



REGION 8
DENVER, CO 80202

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**U.S. EPA REGION 8
HEARING CLERK**

IN THE MATTER OF:

EOG Resources, Inc.
600 17th Street, Ste. 1000N
Denver, CO 80202

Respondent.

Docket No. CAA-08-2026-0006

CONSENT AGREEMENT

I. INTRODUCTION

1. This is an administrative penalty assessment proceeding brought under section 113(d) of the Clean Air Act (CAA or the Act), 42 U.S.C. § 7413(d), and sections 22.13 and 22.18 of the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties and the Revocation/Termination or Suspension of Permits (Consolidated Rules), as codified at 40 C.F.R. part 22.
2. Complainant and Respondent, having agreed settlement of this action is in the public interest, consent to the entry of this consent agreement (Agreement) without adjudication of any issues of law or fact herein, and Respondent agrees to comply with the terms of this Agreement.
3. This proceeding is subject to the Consolidated Rules of Practice, under which a proceeding may be simultaneously commenced and concluded by final order from a Regional Judicial Officer or Regional Administrator ratifying a consent agreement. 40 C.F.R. §§ 22.13(b), 22.18(b), 22.4(b).

II. JURISDICTION

4. This Agreement is entered into under the authority vested in the Administrator of the EPA by section 113(d) of the Act, 42 U.S.C. § 7413(d). The undersigned EPA official has been duly authorized to institute this action as the Complainant.
5. The EPA and the United States Department of Justice jointly determined this matter, although it involves alleged violations that occurred more than one year before the initiation of this proceeding and a penalty assessment above \$460,926, is appropriate for an administrative penalty assessment, as authorized by section 113(d)(1) of the CAA, 42 U.S.C. § 7413(d), 40 C.F.R. § 19.4.

6. In satisfaction of the notice requirements of section 113(a)(4) of the Act, 42 U.S.C. § 7413(a)(4), on July 15, 2024, EPA issued to Respondent a notice of violation (NOV) and provided a copy of the NOV to the State of North Dakota, providing notice to both that EPA found Respondent committed the alleged violations described in section VII of this Agreement and providing Respondent an opportunity to confer with EPA.
7. On September 23, 2024, representatives of Respondent and EPA discussed the July 15, 2024, NOV. Further discussions took place on December 17, 2024, April 8, 2025, May 13, 2025, July 2, 2025, and October 9, 2025.

III. DEFINITIONS

8. “Effective Date” shall have the definition provided in section XVI (Effective Date) of this Agreement.
9. “Gas” means a mixture of naturally occurring gases, principally comprised of hydrocarbons such as methane, ethane, and propane, that is produced from an oil and natural gas well and exists in the vapor phase.
10. “No Detectable Emissions” means emissions having a concentration of below 500ppm as determined by Method 21 of Appendix A-7 of Part 60 or any visible emission observed using Optical Gas Imaging (OGI).
11. “Sites” means the five (5) additional facilities as defined in Appendix A, Table 1 to this Agreement.
12. “Ultrasonic Flow Meter” means a device that uses sound waves to calculate fluid velocity and thereby measure the volume of gas expelled through a flare system. Ultrasonic gas flowmeters are suitable for measuring flare gas because they can handle variable conditions and operate accurately and reliably in harsh conditions.
13. “Orifice Flow Meter” means a primary flow measurement device commonly used in oil and gas production to determine the volume of gas or liquid moving through a pipeline. It works by placing a precision-machined orifice plate inside the line, which creates a measurable pressure drop as gas or liquid passes through the restricted opening. By comparing the upstream and downstream pressures with a multi variable transmitter, flow rate can be calculated using standardized equations. Orifice meters are widely used due to their simplicity, reliability, and compatibility with industry standards for custody transfer and allocation measurement.
14. “Thermal Mass Meter” means a thermal mass (thermal dispersion) meter that measures gas flow by monitoring how heat dissipates from a heated probe into the moving gas stream. By comparing a heated and reference sensor, the device calculates mass flow directly without requiring pressure or temperature

compensation. These meters offer high turndown, low-pressure drop, and are widely used for flare gas, fuel gas, and emissions monitoring.

15. “VOC” or “VOCs” means volatile organic compounds as defined in 40 C.F.R. § 60.2.

IV. GOVERNING LAW

16. As set forth in section 101(b)(1) of the Act, 42 U.S.C. § 7401(b)(1), the purpose of the Act is to protect and enhance the quality of the nation's air; so as to promote the public health and welfare and the productive capacity of its population.

Fort Berthold Federal Implementation Plan

17. In 2013, the EPA finalized the Fort Berthold FIP, codified at 40 C.F.R. §§ 49.4161–49.4168, to protect tribal air resources. The Fort Berthold FIP ensures compliance with the National Ambient Air Quality Standards (NAAQS). 78 Fed. Reg. 17,836 (Mar. 22, 2013).
18. The Fort Berthold FIP “establish[es] legally and practicably enforceable requirements to control and reduce VOC emissions from well completion operations, well recompletion operations, production operations, and storage operations at existing, new and modified oil and natural gas production facilities.” 40 C.F.R. § 49.4161(a).
19. The Fort Berthold FIP applies to oil and natural gas production facilities with one or more oil and natural gas wells, for any one of which completion or recompletion operations are or were performed on or after August 12, 2007. 40 C.F.R. § 49.4161(b). Compliance with the Fort Berthold FIP is required no later than June 20, 2013, or upon initiation of well completion operations or well recompletion operations, whichever is later. *Id.* at § 49.4161(c).
20. An “oil and natural gas production facility” means “all of the air pollution emitting units and activities located on or integrally connected to one or more oil and natural gas wells that are necessary for production operations and storage operations.” *Id.* at § 49.4163(a)(11).
21. The Fort Berthold FIP provides, in relevant part:
- a. “Each owner or operator must operate and maintain all liquid and gas collection, storage, processing and handling operations, regardless of size, so as to minimize leakage of natural gas emissions to the atmosphere.” *Id.* § 49.4164(a).
 - b. Within 90 days of the first date of production, “each owner or operator must . . . [r]oute all standing, working, breathing, and flashing losses from the produced oil storage tanks and any produced water storage tank interconnected with the produced oil storage tanks through a closed vent

system to . . . (i) [a]n operating system designed to recover and inject the natural gas emissions into a natural gas gathering pipeline system for sale or other beneficial use; or (ii) an enclosed combustor or utility flare capable of reducing the mass content of VOC...by at least 98.0 percent.” Id. § 49.4164(d)(2).

- c. “Each owner or operator must equip all openings on each produced oil storage tank and produced water storage tank interconnected with produced oil storage tanks with a cover to ensure that all natural gas emissions are efficiently being routed through a closed-vent system to a vapor recovery system, an enclosed combustor, a utility flare, or a pit flare.” Id. § 49.4165(a).
- d. “Each cover and all openings on the cover (e.g., access hatches, sampling ports, pressure relief valves (PRV), and gauge wells) shall form a continuous impermeable barrier over the entire surface area of the produced oil and produced water in the storage tank.” 40 C.F.R. § 49.4165(a)(1).
- e. “Each cover opening shall be secured in a closed, sealed position (e.g., covered by a gasketed lid or cap) whenever material is in the unit on which the cover is installed except during those times when it is necessary to use an opening [to add or remove material, inspect or sample material, or inspect or repair equipment].” Id. § 49.4165(a)(2).
- f. “Each thief hatch cover shall be weighted and properly seated.” Id. § 49.4165(a)(3).
- g. “Each PRV shall be set to release at a pressure that will ensure that natural gas emissions are routed through the closed-vent system to the [control device] under normal operating conditions.” Id. § 49.4165(a)(4).
- h. “Each closed-vent system must route all produced natural gas and natural gas emissions from production and storage operations to the natural gas sales pipeline or the control devices required by [40 C.F.R. § 49.4165(a)].” Id. § 49.4165(b)(1).
- i. “All vent lines, connections, fittings, valves, relief valves, or any other appurtenance employed to contain and collect natural gas, vapor, and fumes and transport them to a natural gas sales pipeline and any VOC control equipment must be maintained and operated properly at all times.” Id. § 49.4165(b)(2).
- j. “Each closed-vent system must be designed to operate with no detectable natural gas emissions.” 40 C.F.R. § 49.4165(b)(3).

- k. Each owner or operator must meet requirements for enclosed combustors and utility flares, including ensuring each utility flare is designed and operated in accordance with the requirements of 40 C.F.R. § 60.18(b). Id. § 49.4165(c)(4).
- l. Each owner or operator must ensure that each enclosed combustor and utility flare is operated with no visible smoke emissions. Id. § 49.4165(c)(6)(vii). If visible smoke is observed, owners and operators must use EPA Reference Method 22 of 40 C.F.R. part 60, appendix A, to determine whether visible smoke emissions are present. Id. § 49.4166(g)(3).

