

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

* **Settlement Tracking No.**

XTO ENERGY, INC.

* **SA-AE-07-0045**

*

AI # 32006, 3269

* **Enforcement Tracking No.**

* **AE-CN-06-0120**

* **AE-CN-06-0120A**

**PROCEEDINGS UNDER THE LOUISIANA
ENVIRONMENTAL QUALITY ACT**

*

LA. R.S. 30:2001, ET SEQ.

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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 who owns and/or operates a natural gas compressor station facility located at Logansport in DeSoto Parish, Louisiana and a natural gas production and compression plant located approximately two miles south of Cotton Valley in Webster Parish, Louisiana. ("the Facility(s)").

II

On October 3, 2006, the Department issued a Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. AE-CN-06-0120, to Respondent, which was based upon the following findings of fact:

The Respondent owns and/or operates the Logansport Central Facility (AI# 32006), a natural gas compressor station located approximately one mile north of Logansport in DeSoto Parish, Louisiana. The facility operates under Air Permit No. 0760-00076-V3 which was issued on July 11, 2005.

On June 30, 2006, an inspection of the Respondent's facility was performed to determine the degree of compliance with the Louisiana Environmental Quality Act and Air Quality Regulations.

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

- A. The Respondent removed the engine designated as 13-99-ICE-BS, Emission Point EQT 0007, on May 13, 2004 and replaced it with another engine on May 27, 2004. The failure to submit a permit application prior to the modification of a facility is a violation of LAC 33:III.501.C.1 and 2057(A)(2) of the Act.
- B. The Respondent failed to perform stack tests on a semiannual basis. Stack tests were not performed on November, 2004, November, 2005, and May, 2006. This is a violation of LAC 33:III.501.C.4 and Section 2057(A)(2) of the Act.

The Respondent also owns and/or operates the Cotton Valley Gas Plant (AI# 3269), a natural gas production and compression plant located approximately two miles south of Cotton Valley in Webster Parish, Louisiana. The facility operates under Air Permit No. 3080-00019-V2 which was issued on November 14, 2005.

On March 27, 2008, the Department issued to the Respondent an Amended Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. AE-CN-06-0120A, which amended the Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. AE-CN-06-0120, removing the following violation attributed to the respondent's Cotton Valley Gas Plant (AI # 3269):

On August 28, 2006, a file review of the Respondent's facility was performed to determine the degree of compliance with the Louisiana Environmental Quality Act and Air Quality Regulations.

The following violation was noted during the course of review:

On April 18, 2006, the Department received the Title V Annual Compliance Certification report for the period encompassing January through December 2005 dated March 28, 2006. The Respondent failed to submit the Title V Annual Compliance Certification report to the Department no later than March 31, 2006. This is a violation of Part 70 General Condition M of Air Permit Number 3080-00019-V2, LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act.

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 SEVEN THOUSAND ONE HUNDRED AND NO/100 DOLLARS (\$7,100.00), of which Two Hundred Sixty-three and 40/100 Dollars (\$263.40) represents DEQ'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 DEQ 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 Consolidated Compliance Orders and Notices 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 LSA- 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 governing authority in the parishes of Webster and DeSoto, 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

a proof-of-publication affidavit 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/her respective party, and to legally bind such party to its terms and conditions.

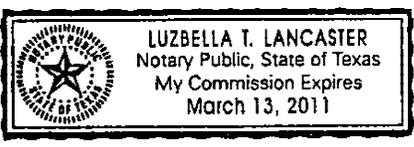
XTO ENERGY, INC.

BY: Nina Hutton
(Signature)

NINA HUTTON
(Print)

TITLE: VICE PRESIDENT-EHS

THIS DONE AND SIGNED in duplicate original before me this 21 day of JULY, 20 08, at FORT WORTH, TEXAS.



Luzbella Lancaster
NOTARY PUBLIC (ID # _____)

Luzbella T. Lancaster
(Print)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Harold Leggett, Ph.D., Secretary

BY: Peggy M. Hatch

Peggy M. Hatch, Assistant Secretary
Office of Environmental Compliance

THIS DONE AND SIGNED in duplicate original before me this 20th day of November, 20 08, at Baton Rouge, Louisiana.

J. R. Boyles
NOTARY PUBLIC (ID # 40539)

Jed R Boyles JR
(Print)

Approved: Peggy M. Hatch
Peggy M. Hatch, Assistant Secretary