

UNITED STATES DISTRICT COURT
DISTRICT OF NEW MEXICO

_____)	
UNITED STATES OF AMERICA and)	
NEW MEXICO ENVIRONMENT)	
DEPARTMENT,)	
)	
Plaintiffs,)	
)	Civil Action No. 1:24-cv-01055
vs.)	
)	
HILCORP ENERGY COMPANY,)	
)	
Defendant.)	
_____)	

**NOTICE OF LODGING OF
PROPOSED CONSENT DECREE**

Plaintiff United States has lodged with the Clerk of the Court a proposed settlement for this matter, in the form of a Consent Decree (Attachment A hereto). The proposed Consent Decree would, if entered by the Court, resolve the claims brought by the United States, on behalf of the U.S. Environmental Protection Agency (“the United States”), and the New Mexico Environment Department against Defendant Hilcorp Energy Company.

Pursuant to United States Department of Justice policy, before seeking entry of the Decree, the United States must publish a notice of the Consent Decree in the Federal Register upon lodging it with the Court and must allow 30 days for public comment on the Decree. Publication of notice of the proposed settlement is being arranged. The public will be given at least 30 days within which to submit any comment on the proposed Decree. After the close of the comment period, the United States will evaluate any comments received, determine whether any comments disclose facts or considerations which indicate that the proposed Consent Decree is

inappropriate, inadequate, or improper, and then advise the Court whether the proposed Consent Decree should be entered. This procedure is set forth in Paragraph 118 of the Consent Decree.

Accordingly, the United States respectfully requests that the Court not sign and enter the Consent Decree until such time as the United States files a motion for entry of the Decree.

Respectfully submitted,

TODD KIM
Assistant Attorney General
Environment and Natural Resources Division
United States Department of Justice

/s/ Scott M. Cernich
SCOTT M. CERNICH (DC Bar# 479851)
Senior Trial Attorney
Environmental Enforcement Section
Environment and Natural Resources Division
United States Department of Justice
P.O. Box 7611, Benjamin Franklin Station
Washington, DC 20044-7611
(202) 514-0056
scott.cernich@usdoj.gov
Attorney for Plaintiff United States of America

ALEXANDER M.M. UBALLEZ
United States Attorney

RUTH F. KEEGAN
Assistant United States Attorney
District of New Mexico
P.O. Box 607
Albuquerque, NM 87103
Phone: 505.224.1470
Mobile: 505.206.4197
Fax: 505.346.7296
Ruth.F.Keegan@usdoj.gov

CERTIFICATE OF SERVICE

I hereby certify that on October 17, 2024, I electronically filed the COMPLAINT and NOTICE OF LODGING OF PROPOSED CONSENT DECREE using the ECF System for filing.

I hereby further certify that on this same date I caused to be served the COMPLAINT and NOTICE OF LODGING OF PROPOSED CONSENT DECREE by U.S. first class mail on the following attorneys at the following addresses:

Ronald J. Tenpas
Vinson & Elkins
2200 Pennsylvania Ave., NW
Suite 500 West
Washington, DC 20037

Christopher Vigil
New Mexico Environment Department
121 Tijeras Avenue, NE, Suite 1000
Albuquerque, NM 87102

s/ Scott M. Cernich
Scott M. Cernich

ATTACHMENT A

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW MEXICO

_____)	
UNITED STATES OF AMERICA and)	
NEW MEXICO ENVIRONMENT)	
DEPARTMENT,)	
)	Civil Action No. 1:24-cv-01055
Plaintiffs,)	
)	
vs.)	
)	
HILCORP ENERGY COMPANY,)	
)	
Defendant.)	
_____)	

CONSENT DECREE

TABLE OF CONTENTS

I.	JURISDICTION AND VENUE	2
II.	APPLICABILITY	3
III.	DEFINITIONS	4
IV.	CIVIL PENALTY	7
V.	COMPLIANCE REQUIREMENTS	10
VI.	THIRD PARTY VERIFICATION	21
VII.	APPROVAL OF DELIVERABLES	29
VIII.	MITIGATION	31
IX.	REPORTING REQUIREMENTS	32
X.	STIPULATED PENALTIES	34
XI.	FORCE MAJEURE	39
XII.	DISPUTE RESOLUTION	41
XIII.	INFORMATION COLLECTION AND RETENTION	44
XIV.	EFFECT OF SETTLEMENT/RESERVATION OF RIGHTS	46
XV.	COSTS	48
XVI.	NOTICES	48
XVII.	EFFECTIVE DATE	50
XVIII.	RETENTION OF JURISDICTION	50
XIX.	MODIFICATION	50
XX.	TERMINATION	50
XXI.	PUBLIC PARTICIPATION	51
XXII.	SIGNATORIES/SERVICE	52
XXIII.	INTEGRATION	52
XXIV.	26 U.S.C. SECTION 162(F)(2)(A)(II) IDENTIFICATION	52
XXV.	HEADINGS	53
XXVI.	FINAL JUDGMENT	53
XXVII.	APPENDICES	53

Plaintiffs, United States of America, on behalf of the United States Environmental Protection Agency (“EPA”) and the New Mexico Environment Department (“NMED”), have filed a Complaint in this action pursuant to the Clean Air Act, 42 U.S.C. § 7401 *et seq.* (the “Act” or “CAA”) concurrently with this Consent Decree, alleging that Defendant, Hilcorp Energy Company (“Hilcorp”), violated the following:

- a. Section 111 of the Act, 42 U.S.C. § 7411, and its implementing regulations, the New Source Performance Standards (“NSPS”) for Crude Oil and Natural Gas Facilities for Which Construction, Modification, or Reconstruction Commenced After September 18, 2015 and on or Before December 6, 2022, 40 C.F.R. Part 60, Subpart OOOOa (“NSPS Subpart OOOOa”); and
- b. New Mexico Air Quality Control Act (“AQCA”), NMSA § 74-2-1 to -17, and its implementing regulations at Part 20.2.77 of the New Mexico Administrative Code (“NMAC”).

The Complaint alleges that from 2017 through 2021 Hilcorp owned and operated gas Wells in Rio Arriba County and San Juan County, New Mexico and conducted Well completion operations on at least 192 of those Wells, including Flowback operations.

The Complaint further alleges that Hilcorp’s Well completions and Flowbacks were subject to the requirements of NSPS Subpart OOOOa, and that, for the vast majority of those Well completions, Hilcorp failed to minimize emissions, including methane and volatile organic compounds (“VOC”), during the entirety of the Flowback in violation of NSPS Subpart OOOOa, which requires Well Operators to conduct reduced emission completion operations when feasible, and otherwise minimize methane and VOC emissions during Flowback.

The Complaint further alleges that Hilcorp violated various reporting requirements under

NSPS Subpart OOOOa.

The Parties recognize, and the Court by entering this Consent Decree finds, that this Consent Decree has been negotiated by the Parties in good faith and will avoid litigation among the Parties and that this Consent Decree is fair, reasonable, and in the public interest.

NOW, THEREFORE, before the taking of any testimony, without the adjudication or admission of any issue of fact or law except as provided in Section I, and with the consent of the Parties, IT IS HEREBY ADJUDGED, ORDERED, AND DECREED as follows:

I. JURISDICTION AND VENUE

1. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331, 1345, and 1355, and Section 113(b) of the Act, 42 U.S.C. § 7413(b), and over the Parties. The Court has supplemental jurisdiction over NMED's state law claims under the AQCA pursuant to 28 U.S.C. § 1367 because the NMED claims are so related to the claims in the United States' action that they form part of the same case or controversy. Venue is proper within this district pursuant to Section 113(b) of the CAA, 42 U.S.C. § 7413(b), and 28 U.S.C. §§ 1391(b), 1391(c), and 1395(a) because Hilcorp conducts business, and the violations that constitute the basis for this Complaint occurred, in this judicial district.

2. For purposes of this Consent Decree, or any action to enforce this Consent Decree, Hilcorp consents to the Court's jurisdiction over this Consent Decree and any such action and over Hilcorp and consents to venue in this judicial district.

3. For purposes of this Consent Decree, Hilcorp agrees that the Complaint states claims upon which relief may be granted pursuant to Section(s) 111 and 113(b) of the Act, 42 U.S.C. §§ 7411 and 7413(b).

II. APPLICABILITY

4. The obligations of this Consent Decree apply to and are binding upon the United States, NMED, and upon Hilcorp and any successors, assigns, or other entities or persons otherwise bound by law.

5. The obligations of this Consent Decree apply to every Well in New Mexico for which Hilcorp, or any parent, subsidiary, or affiliate of Hilcorp, is the Operator, and includes any oil or gas Well for which Hilcorp is the registered Operator pursuant to 19.15.9.8 NMAC or becomes the registered Operator pursuant to 19.15.9.9 NMAC. Hilcorp has provided a list of all such Wells as of the Date of Lodging to EPA.

6. This Consent Decree does not prohibit the sale or transfer of ownership by Hilcorp of a working interest in any Well under this Consent Decree, provided that in the event that Hilcorp remains the Operator of such a Well after transfer of any ownership interest, Hilcorp shall remain bound to the obligations of, and the Well shall remain a Well subject to, this Consent Decree. In the event that Hilcorp fully divests itself of its role as Operator of any Well or otherwise transfers operatorship of any Well, such Well shall no longer be treated as a Well subject to this Consent Decree provided that the transfer of operatorship is not to any parent, subsidiary, or affiliate of Hilcorp. If Hilcorp proposes to transfer the operatorship of any Well to a third party unaffiliated with Hilcorp, Hilcorp shall, at least 30 Days prior to the transfer, give notice to the United States and NMED. At or before the date of transfer, for informational purposes, Hilcorp shall provide to the new Operator a copy of this Consent Decree and its Standard Operating Procedures (“SOP”) then in effect under this Consent Decree (see Paragraph 28).

7. Any Well for which Hilcorp becomes the Operator after the Date of Lodging shall also be a Well subject to this Consent Decree. Hilcorp shall, within 30 Days of becoming the Operator of such Well, provide notice to EPA, NMED, and DOJ in accordance with Section XVI (Notices).

8. Nothing in this Consent Decree alters or relieves Hilcorp from any obligation that Hilcorp may have as the owner or Operator of an affected facility under NSPS Subpart OOOOa or NSPS for Crude Oil and Natural Gas Facilities for Which Construction, Modification or Reconstruction Commenced After December 6, 2022, 40 C.F.R. Part 60, Subpart OOOOb (“NSPS Subpart OOOOb”), as applicable.

9. Hilcorp shall provide a copy of this Consent Decree to all officers, employees, and agents whose duties might reasonably include compliance with any provision of this Consent Decree, as well as to any contractor retained to perform work required under this Consent Decree. Hilcorp shall condition any such contract upon performance of the work in conformity with the terms of this Consent Decree.

