

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

INDIGO MINERALS LLC

AI # 218116

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

* Settlement Tracking No.
* SA-WE-21-0058
*
* Enforcement Tracking No.
* WE-CN-20-00399
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SETTLEMENT

The following Settlement is hereby agreed to between Indigo Minerals 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 a natural gas extraction facility located in DeSoto Parish, Louisiana (“the Facility”).

II

On June 25, 2020, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. WE-CN-20-00399 (Exhibit 1).

III

In response to the Consolidated Compliance Order & Notice of Potential Penalty, Respondent made a timely request for a hearing.

IV

Respondent denies it committed any violations or that it is liable for any fines, forfeitures

and/or penalties.

V

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 NINE THOUSAND AND NO/DOLLARS (\$9,000.00), of which One Thousand Twenty-Four and 95/100 Dollars (\$1,024.95) 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).

VI

Respondent further agrees that the Department may consider the inspection report(s), permit record(s), the Consolidated Compliance Order & 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.

VII

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.

VIII

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.

IX

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.

X

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in DeSoto 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.

XI

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).

XII

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

XIII

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.

SWN Production (Louisiana), LLC
formerly known as
INDIGO MINERALS LLC

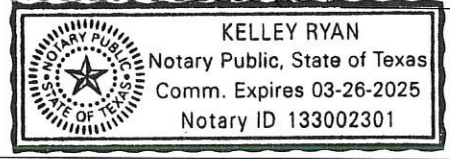
BY: [Signature]
(Signature)

ANDY HUBBINS
(Printed)

TITLE: SVP and Division Head

THIS DONE AND SIGNED in duplicate original before me this 10th day of February, 20 22, at Spring, Texas.

[Signature]
NOTARY PUBLIC (ID # _____)



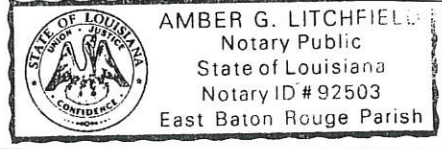
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LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Chuck Carr Brown, Ph.D., Secretary

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

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


[Signature]
NOTARY PUBLIC (ID # 92503)

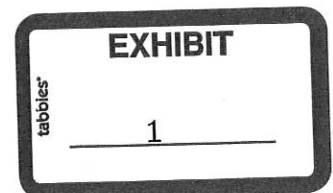


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Approved: [Signature]