New Source Performance Standards

22. Section 111(b) of the Act authorizes the Administrator of the EPA to promulgate standards of performance applicable to “new sources” within categories of sources that cause “air pollution which may reasonably be anticipated to endanger public health or welfare.” 42 U.S.C. § 7411(b).
23. A “new source” is any stationary source, the construction or modification of which is commenced after the promulgation of the standards of performance that will apply to such source. 42 U.S.C. § 7411(a)(2).
24. A “stationary source” is a building, structure, facility, or installation that emits or may emit any air pollutant. 42 U.S.C. § 7411(a)(3).
25. It is unlawful for owners or operators of any new source to operate in violation of applicable standards of performance after the standards have gone into effect. 42 U.S.C. § 7411(e).
26. In 2016, the EPA promulgated “Standards of Performance for Crude Oil and Natural Gas Facilities for which Construction, Modification, or Reconstruction Commenced after September 18, 2015”, under section 111 of the Clean Air Act. 81 Fed. Reg. 35,824 (June 3, 2016). These standards are set forth in 40 C.F.R part 60, subpart OOOOa, which includes 40 C.F.R. §§ 60.5360a–.5432a (NSPS OOOOa).
27. Each of these standards is a “standard of performance” within the meaning of section 111(a)(1) of the Clean Air Act, 42 U.S.C. § 7411(a)(1), or a “design, equipment, work practice, or operational standard, or combination thereof” under section 111(h) of the Clean Air Act, 42 U.S.C. § 7411(h).
28. NSPS OOOOa applies to “affected facilities” for which owners or operators commence construction, modification or reconstruction after September 18, 2015. 40 C.F.R. § 60.5365a.

29. A “storage vessel affected facility” under NSPS OOOOa includes a single storage vessel that has the potential for VOC emissions equal to or greater than 6 tons per year (tpy), as determined according to 40 C.F.R. § 60.5365a(e).
30. “VOCs” is defined as “any organic compound which participates in atmospheric photochemical reactions; or which is measured by a reference method, an equivalent method, an alternative method, or which is determined by procedures specified under any subpart. 40 C.F.R. § 60.2.
31. NSPS OOOOa requires “[a]t all times, including periods of startup, shutdown, and malfunction, owners and operators shall maintain and operate any affected facility including associated air pollution control equipment in a manner consistent with good air pollution control practice for minimizing emissions.” 40 C.F.R. § 60.5370a(b).
32. NSPS OOOOa requires storage vessel affected facilities to comply with VOC emissions reductions standards. Specifically, storage vessel affected facilities must “[r]educe VOC emissions by 95.0 percent within 60 days after startup.” 40 C.F.R. §60.5395a(a)(2).
33. NSPS OOOOa requires storage vessel affected facilities that utilize a control device to be equipped with a cover that meets the requirements of 40 C.F.R. § 60.5411a(b) and is connected through a closed vent system that meets the requirements of § 60.5411a(c) and (d), and emissions must be routed to a control device that meets the conditions specified in § 60.5412a(c) and (d). 40 C.F.R. § 60.5395a(b)(1).
34. Owners and operators must comply with the following requirements for closed vent systems associated with storage vessel affected facilities under NSPS OOOOa:
 - a. Design the closed vent system to route all gases, vapors, and fumes emitted from the material in the storage vessel to a control device that meets the requirements specified in § 60.5412a(c) and (d), or to a process. 40 C.F.R. § 60.5411a(c)(1); and
 - b. Design and operate a closed vent system with no detectable emissions, as determined using olfactory, visual and auditory inspections. 40 C.F.R. § 60.5411a(c)(2).
35. Owners and operators must comply with the following requirements for control devices to reduce emissions from storage vessel affected facilities under NSPS OOOOa:
 - a. Design and operate a flare in accordance with the requirements of § 60.5413. 40 C.F.R. §§ 60.5412a(a)(3);

- b. Install and operate a continuous burning pilot flame. 40 C.F.R. §§ 60.5412a(d)(1)(ii), 60.5413a(e)(2);
 - c. Operate a flare in accordance with the requirements of § 60.18. 40 C.F.R. §§ 60.5412a(d)(3). Flares shall be operated with a flame present at all times when emissions may be vented to them. 40 C.F.R. §§ 60.18(c)(2), 40 C.F.R. §§60.18(e);
 - d. Operate each control device used to comply with NSPS OOOOa at all times when gases, vapors, and fumes are vented from storage vessel affected facilities through the closed vent system to the control device. 40 C.F.R. § 5412a(d)(4); and
 - e. Each control device must be operated following the manufacturer's written operating instructions, procedures and maintenance schedule to ensure good air pollution control practices for minimizing emissions. 40 C.F.R. §§ 60.5417a(h)(3).
36. 40 C.F.R § 5415a(e) requires demonstration of continuous compliance with the requirements under 40 C.F.R. § 60.5412a(a)(1) for storage vessel affected facilities that uses a control device. That storage vessel affected facility must meet the conditions specified in § 60.5412a(d)(1)(iii) and § 60.5412a(d)(3). 40 C.F.R. § 5415a(e)(3).

National Emissions Standards for Hazardous Air Pollutants

37. In 1990, the EPA established emission standards that require the maximum degree of reduction in emissions of hazardous air pollutants in Section 112 of the Act. 42 U.S.C. §7401.
38. A “major source” of hazardous air pollutants (HAP) is any stationary source or group of stationary sources located within a contiguous area and under common control that emits or has the potential to emit considering controls, in the aggregate, 10 tons per year or more of any hazardous air pollutant or 25 tons per year or more of any combination of HAP. 42 U.S.C. §7412(a)(1).

NESHAP HH (40 C.F.R. Part 63)

39. In 1999, the EPA promulgated “Subpart HH— National Emission Standards for Hazardous Air Pollutants From Oil and Natural Gas Production Facilities” under section 112 of the Act, 64 Fed. Reg. 32628 (July 17, 1999). These standards are set forth in 40 C.F.R., part 63, subpart HH, which includes §§ 63.760–777 (NESHAP Subpart HH).
40. Subpart HH defines a “glycol dehydration unit” to mean “a device in which a liquid glycol (including, but not limited to, ethylene glycol, diethylene glycol, or triethylene glycol) absorbent directly contacts a natural gas stream and absorbs water in a

contact tower or absorption column (absorber). The glycol contacts and absorbs water vapor and other gas stream constituents from the natural gas and becomes “rich” glycol. This glycol is then regenerated in the glycol dehydration unit reboiler. The “lean” glycol is then recycled.” 40 C.F.R. § 63.761.

41. Subpart HH defines a “major source” as having the same meaning as in 40 C.F.R. § 63.2, except that:
 - a. Emissions from any oil or gas exploration or production well (with its associated equipment, as defined in this section), and emissions from any pipeline compressor station or pump station shall not be aggregated with emissions from other similar units to determine whether such emission points or stations are major sources, even when emission points are in a contiguous area or under common control;
 - b. Emissions from processes, operations, or equipment that are not part of the same facility, as defined in this section, shall not be aggregated; and
 - c. For facilities that are production field facilities, only HAP emissions from glycol dehydration units and storage vessels shall be aggregated for a major source determination. For facilities that are not production field facilities, HAP emissions from all HAP emission units shall be aggregated for a major source determination.
42. The owner or operator of an affected major source shall achieve compliance with the provisions of this subpart by the dates specified in paragraphs 40 C.F.R. § 63.760(f)(1), (2), and (f)(7) through (9).
43. Except as specified in 40 C.F.R. § 63.764(e), each owner or operator of an affected glycol dehydration unit located at an existing or new major source of HAP emissions shall comply with the following standards as specified in 40 C.F.R. §§ 63.764(c)(1)(i) through (iii):
 - a. The owner or operator shall comply with the control requirements for glycol dehydration unit process vents specified in 40 C.F.R. § 63.765;
 - b. The owner or operator shall comply with the monitoring requirements specified in 40 C.F.R. § 63.773; and
 - c. The owner or operator shall comply with the recordkeeping and reporting requirements specified in 40 C.F.R. §§ 63.774 and 63.775.
44. Pursuant to 40 C.F.R. § 63.765(b)(1)(ii), the owner or operator of a large glycol dehydration unit shall connect the process vent to a control device or combination of control devices through a closed-vent system and the outlet benzene emissions from the control device(s) shall be reduced to a level less than 0.90 megagrams per year.

The closed-vent system shall be designed and operated in accordance with the requirements of 40 C.F.R. § 63.771(c). The control device(s) shall be designed and operated in accordance with the requirements of 40 C.F.R. § 63.771(d), except that the performance levels specified in 40 C.F.R. §§ 63.771(d)(1)(i) and (ii) do not apply.

45. Pursuant to 40 C.F.R. § 63.771(d)(1)(i), an enclosed combustion device (e.g., thermal vapor incinerator, catalytic vapor incinerator, boiler, or process heater) that is designed and operated in accordance with one of the following performance requirements:
 - a. Reduces the mass content of either TOC or total HAP in the gases vented to the device by 95.0 percent by weight or greater as determined in accordance with the requirements of § 63.772(e); or
 - b. Reduces the concentration of either TOC or total HAP in the exhaust gases at the outlet to the device to a level equal to or less than 20 parts per million by volume on a dry basis corrected to 3 percent oxygen as determined in accordance with the requirements of § 63.772(e); or
 - c. Operates at a minimum temperature of 760 degrees C, provided the control device has demonstrated, under § 63.772(e), that combustion zone temperature is an indicator of destruction efficiency.
46. Pursuant to 40 C.F.R. § 63.772(e), "...As an alternative to conducting a performance test under this section for combustion control devices, a control device that can be demonstrated to meet the performance requirements of § 63.771(d)(1), (e)(3)(ii) or (f)(1) through a performance test conducted by the manufacturer, as specified in paragraph 40 C.F.R. § 63.772 (h) of this section, can be used."
47. 40 C.F.R. § 63.772(h) applies to the performance testing of a combustion control device conducted by the device manufacturer.
48. Pursuant to 40 C.F.R. § 63.773(b), the owner or operator of a control device whose model was tested under § 63.772(h) shall develop an inspection and maintenance plan for each control device. At a minimum, the plan shall contain the control device manufacturer's recommendations for ensuring proper operation of the device. Semi-annual inspections shall be conducted for each control device with maintenance and replacement of control device components made in accordance with the plan.
49. For each closed-vent system or cover required to comply with air emission controls in accordance with the requirements of 40 C.F.R. §§ 63.765 and 63.766, each owner or operator shall inspect and monitor each cover and closed-vent system according to the requirements as specified in 40 C.F.R. §63.773(c).
50. Records shall be maintained according to the requirements as specified in 40 C.F.R. § 63.774.