10. In any action to enforce this Consent Decree, Hilcorp shall not raise as a defense the failure by any of its officers, directors, employees, agents, or contractors to take any actions necessary to comply with the provisions of this Consent Decree.

III. DEFINITIONS

11. Terms used in this Consent Decree that are defined in the Act or in regulations promulgated pursuant to the Act have the meanings assigned to them in the Act or such regulations, unless otherwise provided in this Consent Decree. Whenever the terms set forth below are used in this Consent Decree, the following definitions apply:

“Artificial Lift Equipment” means mechanical pumps including, but not limited to, rod pumps and electric submersible pumps used to flowback fluids from a Well;

“Approving Official” means Hilcorp’s Chief Operations Engineer, unless otherwise designated pursuant to Section XVI (Notices);

“Chokes” are flow restrictions that control the rate at which Flowback fluids are produced. Chokes can be adjustable or fixed (non-adjustable). Adjustable Chokes can be operated manually or hydraulically, the latter generally being reserved for high pressure Flowbacks;

“Coil Tubing Cleanout” means the process where an Operator runs a string of coil tubing to the packed proppant within a Well and jets the Well to dislodge the proppant and provide sufficient lift energy to flow it to the surface. Coil Tubing Cleanout includes mechanical methods to remove solids and/or debris from a Wellbore;

“Complaint” means the complaint filed by the United States and NMED in this action;

“Consent Decree” means this decree and all appendices attached hereto (listed in Section XXVII);

“Date of Lodging” shall mean the date this Consent Decree is filed for lodging with the Clerk of the Court for the United States District Court for the District of New Mexico;

“Day” means a calendar day unless expressly stated to be a business day. In computing any period of time for a deadline under this Consent Decree, where the last day would fall on a Saturday, Sunday, or federal holiday, the period runs until the close of business of the next business day;

“DOJ” means the United States Department of Justice and any of its successor departments or agencies;

“EPA” means the United States Environmental Protection Agency and any of its successor departments or agencies;

“Effective Date” means the definition provided in Section XVII;

“Flowback” means the process of allowing fluids and entrained solids to flow from a Well following a treatment, either in preparation for a subsequent phase of treatment or in preparation for cleanup and returning the Well to production. Screenouts, Coil Tubing Cleanouts, and Plug Drill-Outs are not considered part of the Flowback process or Flowback Period. The term “Flowback” also means the fluids and entrained solids that emerge from a Well during the Flowback process;

“Flowback Period” means the period of the Flowback process that begins when material introduced into the Well during the treatment returns to the surface following hydraulic fracturing or refracturing and ends when either the Well is shut in and permanently disconnected from the Flowback Equipment or at the startup of production. The Flowback Period includes the initial Flowback stage and the separation Flowback stage;

“Flowback Equipment” is the operating equipment used during the Flowback Period associated with causing and controlling the Flowback that emerges from the Well, including such equipment as the Flowback Manifold, Flowback Separator, tankage and combustion device;

“Flowback Manifold” is an accessory system of Chokes, piping, and valves that provide for control of fluids during Flowback after fracture stimulation;

“Flowback Separator” is a pressurized vessel used for separating the fluid components of a liquid stream into both gaseous and liquid constituents;

“Hilcorp” means Hilcorp Energy Company;

“NMED” means the New Mexico Environment Department;

“Operator” means any person who operates, controls, or supervises a Well facility;

“Paragraph” means a portion of this Consent Decree identified by an Arabic numeral;

“Parties” means the United States, NMED, and Hilcorp;

“Plug Drill-Out” means the removal of a plug (or plugs) that was (were) used to isolate different sections of the Well;

“Reduced Emissions Completion” or “REC” is a practice defined in 40 C.F.R. § 60.5430a that captures gas produced during Well completions following hydraulic fracturing;

“Screenout” means an attempt to clear proppant from the wellbore to dislodge proppant out of the Well;

“Section” means a portion of this Consent Decree identified by a Roman numeral;

“Separation Flowback Stage” is the period during a Well completion operation when it is technically feasible for a separator to function. The Separation Flowback Stage ends either at the startup of production, or when the Well is shut in and permanently disconnected from the Flowback Equipment;

“Senior Supervisor” is the senior-most individual, whether a Hilcorp employee or third-party contract employee, responsible for Flowback operations;

“State” means the State of New Mexico;

“United States” means the United States of America, acting on behalf of EPA;

“Well” means a hole drilled for the purpose of producing oil or natural gas, or a well into which fluids are injected.

IV. CIVIL PENALTY

12. Within 30 Days after the Effective Date, Hilcorp shall pay the sum of \$9,400,000 as a civil penalty, together with interest accruing from the Date of Lodging, at the rate specified

in 28 U.S.C. § 1961. The civil penalty payment will be divided between the United States and the State as specified below.

13. Hilcorp shall pay \$4,700,000 of the civil penalty, together with interest, to the United States by FedWire Electronic Funds Transfer (“EFT”) to the DOJ account, in accordance with instructions provided to Hilcorp by the Financial Litigation Unit (“FLU”) of the United States Attorney’s Office for the District of New Mexico after the Effective Date. The payment instructions provided by the FLU will include a Consolidated Debt Collection System (“CDCS”) number, which Hilcorp shall use to identify all payments required to be made in accordance with this Consent Decree. The FLU will provide the payment instructions to:

Spencer Kerr
SVP – General Counsel
1111 Travis
Houston, TX 77002
(713) 757-5221
skerr@hilcorp.com

With a copy to:
Matt Vicenik
EH&S Director
1111 Travis
Houston, TX 77002
(713) 289-2951
mvicenik@hilcorp.com

on behalf of Hilcorp. Hilcorp may change the individual to receive payment instructions on its behalf by providing written notice of such change to DOJ and EPA in accordance with Section XVI (Notices).

14. Hilcorp shall pay \$4,700,000 of the civil penalty, together with interest, to the State of New Mexico General Fund, NMED-Air Quality Bureau, 525 Camino de los Marquez, Suite 1, Santa Fe, New Mexico, 87505 by wire transfer (ACH deposit) or by certified or

corporate check. On the date that delivery of funds is initiated, Hilcorp shall notify the Air Quality Bureau by email at ENV-AQB.Settlement.Notifications@state.nm.us.

15. Wire transfers made pursuant to Paragraph 14 must be made to Wells Fargo Bank as follows:

Wells Fargo Bank, N.A.
100 W Washington Street, Floor 20
Phoenix, AZ 85003
Routing Transit Number: 121000248
Deposit Account Number: 4123107799
Descriptor: NMED-AQB-C&E

16. Certified or corporate checks made pursuant to Paragraph 14 must be sent to the following address:

New Mexico Environment Department
Air Quality Bureau
c/o Compliance and Enforcement Manager
525 Camino de los Marquez, Suite 1
Santa Fe, New Mexico 87505

17. At the time of payment to the United States, Hilcorp shall send notice that payment has been made: (i) to EPA via email at cinwd_acctsreceivable@epa.gov or via regular mail at EPA Cincinnati Finance Office, 26 W. Martin Luther King Drive, Cincinnati, Ohio 45268; (ii) to DOJ via email or regular mail in accordance with Section XVI; and (iii) to EPA in accordance with Section XVI. Such notice shall state that the payment is for the civil penalty owed pursuant to the Consent Decree in United States of America and New Mexico Environment Department v. Hilcorp Energy Company and shall reference the civil action number, CDCS Number and DOJ case number #90-5-2-1-12445.

18. Hilcorp shall not deduct any penalties paid under this Consent Decree pursuant to this Section or Section X (Stipulated Penalties) in calculating its federal or State income tax.

V. COMPLIANCE REQUIREMENTS

19. No later than the Effective Date, prior to the commencement of, and at all times during, Well completions or Well completion operations, Hilcorp shall comply with all applicable requirements of the CAA and the AQCA and their implementing regulations, including but not limited to the applicable sections of NSPS Subparts OOOOa or OOOOb, and Part 20.2.77 of the NMAC. Wildcat and delineation Wells (as defined in NSPS Subpart OOOOa or OOOOb, as applicable) are not subject to any other Section V Compliance Requirement of this Consent Decree besides this Paragraph 19.

20. Flowback Separator. No later than the Effective Date, for each stage of the Well completion operation, Hilcorp shall have a Flowback Separator onsite or otherwise available for use at a centralized facility or well pad that services the Well during Well completions. The Flowback Separator must be available and ready for immediate use to comply with Section V during the entirety of the Flowback Period (except as provided in 40 C.F.R. § 60.5375a(a)(1)(iii)(A)-(C) or § 60.5375b(a)(1)(iii)(A)-(C), as applicable). The Flowback Separator shall meet the following criteria:

- a. The Flowback Separator must be capable of accommodating the fluids (including gases) and entrained solids that flow from a Well following fracturing treatment, regardless of whether it also serves as a production separator.
- b. The Flowback Separator shall be sized appropriately to safely and continuously handle the pressures and flow rates of all anticipated liquid, gas, and solids during the Flowback Period.

21. Determination of Technical Feasibility and Compliance with All Non-Low Pressure Well Requirements (40 C.F.R. § 60.5375a(a) or § 60.5375b(a), as applicable). No later than the Effective Date, prior to the commencement of, and at all times during, Well completion or recompletion operations, in order to ensure compliance with the REC requirements of 40 C.F.R. § 60.5375a(a) or § 60.5375b(a), as applicable, Hilcorp shall do the following for each Well completion operation:

- a. During the Flowback Period, route the Flowback into one or more Well completion vessels or storage vessels and commence operation of a Flowback Separator as soon as possible unless it is technically infeasible for a separator to function. Hilcorp must keep a log for each Well completion operation at each Well facility. The log must be completed on a daily basis for the duration of the Well completion operation and must contain all of the records listed in 40 C.F.R. § 60.5420a(c)(1)(iii) or § 60.5420b(c)(1)(iii), as applicable.
- b. Hilcorp must make a determination whether it is technically feasible for a Flowback Separator to function for each individual Well completion operation.
- c. During the Separation Flowback Stage, Hilcorp shall carry out one of the following options with respect to the recovered liquids from the separator:
 - (1) Route all recovered liquids from the Flowback Separator to one or more Well completion vessels or storage vessels;
 - (2) Re-inject the recovered liquids into the Well or another Well; or
 - (3) Route the recovered liquids to a collection system.