Lourdes Iturralde, Assistant Secretary

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY OFFICE OF ENVIRONMENTAL COMPLIANCE ENFORCEMENT DIVISION POST OFFICE BOX 4312 BATON ROUGE, LOUISIANA 70821-4312				CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY			
Enforcement Tracking No.	WE-CN-20-00399	Certified Mail No.	7019 2280 0000 4381 2726				
Agency Interest (AI) No.	218116	Contact Name	Kevin Foy				
Alternate ID No.	LAU008281	Contact Phone No.	(225) 219-3485				
Respondent:	Indigo Minerals LLC	Facility Name:	RMSY 34&27&22-13-16 HC #3 & #4				
	c/o C T Corporation System	Physical Location:	Belle Bower Oil & Gas Field, Approximately 3 miles SW of Longstreet, LA				
	Agent for Service of Process	City, State, Zip:	Longstreet, LA 71049				
	3867 Plaza Tower Dr. Baton Rouge, LA 70816	Parish:	DeSoto				
This CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY is issued by the Louisiana Department of Environmental Quality (the Department), under the authority granted by the Louisiana Environmental Quality Act (the Act), La. R.S. 30:2001, et seq., and particularly by La. R.S. 30:2025(C), 30:2050.2 and 30:2050.3(B).							
FINDINGS OF FACT							
An authorized representative of the Department inspected the above-mentioned facility or conducted a file review of the facility to determine the degree of compliance with regulations promulgated in the Louisiana Administrative Code, Title 33. The State regulatory citations for the violation(s) identified during the inspection and/or file review are indicated below.							
I.	The Respondent owns and/or operates a natural gas extraction facility in the Belle Bower Oil & Gas Field, located approximately 3 miles Southwest of Longstreet, DeSoto Parish, Louisiana. The Respondent does not have a Louisiana Pollutant Discharge Elimination System (LPDES) permit or any other authority to discharge pollutants to waters of the state.						
	Date of Violation	Description of Violation					
II.	Inspection(s) & File Review 7/26/19 6/10/20 6/19/20	On or about July 5, 2019, the Respondent caused and/or allowed the discharge of produced water from the RMSY 34&27&22-13-16 HC #3 & #4 production site to waters of the state. Specifically, 78 barrels of produced water were released outside of secondary containment and 25 barrels of produced water were released off-site to soil and a vegetated area, which eventually flowed to a ditch and into an unnamed creek, thence into Bushneck Bayou, thence into Castor Bayou (Subsegment 110101), all waters of the state. A report submitted to LDNR on or about February 10, 2020 indicated that the Respondent constructed a small catch basin in the drainage immediately adjacent to the production site. The discharged produced water was captured in the basin and removed via vacuum trucks. The impacted area was flushed and collected in the basin and field-tested for salinity. On or about July 8, 2019, it was noted that the berm at the collection basin was inadequate and had allowed a discharge into the drainage and the unnamed creek that flows through an adjacent landowners property. Field testing revealed the produced water had progressed approximately one (1) mile along the creek. Representatives of the Respondent constructed two additional catch basins on the adjacent landowner's property in order to attempt to contain the discharge. Approximately 25 trees were adversely impacted as a result of the spill event. (La. R.S. 30:2075, LAC 33:IX.708.C.1.a, LAC 33:IX.708.C.2.a.ii, and LAC 33:IX.1701.B)					
III.	Inspection(s) & File Review 6/10/20 6/19/20	The Respondent failed to prepare and implement an adequate Spill Prevention and Control (SPC) Plan. Specifically, at the request of the Department, the Respondent submitted a spill plan for the above-referenced facility on October 17, 2019 (EDMS Document No. 11893028). Upon review of the plan, it was noted that the Respondent submitted a copy of a Spill Prevention, Control, and Countermeasures (SPCC) Plan pursuant to 40 CFR Part 112. The Department's following review of this Plan revealed that it lacked specific information required in the State water quality regulations including: <ul style="list-style-type: none"> • provisions for monitoring flow line integrity, • provisions for ready access and rapid deployment of containment booms, ancillary spill containment, and cleanup equipment, • the date and year of initial facility operation, and • a description of the facility's capabilities and procedures for taking corrective actions and/or countermeasures when a spill event occurs. Additionally, the Plan predicted that any release would flow to the southwest to the nearest open water; however, the release of July 5, 2019, flowed north, then east, and then northeast to a ditch and into an unnamed creek on adjacent property. (LAC 33:IX.708.C.1.b & LAC 33:IX.907.A-E)					
IV.	File Review 6/19/2020	On or about December 22, 2019, the Respondent caused and/or allowed the discharge of produced water from the RMSY 34&27&22-13-16 HC #3 & #4 production site to soil. Specifically, 1 barrel of produced water was released in front of a 300 barrel production tank due to an unsecured hose connection. (La. R.S. 30:2075, LAC 33:IX.708.C.2.a.ii, and LAC 33:IX.1701.B)					



