. The SEP shall consist of donations of equipment and other items to two separate entities, as set forth below. Respondent shall expend not less than \$32,943 for the purchase and donation of the equipment. EPA's approval of the SEP proposed by Respondent shall not be construed to constitute an endorsement by EPA of any of the equipment or technology to be purchased by Respondent in connection with the SEP undertaken pursuant to this CAFO.

35. Escambia Operating Co. LLC, shall purchase the following for the Wayne County Emergency Management Agency:

<u>Quantity</u>	<u>Item</u>
2	Dell Desktop Computer 19" Monitor,
4	IP-223 Remote Ethernet Panel,
2	C-Soft 12-line Software, USB,
2	11 Amp Power Supply,



- 1 77" x 19" Open Floor Rack,
- 2 19" Rack Mount Bracket,
- 2 MD-MS Desk Mic,
- 2 Footswitch DPDT FS-1,
- 2 Dispatch Speakers,
- 2 HB-3 Plus Adapter Box,
- 2 Rack Powerstrip, 6 Rear,
- 5 19" Adjustable Shelf BT,
- 5 5' CAT5e RJ45 Patch Blue,
- 1 NetVanta 1224 Switch,
- 1 1U Horiz. Wire Manager 19".

36. Escambia Operating Co. LLC, shall purchase the following for the Wayne County Fire Department:

<u>Quantity</u>	<u>Item</u>
4	VHF 512CH Mobile (136-174) 50W includes KMC-35 mic., DC Cable, Mounting Bracket,
14	Motorola Monitor Voice Pagers.

37. Respondent certifies that neither it, nor, to the best of its knowledge, either of the recipients of the Emergency Planning and Preparedness SEP, is a party to any open federal financial assistance transaction that is funding or could be used to fund the same activity as the SEP. Respondent further certifies that, to the best of its knowledge and belief after reasonable inquiry, there is no such open federal financial transaction that is funding or could be used to fund the same activity as the SEP, nor has the same activity been described in an unsuccessful federal financial assistance transaction proposal submitted to EPA within two years of the date of this settlement (unless the project was barred from funding as statutorily ineligible). For the purposes of this certification, the term "open federal financial assistance transaction" refers to a grant, cooperative agreement, loan, federally-guaranteed loan guarantee, or other mechanism for providing federal financial assistance whose financial performance period has not yet expired.

38. Respondent has obtained and presented to EPA a separate written Certification from the recipients of the SEP, the Wayne County Fire Department and the Wayne County Emergency Management Agency, stating that they are not a party to any open federal financial assistance transaction as stated in Paragraph 37.

39. Respondent agrees that EPA may inspect the facility at any time in order to confirm that the SEP is being undertaken in conformity with the representations made herein.

40. No later than sixty (60) calendar days after the effective date of this CAFO, Respondent shall submit to EPA a SEP Completion Report. The Report shall be sent to the EPCRA Enforcement Section, to the attention of Karl Wilson at the address provided above. The Report shall include the following:

- (a) an affidavit from an authorized company official, attesting that the SEP has been completed or explaining in detail any failure to complete it; and
- (b) copies of appropriate documentation, including invoice and receipts, showing a total expenditure of no less than \$32,943, was spent on the Emergency Planning and Preparedness SEP described in Paragraphs 34 through 36.

Upon request, Respondent shall send EPA any additional documentation requested by EPA.

41. Respondent certifies that, as of the date this CAFO is signed, it is not required to perform any part of the SEP by any federal, state or local law, regulation, permit or order, or by any agreement or grant. Respondent further certifies that, as of this date, it has not received and is not negotiating to receive, credit for any part of the SEP in any other enforcement action of any kind.

42. Any public statement, oral or written, by Respondent making any reference to the SEP shall include the following language:

“This project was undertaken in connection with the settlement of an enforcement action taken by the U.S. Environmental protection Agency for violation of Section 304 of the Emergency Planning and Community Right-to-Know Act (EPCRA).”

43. Respondent agrees that in order to receive credit for the SEP, it must fully and timely complete the SEP project in accordance with Paragraphs 34 through 36. If Respondent fails to timely and fully complete any part of the Emergency Planning and Preparedness SEP in Paragraphs 34 through 36, including failure to spend the minimum amount of THIRTY TWO THOUSAND NINE HUNDRED FORTY THREE DOLLARS (\$32,943), Respondent shall be liable for a stipulated penalty in the amount of the difference between \$32,943 and the actual amount spent.