51. Reports shall be submitted according to the requirements as specified in 40 C.F.R. § 63.775.

NESHAP ZZZZ (40 C.F.R. Part 63, Subpart ZZZZ)

52. In 2004, the EPA promulgated “National Emissions Standards for Hazardous Air Pollutants for Stationary Reciprocating Internal Combustion Engines” under section 112 of the Clean Air Act. 69 Fed. Reg. 33506 (June 15, 2004). These standards are set forth in 40 C.F.R part 63, subpart ZZZZ, which includes 40 C.F.R. §§ 63.6580a–6675 (NESHAP ZZZZ).
53. NESHAP ZZZZ establishes national emission limitations and operating limitations for HAP emitted from stationary reciprocating internal combustion engines (RICE) located at major and area sources of HAP emissions. This subpart also establishes requirements to demonstrate initial and continuous compliance with the emission limitations and operating limitations. 40 C.F.R. § 63.6580.
54. NESHAP ZZZZ applies to owners or operators of stationary RICE at a major or area source of HAP emissions. 40 C.F.R. § 63.6585.
55. An affected new stationary RICE is any stationary RICE with a site rating of more than 500 brake HP located at a major source of HAP emissions which commenced construction of the stationary RICE on or after December 19, 2002. 40 C.F.R. § 63.6590(a)(2)(ii).
56. Owners and operators of an area source that increases its emissions or its potential to emit such that it becomes a major source of HAP emissions must be in compliance with NESHAP ZZZZ as specified below:
- a. Any stationary RICE for which construction or reconstruction is commenced after the date when the area source becomes a major source of HAP emissions must be in compliance with this subpart upon startup of the affected source. 40 C.F.R. § 63.6595(b)(1).
 - b. Any stationary RICE for which construction or reconstruction is commenced before the area source becomes a major source of HAP must be in compliance with the provisions of this subpart that are applicable to RICE located at major sources within 3 years after the area source becomes a major source of HAP. 40 C.F.R. § 63.6595(b)(2).
57. Owners and operators must comply with the following requirements for stationary RICE at major sources of HAP under NESHAP ZZZZ:
- a. Comply with the numerical emissions limitations and operating limitations for stationary RICE with a site rating of more than 500 brake HP located at a major source of HAP emissions as specified in 40 C.F.R. § 63.6600(a) and 40 C.F.R. § 63.6600(b).

- b. Comply with the general requirements as specified in 40 C.F.R. § 63.6605.
- c. Comply with the testing and initial compliance requirements as specified in 40 C.F.R. § 63.6610.
- d. Conduct subsequent performance tests to comply with the numerical emission limitations and operations limitations as specified in 40 C.F.R. § 63.6615.
- e. Conduct performance tests according to the requirements as specified in 40 C.F.R. § 63.6620.
- f. Demonstrate initial compliance with emission limitations, operating limitations, and other requirements as specified in 40 C.F.R. § 63.6630.
- g. Monitor, install, collect, operate and maintain a continuous parameter monitoring system (CPMS) as specified in 40 C.F.R. § 63.6625 and 40 C.F.R. § 63.6635.
- h. Owners and operators shall demonstrate continuous compliance with the emission limitations, operating limitations, and other requirements as specified in 40 C.F.R. § 63.6640.
- i. Notifications, reports, and records shall be submitted and maintained according to the requirements as specified in 40 C.F.R. §§ 63.6645—6655.

V. RESPONDENT

- 58. Respondent is a corporation authorized to do business in the State of North Dakota.
- 59. Respondent is a “person” for federal enforcement purposes under 42 U.S.C. § 7413(d).
- 60. Respondent owns and/or operates oil and gas production facilities located within the boundaries of the Fort Berthold Indian Reservation (FBIR) in North Dakota.

VI. ALLEGED FACTS

- 61. Respondent received a Title V permit for its Clarks Creek Central Facility (Clarks Creek), Title V permit number: V-TAT-000820-2018.00, effective January 22, 2020.
- 62. On June 12, 2023, the EPA conducted inspections of Clarks Creek.
- 63. On August 9, 2023, the EPA transmitted the inspection report to Respondent detailing the findings during the onsite and records-review at Clarks Creek conducted on June 12, 2023.

64. On November 5 and 6, 2023, the EPA conducted additional inspections at facilities owned and operated by Respondent. These facilities are identified in Table B-1 of Appendix B.
65. On January 11, 2024, the EPA transmitted the inspection report to Respondent detailing the findings during the onsite and records-review conducted on November 5 and 6, 2023.
66. On February 6 and 7, 2024, the EPA conducted additional inspections at facilities owned and operated by Respondent. These facilities are identified in Table B-2 of Appendix B.
67. On March 8, 2024, the EPA transmitted the inspection report to Respondent detailing the findings during the onsite and records-review at the facilities inspected on February 6 and 7, 2024.
68. The facilities inspected on November 5 and 6, 2023, included facilities subject to NSPS OOOOa.
69. The facilities inspected on February 6 and 7, 2024, included facilities subject to NSPS OOOOa.
70. The EPA detected hydrocarbon emissions from the thief hatch and vacuum breaks located on the storage vessels at well pads co-located with the following wells during the November 2023 and February 2024 inspections:
 - Liberty LR 14-23H
 - Clarks Creek 41-0805H
 - Liberty LR 43-1109H
 - Clarks Creek 08 SESE 1 Pad, (Note: pad sign shows Clarks Creek 08 SESE 2)
 - Liberty 11 SESE 1 Pad and Liberty 11 NWSE 1 Pad
71. The EPA detected hydrocarbon emissions from a flare with an unlit pilot light co-located with the following wells or compressor sites during the November 2023 and February 2024 inspections:
 - Parshall 16-32H
 - Liberty 103-13H
 - Liberty LR 14-23H

- Liberty LR 12-11H
 - Parshall 28-2928H
 - Van Hook 15 NENW
 - Parshall 33 SWSE 1
72. The EPA detected visible emissions from operating utility flares co-located with the following wells during the November 2023 and February 2024 inspections:
- Liberty LR 47-1416H
 - Liberty 106-0107H
 - Van Hook 35 SESE Pad
73. Respondent operated three Caterpillar G3606A4 RICE2 (ENG-1, ENG-2 and ENG-3) at Clarks Creek beginning in 2018 and three Caterpillar G3516LE (ENG-4, ENG-5 and ENG-6) beginning in July 2019.
74. In July 2019, Respondent installed three Caterpillar G3516TALE RICE (ENG-4, ENG-5 and ENG-6) at Clarks Creek that increased the cumulative HAP PTE to levels greater than 25 tpy, qualifying the facility as a major source.
75. All engines located at Clarks Creek underwent on-site fabrication, erection, or installation after December 19, 2002. ENG-3 was removed from service on February 13, 2024. ENG-5 and ENG-6 were removed from service on October 12, 2025.
76. The dehydration unit at Clarks Creek was removed from service on March 16, 2026.

VII. ALLEGED VIOLATIONS OF LAW

Violations of Fort Berthold FIP

77. Based on the EPA's field inspections on June 12, 2023, EPA alleges the following violations of the Fort Berthold FIP:
- a. Failure to operate a utility flare with no visible smoke emissions in violation of 40 C.F.R. § 49.4165(c)(6)(vii).
 - b. Failure to operate the closed-vent system for two storage vessels at Clarks Creek, one oil tank (Tank 8416) and one condensate tank (Tank 8435) without detectable natural gas emissions in violation of 40 C.F.R. § 49.4165(b)(3).

Violations of NESHAP Subpart HH

78. Based on Respondent's response to the Areas of Concern identified during the EPA's June 12, 2023, inspection, EPA alleges the following violations of Subpart HH:
- a. Failure to conduct annual inspections of the closed vent system of the dehydration unit in violation of 40 C.F.R. § 63.773(b) (Title V Permit Condition IV.F.2).
 - b. Failure to develop an inspection and maintenance plan for the closed vent system of the dehydration unit in violation of 40 C.F.R. § 63.772(b) (Title V Permit Condition IV.F.2).
 - c. Failure to conduct annual inspections in violation of 40 C.F.R. § 63.773(c)(2) (Title V Permit Condition IV.F.1.).
 - d. Failure to submit Subpart HH Periodic Reports for the dehydration unit at Clarks Creek since August 2018, in violation of 40 C.F.R. § 63.775(e)(2)(ii), Title V Permit Condition IV.H.
 - e. Failure to record the dates of the inspections of the dehydration unit conducted under 40 C.F.R. § 63.773(c) at Clarks Creek since August 2018, in violation of 40 C.F.R. § 63.774(b) (Title V Permit Condition IV.G).
 - f. Failure to record the date, modifications or repairs made to the control device for the dehydration unit at Clarks Creek since August 2018, in violation of 40 C.F.R. § 63.774(i) (Title V Permit Condition IV.G).
 - g. Failure to submit reports required by 40 C.F.R. § 63.775 for time periods between January 1, 2021, and July 31, 2022, in violation of 40 C.F.R. § 63.775 (Title V Permit Condition IV.H).