V.	File Review 6/19/2020	The Respondent submitted a written report to the Department (EDMS Document No. 12174735) regarding an incident that occurred during a fracking operation at the above-referenced site on or about March 24, 2020. According to the notification, approximately one-half to one gallon of an unknown hydrocarbon flowed offsite in rainwater. Pictures taken during the event note a sheen in the offsite flow. Sector I of the LPDES Storm Water Multi-Sector General Permit (MSGP) for Industrial Activities requires that any facility that has discharge in storm water of a reportable quantity pursuant to 40 CFR 110.6, 40 CFR 117.21, or 40 CFR 302.6 at any time since November 16, 1987, submit a Notice of Intent (MSGP-G) and develop and implement a Storm Water Pollution Prevention Plan (SWP3). The Respondent has not submitted a MSGP-G to the Department and is therefore operating a natural gas extraction facility without an appropriate LPDES permit. (La. R.S. 30:2076(A)(3) and LAC 33:IX.2511.C.1)
VI.	File Review 6/19/2020	A review of the written notifications submitted by the Respondent for incidents mentioned above occurring on or about July 5, 2019 (EDMS Document No. 11813654), December 22, 2019 (EDMS Document No. 12075444), and March 24, 2020 (EDMS Document No. 12174735) revealed the Respondent failed to report all the required information. Specifically the Respondent failed to: <ul style="list-style-type: none"> • report the time and duration of the release (all above incidents), • provide details about the release, including how the release escaped secondary containment (all above incidents), • include information about the probable fate of the release and any off-site impacts (July 5, 2019 and March 24, 2020 incidents), • provide procedures or measures taken to prevent further incidents (July 5, 2019 and March 24, 2020 incidents), • provide rationale for why a permit is not required (all above incidents), • name all responsible parties involved with the incident (all above incidents), and • provide a determination of whether or not the discharge was preventable (all above incidents). Additionally, the Respondent failed to provide any further updates as required every 60 days on the status of investigations of the unauthorized discharges. (La. R.S. 30:2076(A)(3), LAC 33:1.3925.A.3, and LAC 33:1.3925.B)

ORDER

Based on the foregoing, the Respondent is hereby ordered to comply with the requirements that are indicated below:

- I. To take, immediately upon receipt of this **COMPLIANCE ORDER**, any and all steps necessary to meet and maintain compliance with the Water Quality Regulations. This shall include, but not be limited to; correcting all of the violations described in the "Findings of Fact" portion.
- II. To submit to the Enforcement Division, within thirty (30) days after receipt of this **COMPLIANCE ORDER**, a written report that includes a detailed description of the circumstances surrounding the cited violation(s) and actions taken or to be taken to achieve compliance with the "Order" portion of this **COMPLIANCE ORDER**. This report and all other reports or information required to be submitted to the Enforcement Division by this **COMPLIANCE ORDER** shall be submitted to the Department at the address specified in this document.
- III. To develop and implement, within thirty (30) days after receipt of this **COMPLIANCE ORDER**, an adequate Spill Prevention and Control Plan (SPC) as outlined in LAC 33:IX.708.C.2.a & LAC 33:IX.907 and which specifically addresses the inadequacies noted in paragraph III of the Findings of Fact section. A copy of this plan shall be submitted to the Enforcement Division within forty-five (45) days after receipt of this **COMPLIANCE ORDER**.
- IV. To submit to the Water Permits Division, within thirty (30) days after receipt of this **COMPLIANCE ORDER**, a completed Notice of Intent (MSGP-G) for the above-referenced site. A copy of the MSGP-G and the SWP3 developed for this site shall also be submitted to the Enforcement Division within forty-five (45) days after receipt of this **COMPLIANCE ORDER**.