- d. During the Separation Flowback Stage, Hilcorp will carry out one of the following REC options with respect to the recovered gas from the Flowback Separator, unless Hilcorp determines that all the REC options are technically infeasible:
 - (1) Route all recovered liquids from the separator to one or more Well completion vessels or storage vessels;
 - (2) Re-inject the recovered gas into the Well or another Well;
 - (3) Use the recovered gas as an onsite fuel source; or
 - (4) Use the recovered gas for another useful purpose that a purchased fuel or raw material would serve.
- e. Where Hilcorp determines that all of the REC options set forth in Paragraph 21.d are technically infeasible, Hilcorp shall record in detail the reasons for the claim of technical infeasibility with respect to all four REC options in accordance with 40 C.F.R. § 60.5420a(c)(1)(iii)(A) or § 60.5420b(c)(1)(iii)(A), as applicable.
- f. Where Hilcorp determines that all of the REC options are technically infeasible, Hilcorp will capture and direct all recovered gas to a completion combustion device, except in conditions that may result in a fire hazard or explosion. Completion combustion devices must be equipped with a reliable continuous pilot flame.
- g. Hilcorp shall maximize resource recovery and minimize releases to the atmosphere during Flowback and subsequent recovery.

22. Determination of Low Pressure Well Status and Compliance with Low Pressure Well Requirements (40 C.F.R. § 60.5375a(f)) or § 60.5375b(f), as applicable). No later than the Effective Date, prior to the commencement of, and at all times during, Well completion or recompletion operations Hilcorp: (1) may determine for each individual Well, whether the Well meets one of the NSPS Subpart OOOOa or OOOOb conditions, as applicable, to be classified as a low pressure Well (as defined in NSPS Subpart OOOOa or OOOOb, as applicable); and (2) if a low pressure Well condition is met, shall implement the procedures required for a low pressure Well provided in NSPS Subpart OOOOa or OOOOb, as applicable. If the Well is not a low pressure Well, Hilcorp shall comply with Paragraph 21 above.

a. If a Well meets at least one of the conditions below, it may be classified as a low pressure Well:

- (1) The static pressure at the wellhead following fracturing but prior to the onset of Flowback is less than the flow line pressure;
- (2) The pressure of Flowback fluid immediately before it enters the flow line is less than the flow line pressure; or
- (3) Flowback of the fracture fluids will not occur without the use of Artificial Lift Equipment, which means mechanical pumps, including, but not limited to, rod pumps and electric submersible pumps, used to flowback fluids from a Well. The following are not Artificial Lift Equipment: (a) pumps used to pump hydraulic fracturing fluids into a Well (including the specialized pumps or compressors used to energize those fluids); or (b) equipment used for drilling-out plugs and for Well clean-outs (including, but not

limited to, Coil Tubing Cleanouts and/or the use of energized Well servicing fluids or compressed air). Use of energized fracturing or energized clean-out fluids is not an “artificial lift” technique and is not a basis for designating a Well as a low pressure Well.

- b. If Hilcorp proposes to use Artificial Lift Equipment on a Well and rely on the use of that equipment to claim a “low pressure Well” exception under 40 C.F.R. § 60.5375a or § 60.5375b, as applicable, Hilcorp must submit to DOJ, EPA, and NMED a plan describing in detail the proposed use of Artificial Lift Equipment for review and approval. Hilcorp shall submit such plan at least 21 Days prior to the Well completion operation in accordance with requirements of Section XVI (Notices). EPA shall inform Hilcorp of its decision within 14 Days after receipt of Hilcorp’s plan.
- c. If Hilcorp determines that a Well is a low pressure Well, Hilcorp shall route all Flowback into one or more Well completion vessels and commence operation of a Flowback Separator as soon as possible unless it is technically infeasible for a Flowback Separator to function. Any gas present in the initial Flowback stage before the separator can function is not subject to control. Hilcorp must keep a log for each Well completion operation at each Well. The log must be completed on a daily basis for the duration of the Well completion operation and must contain the records listed in 40 C.F.R. § 60.5420a(c)(1)(iii) or § 60.5420b(c)(1)(iii), as applicable.
- d. Hilcorp shall route recovered gas to a completion combustion device

equipped with a reliable continuous pilot flame, such as an atmospheric flare (but excluding in all cases pit flares), until such time as the gas stream can be routed to the flowline for sales, except in conditions that may result in a fire hazard or explosion.

- e. In accordance with the recordkeeping requirements listed below in Paragraph 25, Hilcorp shall maintain records for each Well for which Hilcorp determines that the low pressure Well criteria under § 60.5430a or § 60.5430b, as applicable, were satisfied, including a record of the determination, and supporting inputs and calculations under the low pressure Well equation described in 40 C.F.R. § 60.5432a or § 60.5432b, as applicable.

23. Notification Requirements (40 C.F.R. § 60.5420a(a) or § 60.5420b(a), as applicable).

- a. In addition to complying with the applicable notification requirements for Well facilities set forth in NSPS Subpart OOOOa or OOOOb, beginning no later than the Effective Date, Hilcorp shall provide to EPA, NMED, and DOJ (via email in accordance with Section XVI (Notices)) a preliminary notice of any expected completion operation no later than 20 Days prior to the planned commencement of each Well completion operation (“20-Day Notice”). All notices provided under this Paragraph 23 must include the following information for each Well completion operation: (a) a Hilcorp contact knowledgeable about the planned completion; (b) the United States Well number; (c) the latitude and

longitude coordinates for the Well in decimal degrees to an accuracy and precision of 5 decimals of a degree using the North American Datum of 1983; and (d) the planned date of commencement of the completion operation.

- b. Hilcorp may supplement the 20-Day Notice with additional Well completion operations if: (1) the additional Well completion operation occurs at a Well within 100 miles of Hilcorp's regional office in Aztec, New Mexico and (2) no later than 7 Days prior to the commencement of the additional Well completion operation, Hilcorp provides notice to EPA, NMED, and DOJ (via email in accordance with Section XVI (Notices)) ("7-Day Notice").
- c. Notwithstanding the 20-Day Notice and 7-Day Notice requirements of Paragraph 23, Hilcorp may conduct a Well completion operation at a location previously identified in the 20-Day Notice or 7-Day Notice if required to address an unforeseeable technical or operational challenge in the following two circumstances and subject to the following conditions: (1) if the unforeseeable technical or operational challenge is discovered less than 7 Days prior to commencement of the completion operation but not on the planned day of a Well completion operation and Hilcorp provides notice (including the telephone number of a Hilcorp point of contact for the completion operation to EPA, NMED, and DOJ via email in accordance with Section XVI (Notices)) at least 24 hours prior to the completion operation; or (2) if the unforeseeable technical or operational

challenge is discovered on the planned date of a Well completion operation, and Hilcorp provides immediate notice (prior to commencement of the completion operation) (including the telephone number of a Hilcorp point of contact for the completion operation(s) to EPA, NMED, and DOJ via email in accordance with Section XVI (Notices)) of the change. All notices under this Paragraph 23.c must include an explanation of the unforeseeable technical or operational challenge claimed by Hilcorp.

24. Annual Reporting (40 C.F.R. § 60.5420a(b) or § 60.5420b(b), as applicable).

- a. Pursuant to 40 C.F.R. § 60.5420a(b) or § 60.5420b(b), as applicable, Hilcorp shall submit initial annual reports no later than 90 Days after the end of the initial compliance period. Subsequent reports will be submitted no later than the same date each year as the initial annual report. Hilcorp shall concurrently submit each annual report to EPA, NMED, and DOJ in accordance with Section XVI (Notices).
- b. Annual reports must contain all of the information specified in 40 C.F.R. § 60.5420a(b)(1) or § 60.5420b(b)(1), as applicable.
- c. For each Well completion operation conducted during the reporting period, Hilcorp shall submit the information specified in paragraphs (b)(2)(i) through (xiv) of 40 C.F.R. § 60.5420a, or paragraphs (b)(2)(i) through (xiv) of 40 C.F.R. § 60.5420b, as applicable, including, but not limited to: the date and time of the onset of Flowback; the date and time of each attempt to direct Flowback to a Flowback Separator; the duration of

Flowback; the duration of recovery and disposition of recovery; the duration of combustion; the duration of venting; specific reasons for venting in lieu of capture or combustion; and, for each Well facility for which Hilcorp claims that it is technically infeasible to route the recovered gas from the Separation Flowback Stage, the specific exception claimed under 40 C.F.R. § 60.5375a(a)(3) or § 60.5375b(a)(2), as applicable, and reasons why the Well meets the claimed exception.

- d. Hilcorp shall comply with all other applicable reporting requirements included in NSPS Subpart OOOOa or OOOOb.

25. Recordkeeping (40 C.F.R. § 60.7 and 40 C.F.R. § 60.5420a(c) or 40 C.F.R. § 60.5420b(c), as applicable). Hilcorp shall maintain the records identified in 40 C.F.R. § 60.7(f) and § 60.5420a(c)(1) or § 60.5420b(c)(1), including but not limited to:

- a. Records of deviations in cases where Well completion operations with hydraulic fracturing were not performed in compliance with 40 C.F.R. § 60.5375a or § 60.5375b, as applicable.
- b. Daily log records containing all information specified in 40 C.F.R. § 60.5420a(c)(1)(iii)(A) or § 60.5420b(c)(1)(iii)(A), as applicable. Specifically, for Wells where Hilcorp has determined it is technically infeasible to route the recovered gas to any of the four REC options specified in 40 C.F.R. § 60.5375a(a)(1)(ii) or § 60.5375b(a)(1)(ii) as applicable, the reasons for the claim of technical infeasibility with respect to all four options, including but not limited to: name and location of the nearest gathering line and technical considerations preventing routing to

this line; capture, reinjection, and reuse technologies considered and aspects of gas or equipment preventing use of recovered gas as a fuel onsite; and technical considerations preventing use of recovered gas for another useful purpose that a purchased fuel or raw material would serve.

- c. Records for each Well facility for which Hilcorp claims an exception under 40 C.F.R. § 60.5375a(a)(3) or § 60.5375b(a)(2), when technically infeasible to route the recovered gas as required in 40 C.F.R. § 60.5375a(a)(1)(ii) or § 60.5375b(a)(1)(ii), as applicable, including but not limited to an explanation of why the Well meets the claimed exception.
- d. Records for each Well facility for which Hilcorp determines that the low pressure Well criteria under 40 C.F.R. § 60.5430a or § 60.5430b, as applicable, was satisfied, including a record of the determination and supporting inputs and calculations per the low pressure Well equation described in 40 C.F.R. § 60.5432a or § 60.5432b, as applicable. If Hilcorp determines that Flowback did not occur without the use of Artificial Lift Equipment, the records should indicate the date and time when such determination was made.

26. Hilcorp shall maintain all required records under 40 C.F.R. § 60.5420a or § 60.5420b, as applicable, onsite or at the nearest local field office, for at least five years. Any records required to be maintained by NSPS Subpart OOOOa or OOOOb, as applicable, that are submitted electronically via the EPA's Central Data Exchange may be maintained in electronic format.

27. Hilcorp shall comply with all other applicable recordkeeping requirements included in NSPS Subpart OOOOa or OOOOb, as applicable.