Violations of NESHAP Subpart ZZZZ

79. Based on information provided to EPA by Respondent in response to its three inspections, as well as information provided by EOG in a December 31, 2021, Title V Modification application for all engines located at Clarks Creek, EPA alleges the following violations of NESHAP Subpart ZZZZ:
- a. Failure to comply with the requirements of Subpart ZZZZ upon startup of the three Caterpillar G3516TALE RICE, ENG-4, ENG-5 and ENG-6, installed July 2019 in violation of 40 C.F.R. § 63.6595(b)(1).
 - b. Failure to comply with the requirements of Subpart ZZZZ within three years of becoming a major source for the three existing Caterpillar G3606A4 RICE, ENG-1, ENG-2 and ENG-3 in violation of 40 C.F.R. § 63.6595(b)(2).

- c. Failure to follow the emission limitations, operating limitations, and control and monitoring equipment requirements of Subpart ZZZZ for the three Caterpillar G3516TALE RICE, ENG-4, ENG-5 and ENG-6, since startup of the engines, in violation of 40 C.F.R. § 63.6605(a) and (b).
- d. Failure to follow the emission limitations, operating limitations, and control and monitoring equipment requirements of Subpart ZZZZ for the three Caterpillar G3606A4 RICE, ENG-1, ENG-2 and ENG-3, within three years of becoming a major source in violation of 40 C.F.R. § 63.6605(a) and (b).
- e. Failure to install monitoring equipment to comply with the requirements of 40 C.F.R. § 63.6600(b) and Table 2b for the three Caterpillar G3516TALE RICE, ENG-4, ENG-5 and ENG-6 upon startup, in violation of 40 C.F.R. § 63.6600(b).
- f. Failure to install monitoring equipment to comply with the requirements of 40 C.F.R. § 63.6600(b) and Table 2b for the three Caterpillar G3606A4 RICE, ENG-1, ENG-2 and ENG-3, within three years of becoming a major source, in violation of 40 C.F.R. § 63.6600(b).
- g. Failure to conduct initial performance tests or other initial compliance demonstrations for its stationary RICE as required by 40 C.F.R. § 63.6610, for all six RICE, ENG-1, ENG-2, ENG-3, ENG-4, ENG-5 and ENG-6.
- h. Failure to conduct subsequent performance tests for its six stationary RICE, ENG-1, ENG-2, ENG-3, ENG-4, ENG-5 and ENG-6, in violation of 40 C.F.R. § 63.6615.
- i. Failure to conduct performance tests and other procedures for all six RICE, ENG-1, ENG-2, ENG-3, ENG-4, ENG-5 and ENG-6, in violation of 40 C.F.R. § 63.6620.
- j. Failure to adhere to the specific operating, installation, maintenance, and monitoring requirements contained in 40 C.F.R. § 63.6625 for all six RICE, ENG-1, ENG-2, ENG-3, ENG-4, ENG-5 and ENG-6, in violation of 40 C.F.R. § 63.6625.
- k. Failure to demonstrate initial compliance with the emission limitations, operating limitations, and other requirements applicable to all six RICE, ENG-1, ENG-2, ENG-3, ENG-4, ENG-5 and ENG-6, in violation of 40 C.F.R. § 63.6630.

- l. Failure to monitor and collect data to demonstrate continuous compliance for all six RICE, ENG-1, ENG-2, ENG-3, ENG-4, ENG-5 and ENG-6, in violation of 40 C.F.R. § 63.6635.
- m. Failure to demonstrate continuous compliance with the emission limitations, operating limitations, and other requirements for its six stationary RICE, ENG-1, ENG-2, ENG-3, ENG-4, ENG-5 and ENG-6, in violation of 40 C.F.R. § 63.6640.
- n. Failure to submit notifications, reports, or maintain records as required by 40 C.F.R. § 63.6645-6660 for all six RICE, ENG-1, ENG-2, ENG-3, ENG-4, ENG-5 and ENG-6, in violation of 40 C.F.R. § 63.6645-6660.

Violations of NSPS OOOOa

80. Based on the inspections conducted of OOOOa-subject facilities described in Paragraphs 70, 71, and 72 above, EPA alleges the following violations of OOOOa:
 - a. Failure to maintain and operate, at all times, including periods of startup, shutdown, and malfunction, storage vessel affected facilities and the associated flare air pollution control equipment in a manner consistent with good air pollution control practice for minimizing emissions, in violation of 40 C.F.R. § 60.5370a(b).
 - b. Failure to route emission from storage vessel affected facilities to a control device that meets the conditions specified in § 60.5412a(c) and (d) in violation of 40 C.F.R. § 60.5395a(b)(1).
 - c. Failure to install and operate a continuous burning pilot flame for the facility flare in violation of 40 C.F.R. §§ 60.5412a(d)(1)(ii) and 60.5413a(e)(2).
 - d. Failure to operate a flare with a pilot light flame present at all times when emissions are vented to it in violation of requirements under 40 C.F.R. § 60.18(c)(2) and 40 C.F.R. § 60.18(e).
 - e. Failure to operate each control device used in compliance with NSPS OOOOa at all times when gases, vapors, and fumes are vented from storage vessel affected facilities through the closed vent system to the control device, in violation of 40 C.F.R. § 60.5412a(d)(4).
 - f. Failure to operate each control device following the manufacturer's written operating instructions, procedures and maintenance schedule to ensure good air pollution control practices for minimizing emissions, in violation of the requirements under 40 C.F.R. § 60.5417a(h)(3).

- g. Failure to design and operate a flare in accordance with the requirements of § 60.18(b), using Method 22 of appendix A-7 to Part 60 to determine visible emissions, in violation of C.F.R. § 60.5412a(a)(3).
- h. Failure to design and operate a control device that meets the conditions specified in § 60.5412a(d)(1)(iii) and § 60.5412a(d)(3), in violation of 40 C.F.R. § 60.5412a(d)(1)(iii) and § 60.5412a(d)(3).
- i. Failure to demonstrate continuous compliance pursuant to the requirements of 40 C.F.R. § 60.5412a(a)(1), by designing and operating a control device that meets the conditions specified in § 60.5412a(d)(1)(iii) and § 60.5412a(d)(3), in violation of 40 C.F.R. § 60.5415a(b)(2) (vii)(B).
- j. Failure to design and operate, with no detectable emissions as determined using olfactory, visual and auditory inspections, a closed vent system to route all gases, vapors, and fumes emitted from the material in the storage vessel to a control device that meets the requirements specified in § 60.5412a(c) and (d) or to a process, in violation of 40 C.F.R. § 60.5411a(c)(1) and (c)(2).

VIII. TERMS OF CONSENT AGREEMENT

81. For the purpose of this proceeding, Respondent:

- a. admits the jurisdictional allegations in section II of this Agreement;
- b. neither admits nor denies the factual allegations stated in section VI of this Agreement;
- c. consents to the assessment of a civil penalty as stated below;
- d. consents to any conditions specified in this Agreement;
- e. acknowledges this Agreement constitutes an enforcement action for purposes of considering Respondent's compliance history in any subsequent enforcement actions;
- f. waives any right to contest the alleged violations of law set forth in section VII of this Agreement;
- g. waives any right to appeal the final order accompanying this Agreement; and
- h. waives any rights or defenses that Respondent has or may have for this matter to be resolved in federal court, including but not limited to any right to a jury trial, and waives any right to challenge the lawfulness of the final order accompanying this Agreement.

82. As a condition of settlement, Respondent agrees to the following:

a. Enclosed Combustor Devices (ECDs) and Flares

- i. Respondent shall operate all ECDs and utility flares at Clarks Creek and the facilities specified in Paragraphs 70, 71, and 72, with no visible smoke emissions, as determined via Method 22 of Appendix A-7 to Part 60;
- ii. Respondent shall operate ECDs and flares without visible smoke emissions by monitoring as specified in (i) above, once per calendar month, with no fewer than 7 days between monitoring event; and
- iii. Respondent shall report the monitoring results described in (ii) above to the EPA in a Semi-Annual Report throughout the term of this Agreement.

b. Closed Vent Systems and Dehydration Units

- i. Respondent shall monitor, inspect, and repair all closed-vent systems for the storage vessels at Clarks Creek and facilities listed in Paragraphs 70, 71, and 72, as outlined in this paragraph 82.b.
- ii. Respondent shall conduct monthly OGI monitoring of emissions from closed vent systems to identify any detectable emissions according to the optical gas imaging monitoring requirements specified in 40 C.F.R. § 60.5397a(c).
- iii. Respondent shall report the monitoring results described in (ii) above in a Semi-Annual Report throughout the term of this Agreement.
- iv. Respondent shall Conduct annual inspections of the closed vent system of the dehydration unit in accordance with 40 C.F.R. § 63.773(c), except that any dehydration unit removed from service at Clarks Creek shall no longer be subject to this Paragraph 82.b.
- v. Respondent shall develop and submit an inspection and maintenance plan or control device monitoring plan for the control device of the dehydration unit in accordance with 40 C.F.R. § 63.773(b or (d), as applicable, except that any dehydration unit removed from service at Clarks Creek shall no longer be subject to this Paragraph 82.b.
- vi. Respondent shall submit Subpart HH Periodic Reports for the dehydration unit at Clarks Creek as required by 40 C.F.R. § 63.775(e)(2)(ii), except that any dehydration unit removed from service at Clarks Creek shall no longer be subject to this Paragraph 82.b.