RIGHT TO APPEAL

- I. The Respondent has a right to an adjudicatory hearing on a disputed issue of material fact or of law arising from this **COMPLIANCE ORDER**. This right may be exercised by filing a written request with the Secretary no later than thirty (30) days after receipt of this **COMPLIANCE ORDER**.
- II. The request for an adjudicatory hearing shall specify the provisions of the **COMPLIANCE ORDER** on which the hearing is requested and shall briefly describe the basis for the request. This request should reference the Enforcement Tracking Number and Agency Interest Number, which are located in the upper left-hand corner of the first page of this document and should be directed to the address specified in this document.
- III. Upon the Respondent's timely filing a request for a hearing, a hearing on the disputed issue of material fact or of law regarding this **COMPLIANCE ORDER** may be scheduled by the Secretary of the Department. The hearing shall be governed by the Act, the Administrative Procedure Act (La. R.S. 49:950, et seq.), and the Division of Administrative Law's (DAL) Procedural Rules. The Department may amend or supplement this **COMPLIANCE ORDER** prior to the hearing, after providing sufficient notice and an opportunity for the preparation of a defense for the hearing.
- IV. This **COMPLIANCE ORDER** shall become a final enforcement action unless the request for hearing is timely filed. Failure to timely request a hearing constitutes a waiver of the Respondent's right to a hearing on a disputed issue of material fact or of law under Section 2050.4 of the Act for the violation(s) described herein.
- V. The Respondent's failure to request a hearing or to file an appeal or the Respondent's withdrawal of a request for hearing on this **COMPLIANCE ORDER** shall not preclude the Respondent from contesting the findings of facts in any subsequent penalty action addressing the same violation(s), although the Respondent is estopped from objecting to this **COMPLIANCE ORDER** becoming a permanent part of its compliance history.
- VI. Civil penalties of not more than thirty-two thousand five hundred dollars (\$32,500) may be assessed for each day of violation. The Respondent's failure or refusal to comply with this **COMPLIANCE ORDER** and the provisions herein will subject the Respondent to possible enforcement procedures under La. R.S. 30:2025, which could result in the assessment of a civil penalty in an amount of not more than fifty thousand dollars (\$50,000) for each day of continued violation or noncompliance.
- VII. For each violation described herein, the Department reserves the right to seek civil penalties in any manner allowed by law, and nothing herein shall be construed to preclude the right to seek such penalties.

NOTICE OF POTENTIAL PENALTY

I.	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.
II.	Prior to the issuance of additional appropriate enforcement action(s), 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 Kevin Foy at (225) 219-3485 within ten (10) days of receipt of this NOTICE OF POTENTIAL PENALTY .
III.	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 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 violation(s) 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 that 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.
IV.	This CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY is effective upon receipt.

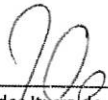
CONTACTS AND SUBMITTAL OF INFORMATION

Enforcement Division:		Hearing Requests:	
Louisiana Department of Environmental Quality Office of Environmental Compliance Water Enforcement Division Post Office Box 4312 Baton Rouge, LA 70821 Attn: Kevin Foy		Department of Environmental Quality Office of the Secretary Post Office Box 4302 Baton Rouge, Louisiana 70821-4302 Attn: Hearings Clerk, Legal Division Re: Enforcement Tracking No. WE-CN-20-00399 Agency Interest No. 218116	
Water Permits Division (if necessary):		Physical Address (if hand delivered):	
Department of Environmental Quality Office of Environmental Services Post Office Box 4313 Baton Rouge, LA 70821-4313 Attn: Water Permits Division		Department of Environmental Quality 602 N Fifth Street Baton Rouge, LA 70802	

HOW TO REQUEST CLOSURE OF THIS CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY

