STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	*	**Settlement Tracking No.**
	*	**SA-WE-15-0072**
INDIGO MINERALS LLC	*	
	*	**Enforcement Tracking No.**
AI # 181398	*	**WE-PP-12-00927**
	*	
PROCEEDINGS UNDER THE LOUISIANA	*	
ENVIRONMENTAL QUALITY ACT	*	
LA. R.S. 30:2001, ET SEQ.	*	

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 owned and/or operated a facility located in DeSoto Parish, Louisiana ("the Facility").

II

On May 11, 2015, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. WE-PP-12-00927, which was based upon the following findings of fact:

"On or about March 27, 2012, an inspection of Cranfield Jr. 22H#1 Caspiana Field (the facility), an oil and gas production site, owned and or operated by **INDIGO MINERALS LLC (RESPONDENT)** was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Water Quality Regulations. On or about April 21, 2015, a subsequent file review was also performed. The inspection was performed in response to the

Respondent's report of an incident that occurred on or about March 27, 2012, at its facility. The facility is located off Keithville Keatchie Road approximately five (5) miles south-southwest of Keithville, DeSoto Parish, Louisiana.

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 inspection and file review:

A. The inspection revealed that the Respondent did cause or allow the unauthorized discharge of oil field wastes, including produced water. Specifically, an estimated one hundred (100) barrels of salt water was released from a frac tank manifold pipe. According to the Respondent, the release originated from a faulty butterfly valve on one of the frac tanks. An end cap was supposed to have been in place at the end of the manifold pipe which would have prevented the release. The Respondent explained that because of tearing in the pop-up containment system, the saltwater was able to bypass it by flowing underneath it, thence leaving the uncontained site via an onsite drainage ditch. The saltwater that escaped the confines of the site through silt fencing entered a privately owned pond approximately 0.2 miles to the southwest via a tributary in a wooded area. The unauthorized discharge of produced water is in violation of La. R.S. 30:2076(A)(3) and LAC 33:IX.708.C.2.a.ii.

B. The inspection and subsequent follow-ups in April 2012 and May 2012, revealed that according to the Respondent, a response to the unauthorized discharge was initiated which included the construction of an earthen dike in the onsite ditch. The leaking manifold was repaired and a water sample was collected from the end of the private pond affected by the discharge. According to the chain of custody, the sample was collected approximately 5.5 hours after the occurrence of the incident. The Respondent also indicated that several soil samples had been collected by two (2) different labs and up to fifteen (15) fresh water flushes were performed along the tributary. Some soil was also removed. At approximately 3:00 p.m. on the day of the incident, Key Energy Services was contracted to conduct fresh water flushes of the affected tributary. Analytical results indicated that one (1) water sample was collected from the creek and one (1) from the pond. Three (3) soil samples were collected from within the creek bed. The soil samples results indicated chloride levels significantly higher than the background concentration. The Department emphasized to the Respondent that further remediation was necessary. On May 15, 2012, the Respondent contacted the Department to state that Key Energy Services was contracted to return to the site and conduct further remediation and analysis of impacted soil. Based on the aforementioned results, the offsite impacts from the release were not effectively addressed by the remedial response in a timely manner. Each failure to immediately remediate the area adversely impacted by the unauthorized discharge is a violation of La. R.S. 30:2076(A)(1)(a) and LAC 33:IX.708.C.1.b.iv.

C. The file review revealed that the Respondent failed to submit the written notification of the unauthorized discharge of produced water that occurred on or about March 27, 2012, within seven (7) calendar days after the notification required by LAC 33:I.3915.A, 3917, or 3919, in violation of LAC 33:I.3925.A and La. R.S. 30:2076(A)(3)."

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 ELEVEN THOUSAND FIVE HUNDRED EIGHTY-FOUR AND 42/100 DOLLARS ($11,584.42), of which Five Hundred Eighty-Four and 42/100 Dollars ($584.42) 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), 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 forth in La. R. S. 30:2025(E) of the Act.

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 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.

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.

INDIGO MINERALS LLC

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: _____
Lourdes Iturralde, 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: _____
Lourdes Iturralde, Assistant Secretary