28. Standard Operating Procedures. Prior to the Date of Lodging this Consent Decree with the Court, Hilcorp provided to EPA, NMED, and DOJ a proposed SOP to implement the requirements of Paragraphs 19 through 27, which EPA, NMED, and DOJ approved. If Hilcorp proposes any changes to the SOP, Hilcorp must submit the proposed changes in writing to EPA, NMED and DOJ at least fifteen (15) Days prior to implementing such change.

29. Hilcorp identified its Approving Official for purposes of implementing the SOP. If Hilcorp changes its Approving Official, Hilcorp shall provide notice under Section XVI (Notices).

30. Hilcorp may make changes to an approved SOP if Hilcorp's Approving Official determines that the changes will not impact compliance with the requirements of Paragraphs 19 through 27. If Hilcorp's Approving Official determines that changes to an approved SOP may impact compliance with such requirements, the Approving Official shall either deny the change or recommend modification that will not impact compliance with such requirements.

31. Notwithstanding the foregoing, in the event Hilcorp must change the SOP for safety or other technical reasons for completion operations scheduled to occur within 15 Days, Hilcorp may implement the change for such completion operations, and shall give notice of the affected Well and explanation of the reason for the change to EPA, NMED, and DOJ no later than 7 Days following the end of the completion operation. Nothing in this Paragraph shall be deemed to prevent operational changes or adjustments made in the course of a Well completion and authorized by the Senior Supervisor in order to protect human health, safety or the

environment provided that any such deviation shall be promptly reported to the EPA and NMED pursuant to Section XVI (Notices).

32. Hilcorp's compliance with the approved SOP does not replace Hilcorp's obligation to comply with the NSPS Subpart OOOOa or OOOOb requirements, as applicable, and the requirements in Paragraphs 19 through 27 of this Consent Decree.

VI. THIRD PARTY VERIFICATION

33. Scope. Hilcorp shall hire an independent third-party verifier ("Verifier") to conduct a compliance verification program in accordance with Paragraph 40 ("Compliance Verification Program") for each of Hilcorp's Well completions that are performed within three years of the Effective Date under which the Verifier shall (a) evaluate Hilcorp's compliance with the Consent Decree and with NSPS Subpart OOOOa or OOOOb requirements, as applicable, for Well completion operations; and (b) complete a Verification Program Report as detailed in Paragraph 41.

34. Hilcorp shall bear the cost of retaining the Verifier and shall ensure that the Verifier conducts the Compliance Verification Program in accordance with the requirements of this Section VI.

35. Submittal Process and Verifier Requirements. Within 30 Days of the Effective Date, Hilcorp shall submit to the United States and NMED the names and qualifications of at least two Verifiers that meet the following requirements:

- a. The proposed Verifier has expertise and competence in Well completions and Well completion requirements provided in NSPS OOOOa or OOOOb, as applicable;
- b. The proposed Verifier and its personnel have not been employed by

Hilcorp, have not conducted research and/or development for Hilcorp, and have not provided advisory services of any kind (including but not limited to design, construction, financial, engineering, hazardous waste management, legal, or consulting services) to Hilcorp, and relating to Hilcorp's operations in New Mexico, within two years of the Effective Date;

- c. The proposed Verifier has not been retained by Hilcorp to satisfy any of the requirements of Section V (Compliance Requirements) of this Consent Decree; and
- d. The proposed Verifier has executed the certification attached to the Consent Decree as Appendix A. A copy of the certification for each proposed Verifier shall be submitted to the United States and NMED along with the list of proposed Verifiers.

36. Approval Process.

- a. The United States, after consulting with NMED, shall inform Hilcorp in writing which of the proposed Verifiers, if any, it has approved. Within 30 Days of the United States' written approval, Hilcorp shall retain the approved candidate to serve as the Verifier and to perform the activities set forth in this Section VI.
 - (1) If Hilcorp is unable to retain the approved candidate to serve as the Verifier to perform the activities set forth in this Section VI, Hilcorp must promptly notify the United States and NMED in writing. Such notice shall include the reason that Hilcorp cannot

retain the approved Verifier candidate.

- (2) Within 30 Days of providing notice pursuant to Paragraph 36.a.(1), Hilcorp shall submit to the United States and NMED the name and qualifications of another proposed Verifier that meets the requirements in Paragraph 35 of this Section VI. The United States, after consulting with NMED, shall provide written approval or disapproval of the proposed Verifier, per Paragraphs 35 and 36.

- b. If, after good faith efforts, Hilcorp cannot identify another proposed Verifier in compliance with Paragraph 36.a.(2) above, Hilcorp, the United States, and NMED shall consult regarding the requirements for identifying a new Verifier.

37. Disapproval Process.

- a. If the United States disapproves of all proposed Verifiers, Hilcorp shall, within 30 Days of receipt of the United States' written notification, submit to the United States for approval the names and qualifications of an additional proposed Verifier that meets the qualifications set forth in Paragraph 35 of this Section. The United States, after consulting with NMED, shall again provide written approval or disapproval of the proposed Verifier, per Paragraphs 36 and 37 of this Section VI.
- b. If, after good faith efforts, Hilcorp cannot identify another proposed Verifier in compliance with Paragraph 36.a.(2) above, Hilcorp, the United States, and NMED shall consult regarding the requirements for identifying a new Verifier.

38. Verifier Replacement Procedure. If Hilcorp or the United States determines that the Verifier approved by the United States cannot satisfactorily perform the required Compliance Verification Program, Hilcorp, the United States and NMED shall informally confer. If they agree that a new Verifier should be selected, Hilcorp shall submit to the United States and NMED for approval the name and qualifications of one proposed replacement Verifier that meets the qualifications set forth in Paragraph 35 of this Section. If Hilcorp and the United States do not agree on the need to select a replacement Verifier, the United States' position shall control, subject to Hilcorp's right to invoke the dispute resolution procedures in Section XII (Dispute Resolution) of this Consent Decree.

39. Nothing in Paragraph 38 precludes the United States and NMED from assessing stipulated penalties for missed Compliance Verification Program deadlines associated with the need to replace a Verifier, unless Hilcorp successfully asserts that the inability of the Verifier to perform the required Compliance Verification Programs was due to a Force Majeure event in accordance with Section XI (Force Majeure) of this Consent Decree.

40. Conducting the Compliance Verification Program.

- a. Hilcorp shall give the Verifier a copy of this Consent Decree and all appendices, and all other information and access necessary to complete the Compliance Verification Program.
- b. Hilcorp shall ensure that the Verifier will evaluate Hilcorp's compliance with Section V of the Consent Decree and NSPS Subpart OOOOa or OOOOb, as applicable, for each Well completion.
- c. During each year (commencing on the date Hilcorp receives approval of the Verifier under Paragraph 36), the Verifier will conduct a site visit to 10

percent (10%) of Hilcorp's Well completions (but in no event fewer than 10 Well completions per year). Inspections shall be in accordance with Hilcorp's health and safety policies and procedures. Hilcorp shall provide the Verifier access to the Well site and to Hilcorp records sufficient to permit the Verifier to confirm compliance with the Consent Decree and the Well completion requirements of NSPS Subpart OOOOa or OOOOb, as applicable.

- d. One or more representatives of Hilcorp with a comprehensive understanding of this Consent Decree shall accompany the Verifier during the on-site portion of the Compliance Verification Program. The representatives of Hilcorp shall not interfere with the independent judgment of the Verifier.
- e. Hilcorp shall permit representatives of EPA and NMED to participate in the on-site portion of the Compliance Verification Program as observers. Hilcorp shall notify EPA and NMED at least 14 Days before each scheduled on-site visit by the Verifier to allow EPA and NMED time to make arrangements for observers to be present.
- f. Hilcorp shall cooperate fully with any reasonable requests of the Verifier, and provide the Verifier with access, upon reasonable notice and taking into account operational impacts, to all records, employees, contractors, and properties under Hilcorp's ownership or control that the Verifier reasonably deems appropriate to effectively perform the duties described in this Section.

- g. Hilcorp shall not employ the Verifier or any of its personnel who managed, conducted, or otherwise participated in this Compliance Verification Program to provide any other commercial, business, or voluntary services to Hilcorp relating to Hilcorp's operations in New Mexico for a period of at least one year following the Verifier's submission of its final Verification Program Report.

41. The Compliance Verification Program Report. Hilcorp shall direct the Verifier to prepare semi-annual (per calendar year) Compliance Verification Program Reports describing work performed and conclusions reached by the Verifier pursuant to Paragraph 40. Hilcorp shall ensure that the Verifier submits the Compliance Verification Program Reports simultaneously to Hilcorp, EPA, and NMED no later than 30 Days after the end of each half of the calendar year (*i.e.*, January through June, and July through December). In the next Semi-Annual Report (required by Section IX) following each Compliance Verification Program Report, Hilcorp shall provide a summary of its response to any outstanding findings or corrective actions identified by the Verifier in the Compliance Verification Program Report.

42. The Verification Program Report shall present the Compliance Verification Program findings and shall, at a minimum, contain the following information:

- a. Compliance Verification Program scope, including the period of time covered by the Compliance Verification Program and an identification of all Well completions evaluated;
- b. The date(s) the on-site portion of the Compliance Verification Program was conducted;
- c. Identification of Verifier's team members;

- d. Identification of representatives of Hilcorp and regulatory agency personnel observing the Compliance Verification Program;
- e. A summary of the Compliance Verification Program process, including any obstacles encountered;
- f. Detailed Compliance Verification Program findings, including a summary of Hilcorp's compliance with the requirements of this Consent Decree and NSPS Subpart OOOOa or OOOOb, as applicable;
- g. Copies of any photos or videos obtained during the Compliance Verification Program and the names of any Hilcorp representatives or personnel interviewed (if any);
- h. Recommendations by the Verifier, based on the findings and areas of concern, for corrective actions and any proposed schedule for implementation or the date of implementation;
- i. A certification by the Verifier, in the following form:

I hereby certify that I have reviewed and understand the requirements of the Consent Decree in the matter *United States and New Mexico Environment Department v. Hilcorp Energy Company*, including Section VI (Third Party Verification), and that this Compliance Verification Program as set forth therein was conducted in accordance with the requirements of the Consent Decree.