- To appeal the **CONSOLIDATED COMPLIANCE ORDER AND NOTICE OF POTENTIAL PENALTY**, the Respondent must follow the guidelines set forth in the "Right to Appeal" portion of this **CONSOLIDATED COMPLIANCE ORDER AND NOTICE OF POTENTIAL PENALTY**.
- To request closure of the **COMPLIANCE ORDER** portion, the Respondent must demonstrate compliance with the "Order" portion of this **COMPLIANCE ORDER** by completing the attached "**CONSOLIDATED COMPLIANCE ORDER AND NOTICE OF POTENTIAL PENALTY REQUEST TO CLOSE**" form and returning it to the address specified.
 - Before requesting closure of the **COMPLIANCE ORDER** portion, please contact the Financial Services Division at 225-219-3865 or email them at _DEQ-WWWFinancialServices@la.gov to determine if you owe outstanding fees.
- To expedite closure of the **NOTICE OF POTENTIAL PENALTY** portion, the Respondent may offer a settlement amount to resolve any claim for civil penalties for the violation(s) described herein.
 - The Department assesses civil penalties based on LAC 33:1.Subpart1.Chapter7.
 - The Respondent may offer a settlement amount but the Department is under no obligation to enter into settlement negotiations. It is decided upon on a discretionary basis.
 - The settlement offer amount may be entered on the attached "**CONSOLIDATED COMPLIANCE ORDER AND NOTICE OF POTENTIAL PENALTY REQUEST TO CLOSE**" 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.
 - Before requesting closure of the **NOTICE OF POTENTIAL PENALTY** portion, please contact the Financial Services Division at 225-219-3865 or email them at _DEQ-WWWFinancialServices@la.gov to determine if you owe outstanding fees.


If you have questions or need more information, you may contact Kevin Foy at (225) 219-3485 or Kevin.Foy@la.gov.



 Lourdes Iturralde
 Assistant Secretary
 Office of Environmental Compliance

Date: 6-25-2020

Attachment(s)
 - Request to Close

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY OFFICE OF ENVIRONMENTAL COMPLIANCE ENFORCEMENT DIVISION POST OFFICE BOX 4312 BATON ROUGE, LOUISIANA 70821-4312		CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY REQUEST TO CLOSE		
Enforcement Tracking No.	WE-CN-20-00399	Contact Name	Kevin Foy	
Agency Interest (AI) No.	218116	Contact Phone No.	(225) 219-3485	
Alternate ID No.	LAU008281			
Respondent:	Indigo Minerals LLC	Facility Name:	RMSY 34&27&22-13-16 HC #3 & #4	
	c/o CT Corporation System	Physical Location:	Approximately 3 miles SW of Longstreet, LA	
	Agent for Service of Process	City, State, Zip:	Longstreet, LA 71049	
	3867 Plaza Tower Dr. Baton Rouge, LA 70816	Parish:	DeSoto	
STATEMENT OF COMPLIANCE				
STATEMENT OF COMPLIANCE			Date Completed	Copy Attached?
A written report was submitted in accordance with Paragraph II of the "Order" portion of the COMPLIANCE ORDER.				
All necessary documents were submitted to the Department within 30 days of receipt of the COMPLIANCE ORDER in accordance with Paragraph(s) IV of the "Order" portion of the COMPLIANCE ORDER.				
All necessary documents were submitted to the Department within 45 days of receipt of the COMPLIANCE ORDER in accordance with Paragraph(s) III and IV of the "Order" portion of the COMPLIANCE ORDER.				
All items in the "Findings of Fact" portion of the COMPLIANCE ORDER were addressed and the facility is being operated to meet and maintain the requirements of the "Order" portion of the COMPLIANCE ORDER. Final compliance was achieved as of:				
SETTLEMENT OFFER (OPTIONAL)				
<i>(check the applicable option)</i>				
_____	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 (WE-CN-20-00399), 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 (WE-CN-20-00399), 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. <ul style="list-style-type: none"> • Monetary component = \$ _____ • Beneficial Environmental Project (BEP) component (optional) = \$ _____ • <i>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.</i> 			
_____	The Respondent has reviewed the violations noted in NOTICE OF POTENTIAL PENALTY (WE-CN-20-00399) and has attached a justification of its offer and a description of any BEPs if included in settlement offer.			
CERTIFICATION STATEMENT				
<i>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.</i>				
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 Post Office Box 4312 Baton Rouge, LA 70821 Attn: Kevin Foy				

If you have questions or need more information, you may contact Kevin Foy at (225) 219-3485 or Kevin.Foy@la.gov.