

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

ENDURO OPERATING LLC

AI #s 160000, 160001, 160054,  
160056, 161983, 161984, 161985, 161986,  
162261, 162797, 162922, 165740, 167787,  
167788, 168733

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

\* Settlement Tracking No.  
\* SA-AE-12-0057  
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\* Enforcement Tracking No.  
\* AE-PP-11-00793  
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SETTLEMENT

The following Settlement is hereby agreed to between ENDURO OPERATING 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 previously known as Enduro Operating Louisiana, LLC, that owns and/or operates numerous oil and gas facilities located in Caddo Parish, Louisiana (“the Facilities”).

II

On May 8, 2012, the Department issued to Respondent a NOTICE OF POTENTIAL PENALTY, ENFORCEMENT NO. AE-PP-11-00793, which was based upon the following findings of fact:

On or about March 30, 2012, file reviews of multiple facilities, owned and/or operated by

ENDURO OPERATING LLC (RESPONDENT), were performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations. The facilities included in this file review are all located in Caddo Parish, Louisiana. Standard Oil and Gas Air (SOGA) permit information for each facility is shown in Table 1:

**TABLE 1**

<b>AI No.</b>	<b>Facility Description</b>	<b>SOGA Permit Number</b>	<b>SOGA Permit issue date</b>
160000	Meyers 30-1 Facility	0500-00267-00	10/24/08
160001	Querbes 20-1 Facility	0500-00268-00	10/29/08
160054	Cook 32-1 Well	0500-00269-00	2/21/09
160056	Turner 19-2 Well	0500-00270-00	11/5/08
161983	Querbes 29-3 Well	0500-00299-00	3/26/09
161984	Cook 30-1 Well	0500-00300-00	3/20/09
161985	Querbes 19-1 Well	0500-00301-00	3/20/09
161986	Hudson 32-1 Well	0500-00302-00	3/20/09
162261	Querbes 29-4 Well	0500-00306-00	3/26/09
162797	Dunn 11-1 Facility	0500-00315-00	5/12/09
162922	Dunn 2-1 Facility	0500-00318-00	4/16/09
165740	Querbes 29-2 Facility	0500-00382-00	8/13/09
167787	Querbes 20-2 Facility	0500-00405-00	12/21/09
167788	Edgar 31-1 Facility	0500-00406-00	12/21/09
168733	Renrew 5-1	0500-00412-00	7/12/10

The following violations were noted during the course of the file review:

- A. In correspondence dated March 18, 2011, and received by the Department on or about March 23, 2011, the Respondent submitted Notification of Change of Ownership/Operator or Name Change (NOC-1) Forms, for each of the facilities listed in Table 1, notifying the Department that each of the facilities was purchased on or about December 1, 2010. The NOC-1 forms were submitted 107 days from the date of purchase. Each failure to submit notification within forty-five (45) days from the date of change of ownership is a violation of LAC 33:III.517.G and La. R.S. 30:2057(A)(2).

B. In correspondence dated May 10, 2011, the Department notified the Respondent that the effective transfer date for each facility's permit was on or about May 10, 2011. Between the purchase date, and the effective date of the permit, each facility operated for 160 days without a valid air permit. Operation of each facility, without a valid air permit, is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

### 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 NINE THOUSAND AND 00/100 DOLLARS (\$9,000.00), of which NINE HUNDRED FORTY-NINE AND 54/100 DOLLARS (\$949.54) 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 NOPP 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 Caddo 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.

ENDURO OPERATING LLC

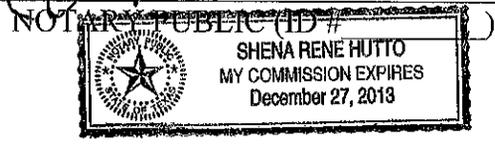
BY: Bill Pardue  
(Signature)

Bill Pardue  
(Printed)

TITLE: Director - Engineering + Operations

THUS DONE AND SIGNED in duplicate original before me this 16<sup>th</sup> day of July, 20 13, at 9:30 AM.

Shena Hutto



(stamped or printed)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY  
Peggy M. Hatch Secretary

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

THUS DONE AND SIGNED in duplicate original before me this 26<sup>th</sup> day of November, 20 13, at Baton Rouge, Louisiana.

[Signature]  
NOTARY PUBLIC (ID # 410539)

(stamped or printed)

Approved: Cheryl  
Cheryl Sonnier Nolan, Assistant Secretary