43. Upon the Verifier's submission of the Compliance Verification Program Report to Hilcorp, EPA and NMED, Hilcorp shall investigate and report to the Verifier, EPA and NMED on any recommendations, areas of concern, or recommended corrective actions respective to compliance with NSPS Subpart OOOOa or OOOOb, as applicable, and this Consent Decree identified in the Compliance Verification Program Report, and with corresponding responses to that report, as follows:

- a. Within 60 Days after the Verifier's submission of the Compliance Verification Program Report to Hilcorp, EPA, and NMED, Hilcorp shall submit for the Verifier's review and comment in writing an Action Plan to fully address all recommendations, areas of concern, and recommended corrective actions contained in the Compliance Verification Program Report. The Action Plan shall provide specific deliverables, responsibility assignments, and an implementation schedule to address all recommendations, areas of concern, and recommended corrective actions. Hilcorp shall provide EPA and NMED with a copy of the Action Plan on the same Day it is submitted to the Verifier.
- b. Hilcorp shall ensure that no later than 30 Days after receiving the Action Plan, the Verifier shall simultaneously send a copy of its comments on the Action Plan to Hilcorp, EPA and NMED.
- c. Within 30 Days of receiving the Verifier's comments, EPA and NMED may provide additional comments, if any, to Hilcorp.
- d. Within 30 Days after receiving comments from the EPA and NMED on the Action Plan, Hilcorp shall (i) revise the Action Plan to address comments from the Verifier and comments from EPA and NMED, if any; (ii) provide a revised Action Plan to EPA and NMED; and (iii) implement the Action Plan in accordance with the requirements and schedules set forth therein unless otherwise notified in writing by EPA within 30 Days of receiving the revised Action Plan.
- e. Within 30 Days after implementation of the Action Plan is complete,

Hilcorp shall submit to EPA and NMED a Completion Report explaining how each item in the Action Plan was addressed and certifying that implementation of the Action Plan is complete. The Completion Report shall comply with the certification requirements of Paragraph 57 of the Consent Decree.

VII. APPROVAL OF DELIVERABLES

44. After review of any plan, report, or other item that is required to be submitted for approval pursuant to this Consent Decree, EPA after consultation with NMED will in writing: (a) approve the submission; (b) approve the submission upon specified conditions; (c) approve part of the submission and disapprove the remainder; or (d) disapprove the submission.

45. If the submission is approved pursuant to Paragraph 44, Hilcorp shall take all actions required by the plan, report, or other document, in accordance with the schedules and requirements of the plan, report, or other document, as approved. If the submission is conditionally approved or approved only in part pursuant to Paragraph 44(b) or (c), Hilcorp shall, upon written direction from EPA after consultation with NMED, take all actions required by the approved plan, report, or other item that EPA, after consultation with NMED, determines are technically severable from any disapproved portions.

46. If the submission is disapproved in whole or in part pursuant to Paragraph 44(c) or (d), Hilcorp shall, within 45 Days or such other time as the Parties agree to in writing, correct all deficiencies and resubmit the plan, report, or other item, or disapproved portion thereof, for approval, in accordance with the preceding Paragraphs. If the resubmission is approved in whole or in part, Hilcorp shall proceed in accordance with the preceding Paragraph.

47. If a resubmitted plan, report, or other item, or portion thereof, is disapproved in whole or in part, EPA, after consultation with NMED, may again require Hilcorp to correct any deficiencies, in accordance with the preceding Paragraphs, or may itself correct any deficiencies.

48. If Hilcorp elects to invoke Dispute Resolution as set forth in Section XII (Dispute Resolution) concerning a decision by EPA to disapprove, approve on specified conditions, or modify a deliverable, Hilcorp shall do so by sending a Notice of Dispute in accordance with Paragraph 88 within 30 Days (or such other time as the Parties agree to in writing) after receipt of the applicable decision.

49. Any stipulated penalties applicable to the original submission, as provided in Section X (Stipulated Penalties), accrue during the 45 Day period or other specified period, but shall not be payable unless the resubmission is untimely or is disapproved in whole or in part, provided that, if the original submission was so deficient as to constitute a material breach of Hilcorp's obligations under this Decree, the stipulated penalties applicable to the original submission shall be due and payable notwithstanding any subsequent resubmission.

50. Permits. Where any compliance obligation under this Section requires Hilcorp to obtain a federal, state, or local permit or approval, Hilcorp shall submit timely and complete applications and take all other actions necessary to obtain all such permits or approvals. Hilcorp may seek relief under the provisions of Section XI (Force Majeure) for any delay in the performance of any such obligation resulting from a failure to obtain, or a delay in obtaining, any permit or approval required to fulfill such obligation, if Hilcorp has submitted timely and complete applications and has taken all other actions necessary to obtain all such permits or approvals.

VIII. MITIGATION

51. Mitigation Project. Hilcorp shall implement the Environmental Mitigation Project (“Mitigation Project”) described in Appendix B in compliance with the approved plan and schedule for the Mitigation Project and other terms of this Consent Decree.

52. Hilcorp shall use its reasonable best efforts to secure as much environmental benefit as possible from the Mitigation Project, consistent with the applicable requirements and limits of this Consent Decree.

53. Mitigation Project Certifications. With regard to the Mitigation Project, Hilcorp certifies the truth and accuracy of each of the following:

- a. That, as of the date of executing this Consent Decree, Hilcorp is not required to perform or develop the Mitigation Project by any federal, state, or local law or regulation and is not required to perform or develop the Mitigation Project by agreement (other than this Consent Decree), grant, or as injunctive relief awarded in any other action in any forum;
- b. That the Mitigation Project is not a project that Hilcorp was planning or intending to construct, perform, or implement other than in settlement of the claims resolved in this Consent Decree;
- c. That Hilcorp has not received and will not receive credit for the Mitigation Project in any other enforcement action; and
- d. That Hilcorp shall neither generate nor use any pollutant reductions from the Mitigation Project as netting reductions, pollutant offsets, or to apply for, obtain, trade, or sell any pollutant reduction credits pursuant to any federal or state regulatory program.

54. Hilcorp shall comply with the reporting requirements in Appendix B.

IX. REPORTING REQUIREMENTS

55. Hilcorp shall submit the following reports to EPA, DOJ, and NMED at the addresses set forth Section XVI (Notices):

- a. By July 31st and January 31st of each year after the Date of Lodging, until termination of this Consent Decree pursuant to Section XX (Termination), Hilcorp shall submit via e-mail a semi-annual report for the preceding six months that includes the status of any compliance measures; completion of milestones; problems encountered or anticipated, together with implemented or proposed solutions; status of permit applications; operation and maintenance; and reports to state agencies.
- b. The report shall also include a description of any non-compliance with the requirements of this Consent Decree and an explanation of the violation's likely cause and of the remedial steps taken, or to be taken, to prevent or minimize such violation.
- c. If Hilcorp violates, or has reason to believe that it may violate, any requirement of this Consent Decree, Hilcorp shall notify DOJ, EPA, and NMED of such violation and its likely duration, in writing, within fifteen business days of the Day Hilcorp first becomes aware of the violation, with an explanation of the violation's likely cause and of the remedial steps taken, or to be taken, to prevent or minimize such violation. If the cause of a violation cannot be fully explained at the time the report is due, Hilcorp shall so state in the report. Hilcorp shall investigate the cause of

the violation and shall then submit an amendment to the report, including a full explanation of the cause of the violation, within 30 Days of the Day Hilcorp becomes aware of the cause of the violation. Nothing in this Paragraph or the following Paragraph relieves Hilcorp of its obligation to provide the notice required by Section XI (Force Majeure).

56. Whenever any violation of this Consent Decree or any other event affecting Hilcorp's performance under this Consent Decree may pose an immediate threat to the public health or welfare or the environment, Hilcorp shall notify EPA by email at AED_Oil_Gas_CD@epa.gov and NMED by telephone at 505-476-4300 (ask to be connected to "Compliance and Enforcement Section Chief") as soon as possible, but no later than 24 hours after Hilcorp first knew of the violation or event. This procedure is in addition to the requirements set forth in the preceding Paragraph.

57. Each report submitted by Hilcorp under this Section shall be signed by an official of the submitting party and include the following certification:

I certify under penalty of perjury that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to ensure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I have no personal knowledge that the information submitted is other than true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

58. This certification requirement does not apply to emergency or similar notifications where compliance would be impractical.

59. The reporting requirements of this Consent Decree do not relieve Hilcorp of any reporting obligations required by the Act or implementing regulations, or by any other federal, state, or local law, regulation, permit, or other requirement.

60. Any information provided pursuant to this Consent Decree may be used by the United States in any proceeding to enforce the provisions of this Consent Decree and as otherwise permitted by law.

X. STIPULATED PENALTIES

61. Hilcorp shall be liable for stipulated penalties to the United States and NMED for violations of this Consent Decree as specified below, unless excused under Section XI (Force Majeure). A violation includes failing to perform any obligation required by the terms of this Consent Decree, including any work plan or schedule approved under this Consent Decree, according to all applicable requirements of this Consent Decree and within the specified time schedules established by or approved under this Consent Decree.

62. Late Payment of Civil Penalty. If Hilcorp fails to pay the civil penalty required to be paid under Section IV (Civil Penalty) when due, Hilcorp shall pay a stipulated penalty of \$2,000 per Day.

63. Flowback Separator Onsite. For each Well completion where Hilcorp fails to have a Flowback Separator onsite or otherwise available for use at a centralized facility or nearby Well pad that services the Well affected facility during the Well completion, Hilcorp shall pay a stipulated penalty of \$8,000.

64. Flowback Separator Available and Ready for Use. For each Well completion where Hilcorp does not have a Flowback Separator available and ready to use during the entirety

of the Flowback Period to comply with Paragraphs 19 through 22, Hilcorp shall pay a stipulated penalty of \$10,000.

65. Routing Flowback to Flowback Separator. For each Well completion where Hilcorp fails to route Flowback to a Flowback Separator when it is technically feasible for a Separator to function in accordance with Paragraphs 21 through 22, Hilcorp shall pay a stipulated penalty of \$8,000.

66. Conducting RECs. For each Well completion where Hilcorp fails to conduct one of the REC options identified in Paragraph 21.d or, alternatively, satisfactorily demonstrate that all of the Paragraph 21.d REC options are technically infeasible, Hilcorp shall pay a stipulated penalty of \$8,000.

67. Routing Recovered Gas to a Completion Combustion Device With a Continuous Flame. For each Well completion where Hilcorp determines that all of the Paragraph 21.d REC options are technically infeasible, but fails to route all recovered gas to a completion combustion device (such as a flare) that is equipped with a reliable continuous pilot flame in accordance with Paragraph 21.f, Hilcorp shall pay a stipulated penalty of \$8,000.

68. Low Pressure Well Determinations. For each Well that Hilcorp determines is a low pressure Well but fails to demonstrate that the Well meets at least one of the low pressure Well conditions set forth in Paragraph 22.a, Hilcorp shall pay a stipulated penalty of \$8,000.

69. Low Pressure Well Completions. For each Low Pressure Well where Hilcorp fails to route all recovered gas to a completion combustion device equipped with a reliable continuous pilot flame, such as an atmospheric flare, until such time as the gas stream can be routed to the flowline for sales, in accordance with Paragraph 22.c, Hilcorp shall pay a stipulated penalty of \$8,000.