44. For purposes of Paragraph 43, whether Respondent has fully and timely completed the SEP shall be in the sole discretion of EPA.

45. If Respondent fails to timely submit a SEP Completion Report as required by this CAFO, Respondent shall pay to the United States a stipulated penalty of \$100 for each calendar day that the report is late.

46. Respondent shall pay any stipulated penalties that accrue under this CAFO within 15 calendar days of the receipt by Respondent of written demand from EPA for such penalties. Such penalties shall be paid in accordance with the procedures set forth above for the payment of the civil penalty.

47. For Federal Income Tax purposes, Respondent agrees that it will neither capitalize into inventory or basis nor deduct any costs or expenditures incurred in performing the SEP.



date of this CAFO if the penalty is not paid by the date required. Interest will be assessed at the rate established by the Secretary of Treasury pursuant to 31 U.S.C. § 3717. A charge will be assessed to cover the costs of debt collection, including processing and handling costs and attorney fees. In addition, a penalty charge will be assessed on any portion of the debt that remains delinquent more than ninety (90) days after payment is due.

49. Complainant and Respondent shall bear their own costs and attorney fees in this matter.

50. This CAFO shall be binding upon the Respondent, its successors and assigns.

51. The following individual is authorized to receive service for EPA in this proceeding:

Caron B. Falconer  
U.S. EPA, Region 4  
Air, Pesticides & Toxic Management Division  
61 Forsyth Street, S.W.  
Atlanta, Georgia 30303  
(404) 562-8451

52. Each undersigned representative of the parties to this CAFO certifies that he or she is fully authorized by the party represented to enter into this CAFO and legally bind that party to it.

**THIS SECTION INTENTIONALLY LEFT BLANK**

VI. Effective Date

53. The effective date of this CAFO shall be the date on which the CAFO is filed with the Regional Hearing Clerk.

AGREED AND CONSENTED TO:

Escambia Operating Co. LLC



By: *Jerry Foster* (Signature) Date: 8-12-13

Name: Jerry Foster (Typed or Printed)

Title: Production Manager (Typed or Printed)

U.S. Environmental Protection Agency

By: *Carol L. Kemker* Date: 8-16, 2013  
Carol L. Kemker, Acting Director  
Air, Pesticides and Toxics  
Management Division

APPROVED AND SO ORDERED this 29 day of August, 2013.

*Susan B. Schub*  
Susan B. Schub  
Regional Judicial Officer



I hereby certify that I have this day served a true and correct copy of the foregoing

Consent Agreement and Final Order, In the Matter of Escambia Operating Co. LLC, Docket

Number: EPCRA 04-2013-2050(b), on the parties listed below in the manner indicated:

Caron B. Falconer  
U.S. EPA, Region 4  
Air, Pesticides and Toxics Management  
61 Forsyth Street  
Atlanta, GA 30303

(Via EPA's internal mail)

Robert Caplan  
U.S. EPA, Region 4  
Office of Environmental Accountability  
61 Forsyth Street  
Atlanta, GA 30303

(Via EPA's internal mail)

Michiko Kono  
U.S. EPA, Region 4  
Office of Environmental Accountability  
61 Forsyth Street  
Atlanta, GA 30303

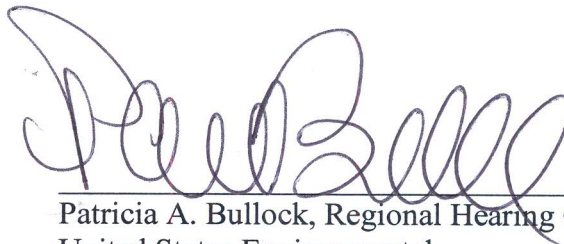
(Via EPA's internal mail)

Mr. Brendan Lowrey  
Eagle Rock Energy Partners, L.P.  
1415 Louisiana Street, Suite 2700  
Houston, Texas 77002

(Certified Mail - Return Receipt Requested)

Date:

9-3-13



Patricia A. Bullock, Regional Hearing Clerk  
United States Environmental  
Protection Agency, Region 4  
Atlanta Federal Center  
61 Forsyth Street, S.W.  
Atlanta, GA 30303  
(404) 562-9511