- vii. Respondent shall comply with all additional requirements applicable to the dehydration units under 40 C.F.R. § 63.773(c), 40 C.F.R. § 63.774(b), 40 C.F.R. § 63.774(i) and 40 C.F.R. § 63.775, except that any dehydration unit removed from service at Clarks Creek shall no longer be subject to this Paragraph 82.b.

c. Stationary RICE

- i. Respondent shall comply with the requirements applicable to stationary RICE under 40 C.F.R. Part 63, Subpart ZZZZ, for all three RICE, ENG-1, ENG-2 and ENG-4, except that any engine(s) removed from service at Clarks Creek shall no longer be subject to this Paragraph 82.c.
- ii. Respondent shall report the results of any test required or completed for compliance with the program in (i) above on a semi-annual basis to the EPA (to the extent any testing is required) in its Semi-Annual Report throughout the term of this Agreement.

d. Flare Air Pollution Control Equipment

- i. Respondent shall comply with all applicable requirements for storage vessel affected facilities and the associated flare air pollution control equipment under 40 C.F.R. §§ 60.5360a–5432a (NSPS Subpart OOOOa) at Clarks Creek and the Sites.
- ii. Within 60 Days of the Effective Date of this Agreement, Respondent shall install Digital Pilot Light Monitors at all Flares located at Clarks Creek and the Sites. The Digital Pilot Light Monitors must meet the following requirements:
 - 1) The Digital Pilot Light Monitors must continuously monitor the Flare pilot light flame; and
 - 2) The Digital Pilot Light Monitors must record monitoring parameters no less than once every 5 minutes.
- iii. Within 60 Days of the Effective Date of this Agreement, Respondent shall install Ultrasonic Flow Meters, Orifice Meters, or Thermal Mass Meters, as appropriate, at the inlet of all in service High Pressure and Low-Pressure Flares located at Clarks Creek and the Sites. Respondent shall install Ultrasonic Flow Meters, Orifice Meters and Thermal Mass Meters for which the manufacturer(s) specifications for flow volume measurement are within +/- 5% accuracy the flow to each flare at all times.

- iv. Flow data recorded under (iii) above shall be recorded and reported as a sum of the monthly monitored flow to each control device. Monthly flow data shall be included in the Semi-Annual Report.

e. Repairs.

- i. For any OGI detection of visible emissions for a closed vent system or any indications of potential noncompliance with an operating, emission limit, and monitoring requirement identified pursuant to the requirements listed above in Paragraphs (a) through (d) of this section, Respondent shall make first attempt at repair within twenty-four hours of Respondent's identification of the OGI-detected visible emissions or indication of potential noncompliance with an operating, emission limit, and monitoring requirement.
- ii. If the first attempt at repair of the deviation is unsuccessful, Respondent shall make a second attempt at repair no later than 15 days after identification of the deviation.
- iii. If the repair is unsuccessful after 15 days, delay of repair shall be allowed if the conditions of paragraphs (h)(3)(i) or (ii) of 40 C.F.R. § 60.5397a apply.

f. Semi-Annual Report

- i. On a semi-annual basis, Respondent shall submit the testing and monitoring results specified in this Paragraph 82 in a report that is portable document format (pdf) or similar format, unless otherwise requested. Perform at least Optical Character Recognition (OCR) to allow the document to be searchable.
- ii. The Semi-Annual Report shall also contain reporting on any identified deviations, repairs, and attempted repairs and any delay of repairs.
- iii. For any deviations for which delay of repair in accordance with paragraph (e)(iii) above, Respondent shall also identify the root cause of the deviation, including the date and result of the root cause analysis.
- iv. Four Semi-Annual reports shall be prepared. The first Semi-Annual report shall cover the 6-month period after the Effective Date of this CAFO, with the second, third, and fourth Semi-Annual reports covering following 6-month periods. Each Semi-Annual Report shall be due within 60 days after the end of the period covered by the Semi-Annual report.

83. In response to the alleged violations described above in Section VII, although not required by the Act or any other federal, state, Tribal, or local law, Respondent agrees to implement a Diesel Emissions Reduction Supplemental Environmental Project (DERA SEP), as described in Appendix C to this Agreement.

IX. CIVIL PENALTY.

84. Section 113(d)(1), 42 U.S.C. § 7413(d)(1), authorizes EPA to assess a civil penalty in this matter.
85. To determine the amount of the civil penalty, the EPA considered the size of Respondent's business, the economic impact of the penalty on the business, Respondent's full compliance history and good faith efforts to comply, the duration of the violations as established by any credible evidence, payment by the Respondent of penalties previously assessed for the same violations, the economic benefit of noncompliance, the seriousness of the violations, and such other factors as justice may require. 42 U.S.C. § 7413(e)(1).
86. The EPA has compromised the civil penalty pursuant to section 113(d)(2)(B) of the Act, 42 U.S.C. § 7413(d)(2)(B).
87. Respondent agrees to pay a civil penalty of \$333,087 (Penalty) within 30 calendar days after the Effective Date.
88. Respondent must pay the Penalty and any interest, fees, or other charges due using any method, or combination of methods, provided on the EPA website: <https://www.epa.gov/financial/makepayment>. For additional instructions see: <https://www.epa.gov/financial/additional-instructions-making-payments-epa>.
89. When making a payment, a Respondent must:
- a. identify every payment with Respondent's name and the docket number that appears on the final order; and
 - b. Respondent must send proof of payment to the Regional Hearing Clerk at r8_hearing_clerk@epa.gov; Colin Lecortz, at Lecortz.Colin@epa.gov; and the EPA Cincinnati Finance Center at CINWD_acctsReceivable@epa.gov within 24 hours of payment of the EPA Penalty.
90. "Proof of payment" means, confirmation of credit card or debit card payment, confirmation of wire or automated clearinghouse transfer, and any other information required to demonstrate that payment has been made according to the EPA requirements, in the amount due, and identified with the docket number and Respondent's name.
91. **Interest, Charges, and Penalties on Late Payments.** Pursuant to 42 U.S.C. § 7413(d)(5), 31 U.S.C. § 3717, 31 C.F.R. § 901.9, and 40 C.F.R. § 13.11, if Respondent

fails to timely pay the full amount of the Penalty per this Agreement, the EPA is authorized to recover, in addition to the amount of the unpaid Penalty, the following amounts:

- a. **Interest.** Interest begins to accrue from the Effective Date. If the Penalty is paid in full within 30 days, interest accrued is waived. If the Penalty is not paid in full within 30 days, interest will continue to accrue until any unpaid portion of the Penalty as well as any interest, penalties, and other charges are paid in full. To protect the interests of the United States, the rate of interest is set at the Internal Revenue Service (IRS) standard underpayment rate, any lower rate would fail to provide Respondent adequate incentive for timely payment.
 - b. **Handling Charges.** Respondent will be assessed a monthly charge to cover EPA's costs of processing and handling overdue debts. If Respondent fails to pay the Penalty in accordance with this Agreement, EPA will assess a charge to cover the costs of handling any unpaid amounts for the first 30-day period after the Effective Date. Additional handling charges will be assessed every 30 days, or any portion thereof, until the unpaid portion of the Penalty as well as any accrued interest, penalties, and other charges are paid in full.
 - c. **Late Payment Penalty.** A late payment of six percent per annum will be assessed monthly on all debts, including any unpaid portion of the Penalty, interest, penalties, and other charges, that remain delinquent more than 90 days. Any such amounts will accrue from the Effective Date.
92. **Late Penalty Actions.** In addition to the amounts described in the prior paragraph, if Respondent fails to timely pay any portion of the Penalty, interest, or other charges and penalties under this Agreement, the EPA may take additional actions. Such actions EPA may take include, but are not limited to, the following:
- a. Refer the debt to a credit reporting agency or a collection agency, per 40 C.F.R. §§ 13.13 and 13.14.
 - b. Collect the debt by administrative offset (i.e., the withholding of money payable by the United States government to, or held by the United States government for, a person to satisfy the debt the person owes the United States government), which includes, but is not limited to, referral to the IRS for offset against income tax refunds. 40 C.F.R. Part 13, subparts C and H.
 - c. Suspend or revoke Respondent's licenses or other privileges, or suspend or disqualify Respondent from doing business with EPA or engaging in programs EPA sponsors or funds. 40 C.F.R. § 13.17.

- d. Refer this matter to the United States Department of Justice for litigation and collection. 40 C.F.R. § 13.33.

93. **Allocation of Payments.** A partial payment of debt will be applied first to outstanding handling charges, second to late penalty charges, third to accrued interest, and last to the principal that is the outstanding Penalty amount. 31 C.F.R. § 901.9(f) and 40 C.F.R. § 13.11(d).
94. **Tax Treatment of Penalties.** Penalties, interest, and other charges paid pursuant to this Agreement are not deductible for purposes of federal taxes.
95. Upon incorporation into a final order, this Consent Agreement applies to and is binding upon the parties, and Respondent's officers, directors, members, employees, agents, successors and assigns. Any change in ownership or business organization of Respondent, including but not limited to any transfer of assets or real or personal property will not alter Respondent's responsibilities under this Consent Agreement.

X. TAX IDENTIFICATION AND REPORTING

96. **Tax Identification.** For purposes of the identification requirement in section 162(f)(2)(A)(ii) of the Internal Revenue Code, 26 U.S.C. § 162(f)(2)(A)(ii), and 26 C.F.R. § 1.162-21(b)(2), performance of the requirements in Paragraph and the Penalty paid under Section are restitution, remediation, or required to come into compliance with the law.
97. **Tax Reporting.** EPA is required to annually send to the IRS a completed IRS Form 1098-F ("Fines, Penalties, and Other Amounts") with respect to any court order or settlement agreement (including administrative settlements) that require a payor to pay an aggregate amount that EPA reasonably believes will be equal to, or in excess of, \$50,000 for the payor's violation of any law or the investigation or inquiry into the payor's potential violation of any law, including amounts paid for "restitution or remediation of property" or to come "into compliance with a law." 26 U.S.C. § 6050X and 26 C.F.R. § 1.6050X-1. EPA is required to furnish a written statement, which provides the same information provided to the IRS, to each payor (i.e., a copy of IRS Form 1098-F). Respondent's failure to comply with providing IRS Form W-9 or Tax Identification Number (TIN), as described below, may subject Respondent to a penalty. 26 U.S.C. § 6723, 26 U.S.C. § 6724(d)(3), and 26 C.F.R. § 301.6723-1. To provide EPA with sufficient information to enable it to fulfill these obligations, Respondent must complete the following actions as applicable.
 - a. Respondent must complete an IRS Form W-9 ("Request for Taxpayer Identification Number and Certification"), which is available at <https://www.irs.gov/pub/irs-pdf/fw9.pdf>.