70. Consent Decree Reporting. For each report, notification, or other deliverable required by this Consent Decree, other than those covered by the Paragraph 71 below, Hilcorp shall pay stipulated penalties as follows:

<u>Penalty Per Violation Per Day</u>	<u>Period of Noncompliance</u>
\$500.....	1st through 14th Day
\$1250.....	15th through 30th Day
\$2500.....	31st Day and beyond

71. Notification and Reporting Requirements. For each failure to comply with any of the notification or reporting requirements set forth in Paragraphs 6, 23 and 24, Hilcorp shall pay stipulated penalties as follows:

<u>Penalty Per Violation Per Day</u>	<u>Period of Noncompliance</u>
\$500.....	1st through 14th Day
\$1250.....	15th through 30th Day
\$2500.....	31st Day and beyond

72. Recordkeeping and Record Maintenance Requirements. For each failure to comply with any of the recordkeeping and record maintenance requirements set forth in Paragraphs 21.e, 22.e, 25, 26, and 27, Hilcorp shall pay stipulated penalties as follows:

<u>Penalty Per Violation Per Day</u>	<u>Period of Noncompliance</u>
\$500.....	1st through 14th Day
\$1250.....	15th through 30th Day
\$2500.....	31st Day and beyond

73. For any violation of this Consent Decree not covered elsewhere in this Section:
\$1,500 per Day per violation.

74. Except as provided in Paragraphs 77.a and b, stipulated penalties under this Section shall begin to accrue on the Day after performance is due or on the Day a violation

occurs, whichever is applicable, and shall continue to accrue until performance is satisfactorily completed or until the violation ceases. Stipulated penalties shall accrue simultaneously for separate violations of this Consent Decree.

75. Hilcorp shall pay stipulated penalties to the United States and NMED within 30 Days of a written demand by either Plaintiff. The Plaintiff making a demand for payment of a stipulated penalty shall simultaneously send a copy of the demand to the other Plaintiffs.

76. The United States, or NMED, or both, may seek stipulated penalties under this Section by sending a joint written demand to Hilcorp, or by either sovereign sending a written demand to Hilcorp, with a copy simultaneously sent to the other Plaintiff. Either sovereign may waive stipulated penalties or reduce the amount of stipulated penalties it seeks, in the unreviewable exercise of its discretion and in accordance with this Paragraph. Where both sovereigns seek stipulated penalties for the same violation of this Consent Decree, Hilcorp shall pay 50 percent to the United States and 50 percent to NMED. Where only one sovereign demands stipulated penalties for a violation, and the other sovereign does not join in the demand within 30 Days of receiving the demand, or timely joins in the demand but subsequently elects to waive or reduce stipulated penalties for that violation, Hilcorp shall pay the full stipulated penalties due for the violation to the sovereign making the demand less any amount paid to the other sovereign.

77. Stipulated penalties shall continue to accrue as provided in Paragraph 74, during any Dispute Resolution, but need not be paid until the following:

- a. If the dispute is resolved by agreement of the Parties or by a decision of EPA or NMED that is not appealed to the Court, Hilcorp shall pay accrued penalties determined to be owing, together with interest, to the United

States or NMED within 30 Days of the effective date of the agreement or the receipt of EPA's or NMED's decision or order.

- b. If the dispute is appealed to the Court and the United States or NMED prevails in whole or in part, Hilcorp shall pay all accrued penalties determined by the Court to be owing, together with interest, within 60 Days of receiving the Court's decision or order, except as provided in subparagraph c, below.
- c. If any Party appeals the District Court's decision, Hilcorp shall pay all accrued penalties determined to be owing, together with interest, within 15 Days of receiving the final appellate court decision.

78. Hilcorp shall pay stipulated penalties owing to the United States and NMED in the manner set forth in Section IV (Civil Penalty) and with the confirmation notices required by that Section, except that the transmittal letter shall state that the payment is for stipulated penalties and shall state for which violation(s) the penalties are being paid.

79. If Hilcorp fails to pay stipulated penalties according to the terms of this Consent Decree, Hilcorp shall be liable for interest on such penalties, as provided for in 28 U.S.C. § 1961, accruing as of the date payment became due. Nothing in this Paragraph shall be construed to limit the United States or NMED from seeking any remedy otherwise provided by law for Hilcorp's failure to pay any stipulated penalties.

80. The payment of penalties and interest, if any, shall not alter in any way Hilcorp's obligation to complete the performance of the requirements of this Consent Decree.

81. Non-Exclusivity of Remedy. Stipulated penalties are not the United States' and NMED's exclusive remedy for violations of this Consent Decree. Subject to the provisions of

Section XIV (Effect of Settlement/Reservation of Rights), the United States and NMED expressly reserve the right to seek any other relief they deem appropriate for Hilcorp's violation of this Decree or applicable law, including but not limited to an action against Hilcorp for statutory penalties, additional injunctive relief, mitigation or offset measures, and/or contempt. However, the amount of any statutory penalty assessed for a violation of this Consent Decree shall be reduced by an amount equal to the amount of any stipulated penalty assessed and paid pursuant to this Consent Decree.

XI. FORCE MAJEURE

82. "Force Majeure," for purposes of this Consent Decree, is defined as any event arising from causes beyond the control of Hilcorp, of any entity controlled by Hilcorp, or of Hilcorp's contractors, that delays or prevents the performance of any obligation under this Consent Decree despite Hilcorp's best efforts to fulfill the obligation. The requirement that Hilcorp exercise "best efforts to fulfill the obligation" includes using best efforts to anticipate any potential Force Majeure event and best efforts to address the effects of any potential Force Majeure event (a) as it is occurring and (b) following the potential Force Majeure, such that the delay and any adverse effects of the delay are minimized. "Force Majeure" does not include Hilcorp's financial inability to perform any obligation under this Consent Decree.

83. If any event occurs or has occurred that may delay the performance of any obligation under this Consent Decree, whether or not caused by a Force Majeure event, Hilcorp shall provide notice by email to AED_Oil_Gas_CD@epa.gov within three business days of when Hilcorp first knew that the event might cause a delay. Within seven Days thereafter, Hilcorp shall provide in writing to EPA and NMED an explanation and description of the reasons for the delay; the anticipated duration of the delay; all actions taken or to be taken to prevent or

minimize the delay; a schedule for implementation of any measures to be taken to prevent or mitigate the delay or the effect of the delay; Hilcorp's rationale for attributing such delay to a Force Majeure event if it intends to assert such a claim; and a statement as to whether, in the opinion of Hilcorp, such event may cause or contribute to an endangerment to public health, welfare or the environment. Hilcorp shall include with any notice all available documentation supporting the claim that the delay was attributable to a Force Majeure event. Failure to comply with the above requirements shall preclude Hilcorp from asserting any claim of Force Majeure for that event for the period of time of such failure to comply, and for any additional delay caused by such failure. Hilcorp shall be deemed to know of any circumstance of which Hilcorp, any entity controlled by Hilcorp, or Hilcorp's contractors knew or should have known.

84. If EPA, after a reasonable opportunity for review and comment by NMED, agrees that the delay or anticipated delay is attributable to a Force Majeure event, the time for performance of the obligations under this Consent Decree that are affected by the Force Majeure event will be extended by EPA, after a reasonable opportunity for review and comment by NMED for such time as is necessary to complete those obligations. An extension of the time for performance of the obligations affected by the Force Majeure event shall not, of itself, extend the time for performance of any other obligation. EPA will notify Hilcorp in writing of the length of the extension, if any, for performance of the obligations affected by the Force Majeure event.

85. If EPA, after a reasonable opportunity for review and comment by NMED, does not agree that the delay or anticipated delay has been or will be caused by a Force Majeure event, EPA will notify Hilcorp in writing of its decision.

86. If Hilcorp elects to invoke the dispute resolution procedures set forth in Section XII (Dispute Resolution), it shall do so no later than 15 Days after receipt of EPA's

notice. In any such proceeding, Hilcorp shall have the burden of demonstrating by a preponderance of the evidence that the delay or anticipated delay has been or will be caused by a Force Majeure event, that the duration of the delay or the extension sought was or will be warranted under the circumstances, that best efforts were exercised to avoid and mitigate the effects of the delay, and that Hilcorp complied with the requirements of Paragraphs 82 and 83. If Hilcorp carries this burden, the delay at issue shall be deemed not to be a violation by Hilcorp of the affected obligation of this Consent Decree identified to EPA and the Court.

XII. DISPUTE RESOLUTION

87. Unless otherwise expressly provided for in this Consent Decree, the dispute resolution procedures of this Section shall be the exclusive mechanism to resolve disputes arising under or with respect to this Consent Decree. Hilcorp's failure to seek resolution of a dispute under this Section shall preclude Hilcorp from raising any such issue as a defense to an action by the United States to enforce any obligation of Hilcorp arising under this Consent Decree.

88. Informal Dispute Resolution. Any dispute subject to Dispute Resolution under this Consent Decree shall first be the subject of informal negotiations. The dispute shall be considered to have arisen when Hilcorp sends DOJ and 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 20 Days from the date the dispute arises, unless that period is modified by written agreement. If the Parties cannot resolve a dispute by informal negotiations, then the position advanced by the United States shall be considered binding unless, within 30 Days after the conclusion of the informal negotiation period, Hilcorp invokes formal dispute resolution procedures as set forth below.

89. Formal Dispute Resolution. Hilcorp shall invoke formal dispute resolution procedures, within the time period provided in the preceding Paragraph, by sending DOJ and 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 Hilcorp's position and any supporting documentation relied upon by Hilcorp.

90. The United States will send Hilcorp its Statement of Position within 60 Days of receipt of Hilcorp's Statement of Position. The United States' 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 the United States. The United States' Statement of Position is binding on Hilcorp, unless Hilcorp files a motion for judicial review of the dispute in accordance with the following Paragraph.

91. Judicial Dispute Resolution. Hilcorp may seek judicial review of the dispute by filing with the Court and serving on the United States a motion requesting judicial resolution of the dispute. The motion (a) must be filed within ten Days of receipt of the United States' Statement of Position pursuant to the preceding Paragraph; (b) may not raise any issue not raised in informal dispute resolution pursuant to Paragraph 88, unless the Plaintiffs raise a new issue of law or fact in the Statement of Position; (c) shall contain a written statement of Hilcorp's position on the matter in dispute, including any supporting factual data, analysis, opinion, or documentation; and (d) shall set forth the relief requested and any schedule within which the dispute must be resolved for orderly implementation of the Consent Decree.

92. The United States shall respond to Hilcorp's motion within the time period allowed by the Local Rules of this Court. Hilcorp may file a reply memorandum, to the extent permitted by the Local Rules.

