STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

TREK RESOURCES, INC.

AI # 186654

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

* Settlement Tracking No.
  * SA-AE-22-0007
  *
  * Enforcement Tracking No.
  * AE-PP-14-01206
  *

SETTLEMENT

The following Settlement is hereby agreed to between Trek Resources, 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 owned and/or operated a facility located in East Feliciana Parish, Louisiana ("the Facility").

II

On March 11, 2015, the Department issued to Respondent a Notice of Potential Penalty, Enforcement Tracking No. AE-PP-14-01206 (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 TWO THOUSAND AND NO/100 DOLLARS ($2,000.00), of which Four Hundred Eighty and 80/100 Dollars ($480.80) 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

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 East Feliciana 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.
TREK RESOURCES, 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
Chuck Carr Brown, Ph.D., Secretary

BY: ____________________________
   Celena J. Cage, 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: _______________________
   Celena J. Cage, Assistant Secretary

SA-AE-22-0007
CERTIFIED MAIL (7004 2510 0005 5753 3977)
RETURN RECEIPT REQUESTED

TREK RESOURCES, INC.
c/o Corporation Service Company
Agent of Service
320 Somerulos Street.
Baton Rouge, LA 70802

RE: NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. AE-PP-14-01206
AGENCY INTEREST NO. 186654

Dear Sir:

On or about January 6, 2015, a file review of HURST PRODUCTION FACILITY (FACILITY), owned and/or operated by TREK RESOURCES, INC. (RESPONDENT), was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations. The facility is located approximately 1.2 miles Northeast of Felixville, East Feliciana Parish, Louisiana. The Facility currently operates under State Air Permit No. 0880-00049-00 issued April 26, 2013.

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 review:

A. On or about March 27, 2013, the Department received an application for a minor source air permit for the facility. According to an electronic correspondence from the Respondent dated January 5, 2015, construction began on the facility on or about January 1, 2011. The Department issued a State Air Permit No. 0880-00049-00 on or about April 26, 2013. The failure to submit a timely and complete permit application to the Department prior to any construction, reconstruction, or modification is a violation of LAC 33. III. 501.C.1 and La R.S. 30.2057(A)(2).

B. According to electronic correspondence dated January 5, 2015, construction of the facility was completed on or about December 2, 2011 and has been fully operational since December 2, 2011. The permit
Notice of Potential Penalty
Trek Resources, Inc.

application was received March 27, 2013, and minor source air permit
No. 0880-00049-00 was issued on April 26, 2013. Operation of a facility
which ultimately may result in an initiation or increase in emission of
air contaminants without a valid permit is a violation of LAC

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 violations described herein. Written comments may be
filed regarding the violations 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 violations.
If you would like to have such a meeting, please contact Pascal Ojong, Environmental Scientist,
at (225) 219-4468 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,

D. Chance McNeely
Assistant Secretary

DCM/PON/pon
Alt TD No. 0880-00049

c: Trek Resources, Inc.
4925 Greenville Avenue, Suite 915
Dallas, TX 75206