- b. Respondent must therein certify that its completed IRS Form W-9 includes Respondent's correct TIN or that Respondent has applied and is waiting for issuance of a TIN.
- c. Respondent must email its completed Form W-9 to EPA's Cincinnati Finance Division at chalifoux.jessica@epa.gov on or before the date that Respondent's penalty payment is due, or within 7 days of the Effective Date should the order become effective between December 15 and December 31 of the calendar year. EPA recommends encrypting IRS Form W-9 email correspondence.
- d. In the event that Respondent has certified in its completed IRS Form W-9 that it does not yet have a TIN but has applied for a TIN, Respondent must provide EPA's Cincinnati Finance Division with Respondent's TIN, via email, within 5 days of Respondent's receipt of a TIN issued by the IRS.

XI. NOTICES

98. Unless otherwise specified in this Agreement, whenever notifications, submissions, or communications are required by this Agreement, they shall be made in writing and sent by email, and addressed as follows:
- a. As to the EPA by email: hill.kai@epa.gov and lecortz.colin@epa.gov
 - b. As to Respondents by email: eddie.lewis@nortonrosefulbright.com

XII. EFFECT OF CONSENT AGREEMENT AND FINAL ORDER

99. Completion of the terms of this Agreement resolves only Respondent's liability for federal civil penalties for the violations alleged in section VII of this Agreement. 40 C.F.R. § 22.18(c).
100. By signing this Agreement, Respondent acknowledges this Agreement will be available to the public and agrees this Agreement does not contain any confidential business information or personally identifiable information.
101. The undersigned representative(s) of Respondent certify they are fully authorized to execute and enter into the terms and conditions of this Agreement and has the legal capacity to bind the party they represent to this Agreement.
102. The parties agree this Agreement may be signed in any number of counterparts, each of which will be deemed an original and, when taken together, constitute one agreement; the counterparts are binding on the parties individually as fully and completely as if the parties had signed one single instrument, so that the rights and liabilities of the parties will be unaffected by the failure of any of the undersigned to execute any or all of the counterparts; any signature page and any copy of a signed

signature page may be detached from any counterpart and attached to any other counterpart of this Agreement and any signature page may be transmitted electronically (e.g., a PDF file).

103. By signing this Agreement, both parties agree that each party's obligations under this Agreement constitute sufficient consideration for the other party's obligations.
104. By signing this Agreement, Respondent certifies that the information it has supplied concerning this matter was at the time of submission true, accurate, and complete for each such submission, response, and statement. Respondent acknowledges that there are significant penalties for submitting false or misleading information, including the possibility of fines and imprisonment for knowing submission of such information, under 18 U.S.C. § 1001.
105. Each party bears its own attorney's fees, costs, and disbursements incurred in this proceeding.
106. Respondent agrees the time period from the Effective Date of this Agreement until all of the conditions specified in paragraph 82 are completed (Tolling Period) shall not be included in computing the running of any statute of limitations potentially applicable to any action brought by EPA on any claims (Tolled Claims) set forth in section VI of this Agreement. Respondent shall not assert, plead, or raise in any fashion, whether by answer, motion or otherwise, any defense of laches, estoppel, or waiver, or other similar equitable defense based on the running of any statute of limitations or the passage of time during the Tolling Period in any action brought on the Tolled Claims.
107. This Agreement constitutes the entire agreement and understanding of the parties and supersedes any prior agreements or understandings, whether written or oral, among the parties with respect to the subject matter hereof.
108. EPA reserves its legal and equitable rights if EPA finds that any information provided by Respondent was materially false or inaccurate at the time the information was provided to EPA.
109. This Agreement does not relieve Respondent of the duty to comply with all applicable provisions of the Act and other federal, state, tribal, or other local laws, restrict EPA's authority to seek compliance with any applicable laws or regulations, or be construed to be a ruling on, or determination of, any issue related to any federal, state, tribal, or local permit.
110. This agreement does not limit EPA's power to undertake any action against Respondent or any person in response to conditions that may present an imminent and substantial endangerment to the public health, welfare, or the environment.

111. Each party consents to service of the final order approving this Consent Agreement by e-mail at the following valid e-mail addresses: hill.kai@epa.gov (for Complainant), and eddie.lewis@nortonrosefulbright.com (for Respondent).

XIII. TRANSFER OF OBLIGATIONS

112. The provisions of this Agreement shall apply to and be binding upon Respondent, its successors and assigns. No closing or transfer of ownership or operation of any portion of or interest in the facilities shall relieve Respondent of its obligation to comply with the terms of this Agreement unless:
- a. Respondent provides written notice and a copy of this Agreement to the proposed transferee at least 30 days prior to closing and simultaneously provides written notice of the transfer, together with a copy of the Purchase and Sale Agreement (PSA) to the EPA;
 - b. The transferee agrees in the PSA to undertake the obligations and liabilities of this Agreement and to be bound by the terms thereof;
 - c. The transferee agrees in writing to be substituted for Respondent for all provisions in this Agreement and to be bound by the terms thereof, including implementation of the conditions of settlement set forth in paragraph 82 of the Agreement (unless already satisfactorily implemented by Respondent), but excepting Section IIX (Civil Penalty);
 - d. Respondent submits information to demonstrate the transferee has both the financial and technical capability to perform the obligations in paragraph 82 of this Agreement;
 - e. The EPA approves Respondent's request to be relieved of its obligations under this Agreement, which approval shall not be unreasonably withheld, conditioned, or delayed.
113. Upon receipt of a request by Respondent to transfer the obligations of this Agreement for any or all facilities, as provided in paragraph 82, above, the EPA shall have 30 calendar days to object to the request. If the EPA denies the request to transfer the obligations of this Agreement the Parties will follow the Dispute Resolution process set forth in Section XIV of this Agreement. The EPA shall bear the burden of showing that any objection to relieving Respondent of its obligations of this Agreement was not unreasonable. In the interim, Respondent may sell or transfer any or all facilities, provided that Respondent contractually obligates the purchaser(s) or transferee(s) of the facilities to comply with the provisions of Paragraph 82 at the transferred or purchased facilities and that Respondent has a reasonable belief and expectation that the purchaser(s) or transferee(s) will comply with the provisions of Paragraph 82 at the facilities.

114. This Agreement shall not be construed to prohibit a contractual allocation—as between Respondent and any purchaser or transferee of the facilities—of the obligations of compliance with this Agreement, provided, however, that such contractual allocation shall not relieve Respondent of its obligations under the Agreement unless and until the provisions of paragraph 82 and paragraph 87 have been met, subject to the right of transfer as provided in this Section .

XIV. DISPUTE RESOLUTION

115. Unless otherwise expressly provided for in this Agreement, the dispute resolution procedures of this Section shall be the exclusive mechanism to resolve disputes arising under or with respect to this Agreement. Respondent's failure to seek resolution of a dispute under this Section shall preclude Respondent from raising any such issue as a defense to an action by EPA to enforce any obligation of Respondent arising under this Agreement.
116. **Informal Dispute Resolution.** Any dispute subject to Dispute Resolution under this Agreement shall first be the subject of informal negotiations. The dispute shall be considered to have arisen when Respondent sends EPA a written Notice of Dispute. Such Notice of Dispute shall state clearly the matter in dispute. The period of informal negotiations shall not exceed 60 days from the date the dispute arises, unless that period is extended by written agreement. If the EPA and Respondent cannot resolve a dispute by informal negotiations, then the position advanced by EPA shall be considered binding unless, within 45 days after the conclusion of the informal negotiation period, including any agreed extension of the period for negotiation under this paragraph, Respondent invokes formal dispute resolution procedures as set forth below.
117. **Formal Dispute Resolution.** Respondent shall invoke formal dispute resolution procedures, within the time period provided in the preceding paragraph, by serving on EPA a written Statement of Position regarding the matter in dispute. The Statement of Position shall include, but need not be limited to, any factual data, analysis, or opinion supporting Respondent's position and any supporting documentation relied upon by Respondent.
118. EPA shall serve its Statement of Position within 45 days of receipt of Respondent's Statement of Position. EPA's Statement of Position shall include, but need not be limited to, any factual data, analysis, or opinion supporting that position and any supporting documentation relied upon by EPA. EPA's Statement of Position shall be binding on Respondent, unless Respondent requests alternative dispute resolution in accordance with the following paragraph.
119. Respondent may request that EPA coordinate to designate a neutral party for dispute resolution. If the Parties cannot agree on a neutral party, Respondent may request the Regional Administrator or the RJO appoint a neutral party to proceed with dispute resolution.

120. The invocation of dispute resolution procedures under this Section shall not, by itself, extend, postpone, or affect in any way any obligation of Respondent under this Agreement, unless and until final resolution of the dispute so provides.

XV. TERMINATION

121. Upon payment of the EPA Penalty in accordance with Section IX above and demonstration of compliance with paragraph 82 for 2 years after the Effective Date of this Agreement, Respondent shall provide a Statement of Completion along with the final Semi-Annual Report.
122. The Statement of Completion shall certify that Respondent is in substantial and material compliance with all requirements of this Agreement.
123. Within 90 days of receipt of the Statement of Completion, EPA shall provide a Confirmation of Termination or notify Respondent of outstanding compliance items.

