STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	*	**Settlement Tracking No.**
	*	**SA-WE-13-0038**
XTO ENERGY INC.	*	
	*	**Enforcement Tracking No.**
AI # 170293	*	**WE-PP-10-00866**
	*	
PROCEEDINGS UNDER THE LOUISIANA	*	
ENVIRONMENTAL QUALITY ACT	*	
LA. R.S. 30:2001, ET SEQ.	*	

SETTLEMENT

The following Settlement is hereby agreed to between XTO Energy Inc. ("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 corporation that operates a facility located in Converse, Sabine Parish, Louisiana ("the Facility"). At the time of the violation, the facility was operated by Ellora Energy, Inc., which subsequently merged into XTO Energy, Inc.

II

On October 18, 2012, the Department issued to Respondent a Notice of Potential Penalty (NOPP), Enforcement No. WE-PP-10-00866, which was based upon the following findings of fact:

On or about April 1, 2010 and April 15, 2010, inspections of **REBECCA COOPER #1**, owned and/or operated by **ELLORA ENERGY, INC. (RESPONDENT)**, were performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Water Regulations. The facility is located at the end of Walker Road in Converse,

Sabine Parish, Louisiana.

The following violations were noted during the course of the inspection:

A. Inspections conducted by the Department on or about April 1, 2010, and April 15, 2010, in response to a citizen's complaint, revealed that the Respondent did cause or allow an unauthorized discharge of fluids from an old drilling pit with a high chloride levels. Specifically, an unknown fluid was noted seeping out of the ground and saturated the soil. The grass and two trees in the drainage area were dead. The discharged substance was estimated to be greater than one (1) barrel and continued to seep from the ground. Field readings of the material revealed elevated salinity and conductivity. In addition, the pH of the material was acidic. The Department conducted a follow-up inspection on or about April 15, 2012, to collect chloride samples at the site. The results, received on or about April 29, 2010, verified the presence of high levels of chlorides. Based on the field monitoring results, this material was discharged into Toledo Bend Reservoir. Each unauthorized discharge of waste oil, produced water, drilling fluids, or drilling cuttings of other wastes into waters of the state is a violation of La. R.S. 30: 2075 and LAC 33:IX.708.C.1.a.

B. An inspection conducted by the Department on or about April 1, 2010, in response to a citizen's complaint, revealed that the facility failed to notify the Department of the release of saltwater estimated to be greater than one barrel. Each failure to notify the Department of an unauthorized discharge that exceeds a reportable quantity is a violation of LAC 33:I.3917.A.

On or about September 28, 2010, a written response was received from the Respondent stating that their company had merged with XTO Energy Inc. Remediation activities were conducted at the facility through the transfer of the company to XTO Energy Inc., and a list of all work performed, including removal of saltwater contaminated soil; plugging and abandoning of wells, etc., was provided to demonstrate cleanup of the site. The remedial work at the location was completed prior to August 13, 2010, and a timeline was provided to the Department. The Respondent indicated the remediation was successful, and the vegetation was well established.

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 TEN THOUSAND AND NO/100 DOLLARS ($10,000.00), of which Seven Hundred Ninety-Three and 75/100 Dollars ($793.75) 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), 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

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Sabine Parish, Louisiana. The advertisement, in form, wording, and size 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.

IX

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).

X

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

XI

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.

XTO ENERGY INC.

BY: _____
(Signature)

_____
(Printed)

TITLE: _____

THUS DONE AND SIGNED in duplicate original before me this _____ day of _____, 20 _____, at _____.

_____
NOTARY PUBLIC (ID #_____)

_____
(stamped or printed)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Peggy M. Hatch, Secretary

BY: _____
Cheryl Sonnier Nolan, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this _____ day of _____, 20_____, at Baton Rouge, Louisiana.

_____
NOTARY PUBLIC (ID # _____)

_____
(stamped or printed)

Approved: _____
Cheryl Sonnier Nolan, Assistant Secretary