93. Standard of Review:

- a. Disputes Concerning Matters Accorded Record Review. Except as otherwise provided in this Consent Decree, in any dispute brought under Paragraph 89 pertaining to the adequacy or appropriateness of plans, procedures to implement plans, schedules or any other items requiring approval by EPA under this Consent Decree; the adequacy of the performance of work undertaken pursuant to this Consent Decree; and all other disputes that are accorded review on the administrative record under applicable principles of administrative law, Hilcorp shall have the burden of demonstrating, based on the administrative record, that the position of the United States is arbitrary and capricious or otherwise not in accordance with law.
- b. Other Disputes. Except as otherwise provided in this Consent Decree, in any other dispute brought under Paragraph 89, Hilcorp shall bear the burden of demonstrating that its position complies with this Consent Decree and better furthers the objectives of the Consent Decree.

94. The invocation of dispute resolution procedures under this Section shall not, by itself, extend, postpone, or affect in any way any obligation of Hilcorp under this Consent Decree, unless and until final resolution of the dispute so provides. Stipulated penalties with respect to the disputed matter shall continue to accrue from the first Day of noncompliance, but payment shall be stayed pending resolution of the dispute as provided in Paragraph 77. If Hilcorp does not prevail on the disputed issue, stipulated penalties shall be assessed and paid as provided in Section X (Stipulated Penalties).

XIII. INFORMATION COLLECTION AND RETENTION

95. The United States, NMED, and their representatives, including attorneys, contractors, and consultants, shall have the right of entry into any facility covered by this Consent Decree, at all reasonable times, upon presentation of credentials, to:

- a. monitor the progress of activities required under this Consent Decree;
- b. verify any data or information submitted to the United States or NMED in accordance with the terms of this Consent Decree;
- c. obtain samples and, upon request, splits of any samples taken by Hilcorp or its representatives, contractors, or consultants;
- d. obtain documentary evidence, including photographs and similar data; and
- e. assess Hilcorp's compliance with this Consent Decree.

96. Upon request, Hilcorp shall provide EPA and NMED or their authorized representatives splits of any samples taken by Hilcorp. Upon request, EPA and NMED shall provide Hilcorp splits of any samples taken by EPA or NMED.

97. Until five years after the termination of this Consent Decree, Hilcorp shall retain, and shall instruct its contractors and agents to preserve, all non-identical copies of all documents, records, or other information (including documents, records, or other information in electronic form) in its or its contractors' or agents' possession or control, or that come into its or its contractors' or agents' possession or control, and that relate in any manner to Hilcorp's performance of its obligations under this Consent Decree. This information-retention requirement shall apply regardless of any contrary corporate or institutional policies or procedures. At any time during this information-retention period, upon request by the United

States or NMED, Hilcorp shall provide copies of any documents, records, or other information required to be maintained under this Paragraph.

98. At the conclusion of the information-retention period provided in the preceding Paragraph, Hilcorp shall notify the United States and NMED at least 90 Days prior to the destruction of any documents, records, or other information subject to the requirements of the preceding Paragraph and, upon request by the United States or NMED, Hilcorp shall deliver any such documents, records, or other information to EPA or NMED. Hilcorp may assert that certain documents, records, or other information is privileged under the attorney-client privilege or any other privilege recognized by federal law. If Hilcorp asserts such a privilege, it shall provide the following: (a) the title of the document, record, or information; (b) the date of the document, record, or information; (c) the name and title of each author of the document, record, or information; (d) the name and title of each addressee and recipient; (e) a description of the subject of the document, record, or information; and (f) the privilege asserted by Hilcorp. However, no documents, records, or other information created or generated pursuant to the requirements of this Consent Decree shall be withheld on grounds of privilege.

99. Hilcorp may also assert that information required to be provided under this Section is protected as Confidential Business Information (“CBI”) under 40 C.F.R. Part 2. As to any information that Hilcorp seeks to protect as CBI, Hilcorp shall follow the procedures set forth in 40 C.F.R. Part 2.

100. This Consent Decree in no way limits or affects any right of entry and inspection, or any right to obtain information, held by the United States or NMED pursuant to applicable federal or state laws, regulations, or permits, nor does it limit or affect any duty or obligation of

Hilcorp to maintain documents, records, or other information imposed by applicable federal or state laws, regulations, or permits.

XIV. EFFECT OF SETTLEMENT/RESERVATION OF RIGHTS

101. This Consent Decree resolves the civil claims of the United States and NMED for:

- a. Civil violations alleged in the Complaint through the Date of Lodging, and
- b. Civil violations of Section 111 of the Clean Air Act, 42 U.S.C. § 7411, and its implementing regulations at NSPS OOOOa and OOOOb, and the New Mexico AQCA, NMSA § 74-2-1 to -17, and its implementing regulations at Part 20.2.77 of the NMAC through the Date of Lodging for the Wells listed in Appendix C. The resolution of civil violations under this Paragraph 101.b is conditioned upon the material accuracy of Hilcorp's annual reporting under 40 C.F.R. § 5420a(b) or 40 C.F.R. § 5420b(b), as applicable.

102. The United States and NMED reserve all legal and equitable remedies available to enforce the provisions of this Consent Decree. This Consent Decree shall not be construed to limit the rights of the United States or NMED to obtain penalties or injunctive relief under the Act or implementing regulations, or under other federal or state laws, regulations, or permit conditions, except as expressly specified in Paragraph 101. The United States and NMED further reserve all legal and equitable remedies to address any conditions if there is or may be an imminent and substantial endangerment to the public health or welfare or the environment arising at, or posed by, any of Hilcorp's Wells or Well completion operations, whether related to the violations addressed in this Consent Decree or otherwise.

103. In any subsequent administrative or judicial proceeding initiated by the United States or NMED for injunctive relief, civil penalties, or other appropriate relief relating to Hilcorp's violations, Hilcorp shall not assert, and may not maintain, any defense or claim based upon the principles of waiver, res judicata, collateral estoppel, issue preclusion, claim preclusion, claim-splitting, or other defenses based upon any contention that the claims raised by the United States or NMED in the subsequent proceeding were or should have been brought in the instant case, except with respect to claims that have been specifically resolved pursuant to Paragraph 101.

104. This Consent Decree is not a permit, or a modification of any permit, under any federal, State, or local laws or regulations. Hilcorp is responsible for achieving and maintaining complete compliance with all applicable federal, State, and local laws, regulations, and permits; and Hilcorp's compliance with this Consent Decree shall be no defense to any action commenced pursuant to any such laws, regulations, or permits, except as set forth herein. The United States and NMED do not, by their consent to the entry of this Consent Decree, warrant or aver in any manner that Hilcorp's compliance with any aspect of this Consent Decree will result in compliance with provisions of the Act, 42 U.S.C. § 7401, *et seq.*, or with any other provisions of federal, State, or local laws, regulations, or permits.

105. This Consent Decree does not limit or affect the rights of Hilcorp or of the United States or NMED against any third parties, not party to this Consent Decree, nor does it limit the rights of third parties, not party to this Consent Decree, against Hilcorp, except as otherwise provided by law.

106. This Consent Decree shall not be construed to create rights in, or grant any cause of action to, any third party not party to this Consent Decree.

XV. COSTS

107. The Parties shall bear their own costs of this action, including attorneys' fees, except that the United States and NMED shall be entitled to collect the costs (including attorneys' fees) incurred in any action necessary to collect any portion of the civil penalty or any stipulated penalties due but not paid by Hilcorp.

XVI. NOTICES

108. Unless otherwise specified in this Consent Decree, whenever notifications, submissions, or communications are required by this Consent Decree, they shall be made in writing and sent by mail or email (email preferred), addressed as follows:

As to DOJ by email (preferred): eescdcopy.enrd@usdoj.gov
Re: DJ #90-5-2-1-12445

As to DOJ by mail: EES Case Management Unit
Environment and Natural Resources Division
U.S. Department of Justice
P.O. Box 7611
Washington, D.C. 20044-7611
Re: DJ #90-5-2-1-12445

As to DOJ by overnight mail: 4 Constitution Square
150 M Street, N.E.
Suite 2.900
Washington, D.C. 20002
Re: DJ#90-5-2-1-12445

As to EPA by email (preferred): AED_Oil_Gas_CD@epa.gov

As to EPA by telephone:	202-564-7889
As to EPA by mail:	Director, Air Enforcement Division 1200 Pennsylvania Avenue NW William J. Clinton South Building MC2242A Washington, D.C. 20460
As to NMED by email:	ENV-AQB.Settlement.Notifications@state.nm.us
As to NMED by mail:	Air Quality Bureau Attn: Compliance & Enforcement Section Chief 525 Camino de los Marquez, Suite 1 Santa Fe, NM 87505
As to Hilcorp:	Spencer Kerr SVP – General Counsel 1111 Travis Houston, TX 77002 (713) 757-5221 skerr@hilcorp.com
	With a copy to: Matt Vicenik EH&S Director 1111 Travis Houston, TX 77002 (713) 289-2951 mvicenik@hilcorp.com

109. Any Party may, by written notice to the other Parties, change its designated notice recipient or notice address provided above.

110. Notices submitted pursuant to this Section shall be deemed submitted upon mailing or transmission by email, unless otherwise provided in this Consent Decree or by mutual agreement of the Parties in writing.

XVII. EFFECTIVE DATE

111. The Effective Date of this Consent Decree shall be the date upon which this Consent Decree is entered by the Court or a motion to enter the Consent Decree is granted, whichever occurs first, as recorded on the Court's docket.

XVIII. RETENTION OF JURISDICTION

112. The Court shall retain jurisdiction over this case until termination of this Consent Decree, for the purpose of resolving disputes arising under this Consent Decree or entering orders modifying this Consent Decree, pursuant to Sections XII (Dispute Resolution) and XIX (Modification), or effectuating or enforcing compliance with the terms of this Consent Decree.

XIX. MODIFICATION

113. The terms of this Consent Decree, including any attached appendices, may be modified only by a subsequent written agreement signed by all the Parties. Where the modification constitutes a material change to this Consent Decree, it shall be effective only upon approval by the Court.

114. Any disputes concerning modification of this Consent Decree shall be resolved pursuant to Section XII (Dispute Resolution), provided, however, that instead of the burden of proof provided by Paragraph 93, the Party seeking the modification bears the burden of demonstrating that it is entitled to the requested modification in accordance with Federal Rule of Civil Procedure 60(b).

XX. TERMINATION

115. After Hilcorp has (a) complied with the requirements of Section V (Compliance Requirements), (b) maintained continuous satisfactory compliance with this Consent Decree for a period of four (4) years, and (c) has paid the civil penalty and any accrued stipulated penalties

as required by this Consent Decree, Hilcorp may serve upon the United States and NMED a Request for Termination, stating that Hilcorp has satisfied those requirements, together with all necessary supporting documentation.