XVI. EFFECTIVE DATE

124. This Agreement and subsequently issued final order become effective after execution of the Final Order by the RJO, on the date of filing with the Hearing Clerk.

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, REGION 8,

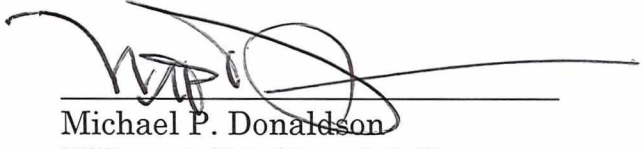
**DAVID
COBB**

Digitally signed by
DAVID COBB
Date: 2026.07.27
14:26:35 -06'00'

Scott Patefield, Branch Manager
Air and Toxics Enforcement Branch
Enforcement and Compliance Assurance Division

Complainant, for the United States Environmental Protection Agency.

EOG RESOURCES, INC.

MPK

Michael P. Donaldson
EVP and Chief Legal Officer
EOG Resources, Inc.

Date, if not digitally signed: 7-14-2026

Respondent.

Appendix A:

Table A-1. Wyoming Sites Subject to Provisions of this CAFO

Well Pad	Well ID	API Number
SABRE 1 NENE	HURLEY 0607-09H	49-005-79323
SABRE 1 NENE	HURLEY 0607-10H	49-005-79322
SABRE 1 NENE	ROLLINS 0113-14H	49-005-79320
SABRE 1 NENE	ROLLINS 0113-15H	49-005-79319
SABRE 1 NENE	ROLLINS 0124-13H	49-005-79321
PATHFINDER 35 SWSW	TETHYS 3422-01H	49-019-42570
PATHFINDER 35 SWSW	TETHYS 3523-02H	49-019-42571
PATHFINDER 35 SWSW	TETHYS 3523-03H	49-019-42572
Longbow 31 SESW	CAMARO 0607-01H	49-005-78628
Longbow 31 SESW	CAMARO 0607-02H	49-005-78007
Longbow 31 SESW	CAMARO 0607-03H	49-005-78008
Longbow 31 SESW	CAMARO 0607-04H	49-005-78629
Longbow 31 SESW	CAMARO 0607-20H	49-005-78100
Longbow 31 SESW	CAMARO 0607-21H	49-005-78101
Longbow 31 SESW	JUPITER 3130-02H	49-005-78010
Longbow 31 SESW	JUPITER 3130-03H	49-005-78011
Longbow 31 SESW	JUPITER 3130-04H	49-005-78102
Longbow 31 SESW	JUPITER 3130-20H	49-005-78107
Longbow 31 SESW	JUPITER 3130-21H	49-005-78108

SABRE 24 SESW	LOVELAND 2417-07H	49-005-78855
SABRE 24 SESW	LOVELAND 2418-08H	49-005-78856
SABRE 24 SESW	LOVELAND 2418-09H	49-005-78857
SABRE 24 SESW	LOVELAND 2418-55H	49-005-78858
SABRE 24 SESW	LOVELAND 2418-56H	49-005-78859
SABRE 24 SESW	LOVELAND 2418-57H	49-005-78860
BOLT 36 SESW	REDWOOD 0112-01H	49-005-78751
BOLT 36 SESW	REDWOOD 0112-02H	49-005-78267
BOLT 36 SESW	REDWOOD 0112-03H	49-005-78074
BOLT 36 SESW	REDWOOD 0112-04H	49-005-78075
BOLT 36 SESW	REDWOOD 0112-09H	49-005-78004
BOLT 36 SESW	REDWOOD 0112-19H	49-005-78086
BOLT 36 SESW	REDWOOD 0112-20H	49-005-78003
BOLT 36 SESW	RHINE 3625-01H	49-005-78002
BOLT 36 SESW	RHINE 3625-02H	49-005-78001
BOLT 36 SESW	RHINE 3625-03H	49-005-78032
BOLT 36 SESW	RHINE 3625-04H	49-005-78083
BOLT 36 SESW	RHINE 3625-20H	49-005-78000
BOLT 36 SESW	RHINE 3625-21H	49-005-77999

Appendix B: Inspected Facilities

Table B-1, Facilities inspected on November 5 and 6, 2023

Date	Arrival Time	Departure Time	Well Name	API Number	Latitude	Longitude
11/5/2023	17:22	17:26	Riverview 26-3031H	3305307203	47.96225	-102.76687
11/5/2023	17:32	17:38	HAWKEYE 100-2501H	3305304005	47.96252	-102.77461
11/6/2023	7:53	8:49	Parshall 16-32H	3306100968	47.93518	-102.21654
11/6/2023	9:00	9:07	Fertile 50-0509H	3306102485	47.93266	-102.22230
11/6/2023	9:17	9:22	Liberty 103-13H	3306101321	47.90477	-102.27777
11/6/2023	9:26	9:36	Liberty LR 53-1416H	3306104654	47.89646	-102.28847
11/6/2023	9:37	10:00	LR 14-23H	3306101529	47.88843	-102.29084
11/6/2023	10:00	10:05	Liberty CDP Compressor Site	-	47.89021	-102.28891
11/6/2023	10:06	10:15	Liberty LR 47-1416H	3306104040	47.90372	-102.28818
11/6/2023	10:24	10:30	Liberty LR 107-1109H	3306102281	47.91229	-102.28803
11/6/2023	10:30	10:38	Liberty LR 12-11H	3306101608	47.91496	-102.28678
11/6/2023	10:46	10:59	Liberty LR 106-0107H	3306102138	47.93381	-102.26962
11/6/2023	10:59	11:09	Vanhook 47-3626H	3306103640	47.93556	-102.27147
11/6/2023	11:13	11:17	Liberty 8-01H	3306101138	47.93371	-102.27746
11/6/2023	11:27	11:31	Vanhook 13-35H	3306101162	47.93523	-102.28133
11/8/2023	10:27	10:37	Clarks Creek 41-0805H	3305307918	47.90773	-102.73270

11/8/2023	11:02	11:04	Clarks Creek 65-07H	3305308455	47.90664	-102.75231
11/8/2023	11:10	11:31	Clarks Creek SEC 7 SES6 OPF	-	47.90618	-102.75488
11/8/2023	11:35	11:40	Clarks Creek 10-0805H	3305303514	47.90680	-102.74666
11/8/2023	14:35	14:39	Parshall 78-20H	3306102923	47.96414	-102.21932
11/8/2023	14:42	14:51	Parshall 28-2928H	3306103178	47.96193	-102.22457
11/8/2023	14:55	14:59	Parshall 86-29H	3306103181	47.96193	-102.22457
11/8/2023	15:02	15:10	Parshall 11-28H	3306100751	47.96196	-102.21374
11/8/2023	15:11	15:15	Parshall 67-2117H	3306103044	47.96455	-102.20679
11/8/2023	15:16	15:20	Parshall 82-2827H	3306103165	47.96194	-102.20308

Table B-2, Facilities inspected on February 6 and 7, 2024

Date	Arrival Time	Departure Time	Pad Name	API	Latitude	Longitude
2/6/2024	12:52	13:12	Van Hook 36 SESW	33-061-03640, 33-061-03639	47.935571	-102.271516
2/6/2024	9:00	9:45	Van Hook 15 NENW Pad	33-061-03641, 33-061-03642, 33-061-03643, 33-061-03644, 33-061-01361	47.991477	-102.315366
2/6/2024	11:15	11:30	Parshall 35 SWSE Pad	33-061-03255, 33-061-03256, 33-061-00930, 33-061-03246, 33-061-03247, 33-061-03248	47.935387	-102.155519

2/6/2024	11:40	12:10	Parshall 33 SWSE 1	33-061-03286, 33-061-03287, 33-061-03288, 33-061-00871, 33-061-03348, 33-061-03347, 33-061-03346	47.935063	-102.198811
2/6/2024	13:21	13:52	LIBERTY LR 43- 1109H	33-061-04028, 33-061-04029, 33-061-02281	47.912292 18	-102.288441
2/7/2024	11:35	11:52	Mandaree 10 NENW Pad (Not operating during inspection, no API's included in this inspection report) and Mandaree 10 NWNW	33-053-03082, 33-053-09879, 33-053-09880	47.745876	-102.70059
2/6/2024	14:35	3:04	Liberty 14 NWSE 14 1 Pad (possibly Liberty LR18-14H)	033-061- 04652, 033- 061-04653, 033-061- 04654, 033- 061-04655	47.895717	-102.28845
2/7/2024	10:40	11:07	Clarks Creek 08 SESE	33-053-07918, 33-053-07919, 33-053-03535, 33-053-03320	47.907531	-102.72965
2/6/2024	15:12	15:31	Liberty LR 56-2320H AND Liberty 23 NENW	33-061-04894, 33-061-04895, 33-061-03556, 33-061-03555	47.889120	-102.290803

2/6/2024	15:54	16:16	FERTILE LCS Compressor Station	NA	47.8705	-102.2159
2/6/2024	10:30	11:05	PARSHALL LCS (1, 2 3 & 4)	NA	47.9628	-102.1744
2/7/2024	9:07	9:22	Fertile 7 SESE 2 Pad	33-061-03983, 33-061-03985, 33-061-03984	47.906848	-102.23982
2/6/2024	12:24	12:45	Van Hook 35 SESE Pad	33-061-03724, 33-061-03858	47.935902	-102.281728
2/6/2024	9:58	10:20	Van Hook 14 SESE Pad	33-061-03628, 33-061-03629, 33-061-03646, 33-061-03645, 33-061-01517	47.978934	-102.280141
2/7/2024	9:35	9:49	Liberty 13 NESE 1 Pad	33-061-04154, 33-061-04009, 33-061-04010	47.897591	-102.258476
2/6/2024	14:00	14:30	Liberty 11 SESE 1 Pad and Liberty 11 NWSE 1 Pad	33-061-04043, 33-061-04160	47.906544	-102.27985

