STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	*	**Settlement Tracking No.**
	*	**SA-AE-12-0032**
INDIGO MINERALS LLC	*	
	*	**Enforcement Tracking No.**
AI # 114027, 136254	*	**AE-PP-10-01574**
	*	
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 owns and/or operates a master meter & duke buy-back facility (AI # 114027) located north of Haynesville in Claiborne Parish, Louisiana, and a production of crude oil & natural gas and dehydration site (AI # 136254) located off of Highway 150 in Simsboro, Lincoln Parish, Louisiana ("the Facilities").

II

On May 31, 2011, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-10-01574, which was based upon the following findings of fact:

On or about October 1, 2010, a file review of Haynesville Master Meter & Duke Buy-Back Facility (AI No. 114027), 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 Air Quality Regulations. The facility is located at 1.6 miles north of Haynesville in Claiborne Parish, Louisiana. The facility currently operates under a modification to Standard Oil and Gas Air (SOGA) Permit No. 0620-00231-00 issued on June 12, 2009.

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

A. The Respondent assumed ownership of the facility on July 1, 2009, and had failed to submit a complete Name/Ownership/Operator Change Form (NOC-1 Form) to the Department within 45 days after the change of ownership. This is a violation of LAC 33:I.1905.A, LAC 33:III.517.G and La. R.S. 30:2057(A)(2). On or about April 21, 2010, the Respondent submitted the NOC-1 Form to the Department.

B. The Respondent assumed ownership of the facility on July 1, 2009, and the facility's air permit was not transferred until May 14, 2010. The unauthorized operation of the facility during the time period between July 1, 2009, and May 14, 2010, without prior authorization from the Department is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

The following deviations, although not included in the foregoing enforcement action, are included within the scope of the settlement herein.

A. On June 1, 2010, the Respondent became the owner and/or operator of the Reeves Production Facility & Dehydration Site (AI No. 136254). The Respondent failed to submit a complete NOC-1 Form to the Department within 45 days after the change of ownership. This is a violation of LAC 33:I.1907.B, LAC 33:III.517.G and La. R.S. 30:2057(A)(2). On or about May 5, 2011, the Respondent submitted the NOC-1 Form to the Department.

B. On June 1, 2010, the Respondent became the owner and/or operator of the Reeves Production Facility & Dehydration Site (AI No. 136254), and the facility's permit was not transferred until May 27, 2011. The unauthorized operation of the facility during the time period between June 1, 2010, and May 27, 2011, without prior authorization from the Department is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2). The facility's air permit was rescinded on July 7, 2011.

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 ONE THOUSAND EIGHT HUNDRED AND NO/100 DOLLARS ($1,800.00), of which Three Hundred Fifty-Four and 57/100 Dollars ($354.57) 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 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 Claiborne Parish and Lincoln 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 from the newspaper of each affected parish 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.

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
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