Appendix C

Supplemental Environmental Project (SEP)

Diesel Emissions Reduction Act Engine Retrofit SEP Criteria: The Diesel Engine SEP shall satisfy the following criteria:

Pursuant to paragraph 83 of this Consent Agreement, Respondent shall complete a Diesel Emissions Reduction Act Engine Retrofit SEP (DERA SEP), which requires that Respondent:

- 1 . Convert eight CAT 3512 diesel engines (Diesel Engines) into eight CAT 3512C DGB dual-fuel engines (Dual-Fuel Engines);
2. Install converted eight Dual-Fuel Engines into drilling rigs 259 and B16 to be operated by third-party contractors;
3. Utilize Dual-Fuel Engines at Respondent-owned drilling sites in North Dakota and Wyoming for no less than 96,000 total engine dual-fuel operating hours;
4. Spend no less than \$2,000,000 on implementing the DERA SEP.
5. Respondent must also comply with the following requirements:
 - a. Permanently convert eight existing Diesel Engines into Dual-Fuel Engines and install the eight Dual-Fuel Engines into the drilling rigs within 5 months of the Effective Date of this Agreement;
 - b. Begin operation of the drilling rigs with the eight newly installed Dual Fuel Engines at sites owned by Respondent in Wyoming and North Dakota within 7 months of the Effective Date of this Agreement;
 - c. Select third-party DERA SEP implementer(s) for the operation of the drilling rigs, and provide the EPA with notice of the contractor/consultant selected to be the third-party implementer within 2 months of the Effective Date of this Agreement.
6. This DERA SEP is consistent with applicable EPA statutory and regulatory policy and guidelines, specifically the Diesel Emission Reduction Act of 2010 (P.L. 111-364), as well as EPA's 2015 Update to the 1998 Supplemental Environmental Projects Policy, (March 10, 2015). The DERA SEP advances at least one of the objectives of the CAA, 42 U.S.C. § 7401 et seq., by reducing NOx and CO emissions through engine upgrades on rigs used at Respondent's drilling sites in North Dakota and Wyoming. The DERA SEP is not inconsistent with any provision of the CAA. The DERA SEP relates to the alleged violation(s), and is designed to reduce:

- a. Emissions from drilling operations by approximately 120 tons of NO_x and 7 tons of CO emissions in Wyoming and North Dakota;
- b. The adverse impact to public health and/or the environment to which the alleged violations contribute;
- c. The overall risk to public health and/or the environment potentially affected by the alleged violations by reducing NO_x and CO emissions released to the atmosphere from Respondent's drilling operations;
- d. Emissions related to refining and transporting diesel for use in the drilling rigs.

7. By signing this Agreement, Respondent certifies the truth and accuracy of the following statements:

- a. That all cost information provided to the EPA in connection with the EPA's approval of the DERA SEP is complete and accurate and that Respondent in good faith estimates that the cost to implement the DERA SEP is at least \$2,000,000;
- b. That, as of the date of executing this Agreement, Respondent is not a party to any open federal financial assistance transaction that is funding or could fund the same activity as the DERA SEP described in this Appendix C;
- c. That, as of the date of executing this Agreement, Respondent is not required to perform or develop the DERA SEP by any federal, state, or local law or regulation and is not required to perform or develop the DERA SEP by agreement, grant, or as injunctive relief awarded in any other action in any forum;
- d. That it has inquired of the DERA SEP recipient and/or DERA SEP implementers whether either is a party to an open federal financial assistance transaction that is funding or could fund the same activity as the DERA SEP and has been informed by the recipient and/or the implementer that neither is a party to such a transaction;
- e. That Respondent has not received and will not receive reimbursement for any portion of the DERA SEP from another person or entity;
- f. That the DERA SEP is not a project that Respondent was planning or intending to construct, perform, or implement other than in settlement of the claims resolved in this Agreement;

- g. That Respondent has not received and will not receive credit for the DERA SEP in any other enforcement action;
- h. That for federal income tax purposes, Respondent agrees that it will neither capitalize into inventory or basis nor deduct any costs or expenditures incurred in performing the DERA SEP;
- i. That it would have agreed to perform a comparably valued, alternative project other than a DERA SEP, if the Agency were precluded by law from accepting a DERA SEP.

8. Respondent agrees that any public statement, oral or written, in print, film, or other media, made by Respondent making reference to the DERA SEP under this Agreement from the date of its execution of this Agreement shall include the following language:

“This project was undertaken in connection with the settlement of an enforcement action taken on behalf of the U.S. Environmental Protection Agency to enforce federal laws.”

9. Initial Report. Respondent will provide to EPA the following information within 7 months of the Effective Date of this Agreement:

- a. Copies of the contracts entered into with the drilling rig operators;
- b. The anticipated engine percentage natural gas-to-diesel usage of the retrofitted engines, anticipated project total emissions reduced for criteria pollutants and total HAPs (in tons), and the total diesel reduced by this project; and
- c. Certification of engine retrofit upon completion, including any work orders.
- d. A detailed description of the DERA SEP as it has been implemented at the time of the initial report;
- e. A detailed description of any challenges to the implementation of the DERA SEP at the time of reporting;

10. Completion Report. No later than 60 days after completion of the SEP, Respondent shall submit a SEP Completion Report to EPA. The Completion Report shall contain the following:

- a. Records showing the drilling rig locations over the 96,000 hours of operation;
- b. Records showing or estimating the fuel mix used during the 96,000 hours of operation;
- c. Records showing or estimating the average engine percentage natural gas-to-diesel usage of the retrofitted engines (by engine or site and project total);
- d. Records of or estimates of total natural gas and total diesel used during the project total, and the estimated total diesel reduced;
- e. Estimated actual total emissions reduced for criteria pollutants and HAP emissions (in tons);
- f. A detailed description of the DERA SEP as completed;
- g. A description of any problems executing the DERA SEPs and action taken to correct the problems;
- h. Documentation that the funds were spent in conformity with the DERA SEP as described;
- i. Documentation that the converted engines were permanently converted such that they will no longer be operated as Diesel Engines for the remaining life of the converted engines beyond the DERA SEP completion date;
- j. Certification that the Respondent has completed the DERA SEP in conformance with the Consent Agreement and this Appendix C;
- k. A description of the environmental and public health benefits resulting from the DERA SEP (quantify the benefits and pollution reductions, if feasible); and
- l. A certification of the truth and accuracy of the statements in the DERA SEP Completion Report signed by an appropriate corporate official.

11. After receipt of the DERA SEP Completion Report described in Paragraph 10 of this Appendix C above, EPA will, in writing to the Respondent, either:

- a. Identify any deficiencies in the DERA SEP Completion Report and grant Respondent an additional 30 days to complete the Report;
- b. Indicate that EPA concludes that the DERA SEP has been completed satisfactorily; or
- c. Determine that the project has not been completed satisfactorily and seek stipulated penalties in accordance with Paragraph 12 herein.

12. If EPA determines that the DERA SEP Completion Report is deficient, but EPA has not yet made a final determination about the adequacy of DERA SEP completion itself, Respondent may object in writing to the notification of deficiency given pursuant to this paragraph within 10 days of receipt of such notification. EPA and Respondent shall have an additional 30 days from the receipt by EPA of the notification of objection to reach agreement on changes necessary to the DERA SEP Report. If agreement cannot be reached on any such issue within this 30-day period, EPA shall provide a written statement of its decision on adequacy of the completion of the DERA SEP to Respondent, which decision shall be final and binding upon Respondent.

13. Stipulated Penalties. In the event that Respondent is unable to complete the DERA SEP project as described herein, including spending the minimum amount on the DERA SEP as set forth in this Appendix C, Respondent agrees to pay the following stipulated penalties:

- a. For every day Respondent is late in meeting the DERA SEP requirement, Respondent agrees to pay the following per day stipulated penalties:
 - i. \$450 per day for days 1-30
 - ii. \$2,500 per day for every day thereafter
- b. If Respondent fails to timely submit either the Initial Report or the Completion Report in accordance with the timelines set forth in this Agreement, Respondent agrees to pay the following per day stipulated penalties until Respondent submit the report in its entirety:
 - i. \$350 per day for days 1-30
 - ii. \$1,500 per day thereafter
- c. If Respondent does not satisfactorily complete the DERA SEP, including spending the minimum amount on the SEP set forth in this Appendix C, Respondent shall pay a stipulated penalty to the United

States in the amount of \$2,225,000.00. "Satisfactory completion" of the DERA SEP is defined as Respondent spending no less than \$2,000,000.00 to convert the eight Diesel Engines and install eight Dual Fuel Engines at drilling rigs within 5 months of the Effective Date of this Agreement; and operating the eight Dual Fuel Engines at the two drilling rigs (or alternative rig(s) onto which the engines may be placed) for no less than a cumulative total of 96,000 engine hours. The determination of whether the SEP has been satisfactorily completed shall be in the sole discretion of the EPA.

- d. Respondent shall pay stipulated penalties no more than 15 days after receipt of written demand by EPA for such penalties. The method of payment shall be in accordance with paragraphs **Error! Reference source not found.** and 89 of this Agreement.
- e. Notwithstanding the above, the United States may, in the unreviewable exercise of its discretion, reduce or waive stipulated penalties otherwise due under this Agreement.