116. Following receipt by the United States and NMED of Hilcorp's Request for Termination, the Parties shall confer informally concerning the Request and any disagreement that the Parties may have as to whether Hilcorp has satisfactorily complied with the requirements for termination of this Consent Decree. If the United States, after consultation with NMED, agrees that the Consent Decree may be terminated, the Parties shall submit, for the Court's approval, a joint stipulation terminating the Consent Decree.

117. If the United States, after consultation with NMED, does not agree that the Consent Decree may be terminated, Hilcorp may invoke Dispute Resolution under Section XII. However, Hilcorp shall not seek Dispute Resolution of any dispute regarding termination until 90 Days after service of its Request for Termination.

XXI. PUBLIC PARTICIPATION

118. This Consent Decree shall be lodged with the Court for a period of not less than 30 Days for public notice and comment in accordance with 28 C.F.R. § 50.7. The United States reserves the right to withdraw or withhold its consent if the comments regarding the Consent Decree disclose facts or considerations indicating that the Consent Decree is inappropriate, improper, or inadequate. Hilcorp consents to entry of this Consent Decree without further notice and agrees not to withdraw from or oppose entry of this Consent Decree by the Court or to challenge any provision of the Consent Decree, unless the United States has notified Hilcorp in writing that it no longer supports entry of the Consent Decree.

XXII. SIGNATORIES/SERVICE

119. Each undersigned representative of Hilcorp and the person with delegated authority identified on the DOJ signature page below, certifies that he or she is fully authorized to enter into the terms and conditions of this Consent Decree and to execute and legally bind the Party he or she represents to this document.

120. This Consent Decree may be signed in counterparts, and its validity shall not be challenged on that basis. Hilcorp agrees to accept service of process by mail with respect to all matters arising under or relating to this Consent Decree and to waive the formal service requirements set forth in Rules 4 and 5 of the Federal Rules of Civil Procedure and any applicable Local Rules of this Court including, but not limited to, service of a summons. Hilcorp need not file an answer to the Complaint in this action unless or until the Court expressly declines to enter this Consent Decree.

XXIII. INTEGRATION

121. This Consent Decree, including deliverables that are subsequently approved pursuant to this Consent Decree, constitutes the entire agreement among the Parties regarding the subject matter of the Consent Decree and supersedes all prior representations, agreements and understandings, whether oral or written, concerning the subject matter of the Consent Decree herein.

XXIV. 26 U.S.C. SECTION 162(f)(2)(A)(ii) IDENTIFICATION

122. 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 Section II (Applicability), Paragraph 9; Section V (Compliance Requirements), Paragraphs 19-27; Section VIII (Mitigation), Paragraphs 51-54; Section IX (Reporting

Requirements), Paragraphs 55-57; Section XIII (Information Collection and Retention), Paragraphs 96-98, is restitution, remediation, or required to come into compliance with law.

XXV. HEADINGS

123. Headings to the Sections and Subsections of this Consent Decree are provided for convenience and do not affect the meaning or interpretation of the provisions of this Consent Decree.

XXVI. FINAL JUDGMENT

124. Upon approval and entry of this Consent Decree by the Court, this Consent Decree shall constitute a final judgment of the Court as to the United States, NMED, and Hilcorp.

XXVII. APPENDICES

125. The following Appendices are attached to and are part of this Consent Decree:

“Appendix A” is the form of certification that the Third-Party Verifier meets the requirements of this Consent Decree.

“Appendix B” is the Mitigation Project.

“Appendix C” is a list of Wells subject to the resolution of claims under Paragraph 101.b.

Dated and entered this ___ day of _____, 20__

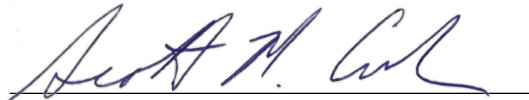
UNITED STATES DISTRICT JUDGE

We hereby consent to the entry of the Consent Decree in the matter of *United States and the New Mexico Environment Department v. Hilcorp Energy Company*, subject to public notice and comment.

FOR THE UNITED STATES OF AMERICA:

TODD KIM
Assistant Attorney General
Environment and Natural Resources Division
U.S. Department of Justice

10/17/2024
DATE


SCOTT M. CERNICH
Senior Trial Attorney
Environmental Enforcement Section
Environment and Natural Resources Division
U.S. Department of Justice
Washington, DC 20044-7611
(202) 514-0056
scott.cernich@usdoj.gov

ALEXANDER M.M. UBALLEZ
United States Attorney
District of New Mexico

RUTH F. KEEGAN
Assistant United States Attorney
District of New Mexico
P.O. Box 607
Albuquerque, NM 87103
Phone: 505.224.1470
Fax: 505.346.7296
Ruth.F.Keegan@usdoj.gov

We hereby consent to the entry of the Consent Decree in the matter of *United States and the New Mexico Environment Department v. Hilcorp Energy Company*, subject to public notice and comment.

DATE

FOR THE U.S. ENVIRONMENTAL PROTECTION
AGENCY:

DAVID
UHLMANN

Digitally signed by DAVID
UHLMANN
Date: 2024.09.30
16:37:54 -04'00'

DAVID M. UHLMANN

Assistant Administrator
Office of Enforcement and Compliance Assurance
U.S. Environmental Protection Agency
Washington, DC 20004

ROSEMARIE A. KELLEY

Director, Office of Civil Enforcement
Office of Enforcement and Compliance Assurance
U.S. Environmental Protection Agency
Washington, DC 20004

MARY E. GREENE

Director, Air Enforcement Division
Office of Civil Enforcement
Office of Enforcement and Compliance Assurance
U.S. Environmental Protection Agency
Washington, DC 20004

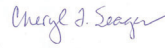
ROBERT G. KLEPP

Attorney Adviser
Air Enforcement Division
Office of Civil Enforcement
Office of Enforcement and Compliance Assurance
U.S. Environmental Protection Agency
Washington, DC 20004

We hereby consent to the entry of the Consent Decree in the matter of United States and the New Mexico Environment Department v. Hilcorp Energy Company, subject to public notice and comment.

FOR THE U.S. ENVIRONMENTAL PROTECTION
AGENCY:

September 24, 2024
DATE



Digitally signed by
CHERYL SEAGER
Date: 2024.09.24
09:59:51 -05'00'

CHERYL T. SEAGER
Director
Enforcement and
Compliance Assurance Division
U.S. Environmental Protection Agency, Region 6

JAMIE LEE
Assistant Regional Counsel
Office of Regional Counsel
U.S. Environmental Protection Agency, Region 6
1201 Elm Street
Dallas, TX 75270
(214) 665-6795
Lee.Jamie@epa.gov

We hereby consent to the entry of the Consent Decree in the matter of *United States and the New Mexico Environment Department v. Hilcorp Energy Company*, subject to public notice and comment.

FOR THE NEW MEXICO ENVIRONMENT
DEPARTMENT:

10/11/2024

DATE

DocuSigned by:

James C. Kenney

55675B6F3B62408...

JAMES C. KENNEY

Secretary

New Mexico Environment Department

CHRISTOPHER J. VIGIL

Special Assistant Attorney General

Assistant General Counsel

Air Quality Bureau

New Mexico Environment Department

121 Tijeras Ave. NE, Suite 1000

Albuquerque, New Mexico 87102

(505) 469-4696

christopherj.vigil@state.nm.us

We hereby consent to the entry of the Consent Decree in the matter of *United States and the New Mexico Environment Department v. Hilcorp Energy Company*, subject to public notice and comment.

9/30/2024
Date

FOR DEFENDANT HILCORP ENERGY COMPANY:



SPENCER KERR
Senior Vice President & General Counsel
Hilcorp Energy Company

Appendix to the Consent Decree in United States and New Mexico Environment Department v. Hilcorp Energy Company

APPENDIX A

Third Party Verifier Certification

[VERIFIER] makes the following certifications and representations in connection with its proposed appointment as the third-party Verifier to oversee compliance aspects of the consent decree entered in *United States and New Mexico Environment Department v. Hilcorp Energy Company*:

“Verifier” means [VERIFIER], and the employees or contractors who would provide the oversight described above.

“The Defendant” means Hilcorp Energy Company.

1. Financial interests.
 - a. [VERIFIER] has no financial interest in the Defendant or any of its subsidiaries or affiliates.
 - b. If, between the date of this certification and when [VERIFIER]’s term as the Verifier expires, [VERIFIER]’s financial interests with respect to the Defendant change, [VERIFIER] agrees to notify the U.S. Department of Justice in writing as soon as reasonably possible after becoming aware of the change. [VERIFIER] is aware that acquiring a financial interest in the Defendant could disqualify it from continuing the oversight work described above.
2. Employment, professional relationships, and affiliations.

Appendix to the Consent Decree in United States and New Mexico Environment Department v. Hilcorp Energy Company

- a. [VERIFIER] is not a party to any employment, consulting, agency, attorney-client, auditing or other professional relationship or affiliation with the Defendant, or any of its subsidiaries or affiliates, relating to Defendant's operations in New Mexico within two years of the Effective Date of the Consent Decree.
- b. [VERIFIER] has not been a party to such a professional relationship or affiliation with the Defendant within two years of the Effective Date of the Consent Decree.
- c. [VERIFIER] agrees not to engage in such a professional relationship or affiliation with the Defendant during its term as the Verifier and for a period of at least one year following the Verifier's submission of its final Verification Program Report.
- d. After the date of this certification, to the extent that the services of additional personnel will be utilized in the proper discharge of the Verifier's duties, prior to engaging any such personnel, [VERIFIER] agrees to review the backgrounds of all such personnel to determine whether said personnel or any other entity with which said personnel is affiliated, is or has been a party to any employment, consulting, agency, attorney-client, auditing or other professional relationship or affiliation with the Defendant or any of its subsidiaries or affiliates that are inconsistent with the limitations in Paragraph 2.a above. To the extent any such relationship or affiliation exists,

Appendix to the Consent Decree in United States and New Mexico Environment Department v. Hilcorp Energy Company

[VERIFIER] will notify the U.S. Department of Justice to seek a
determination whether it is appropriate to engage said personnel to assist in
the oversight of the Defendant

Date: _____

Name:
On behalf of [VERIFIER]

APPENDIX B

Mitigation Project

1. By no later than December 31, 2024, Hilcorp shall ensure that no fewer than 723 Intermittent Bleed Pneumatic Controllers and 123 Low Bleed Pneumatic Controllers at facilities for which it is the Operator on tribal lands in New Mexico in the counties of San Juan, Rio Arriba, or Sandoval are converted to Non-Emitting Controllers or are removed entirely with no replacement.
2. By no later than June 30, 2025, Hilcorp shall ensure that no fewer than 437 Intermittent Bleed Pneumatic Controllers and 44 Low Bleed Pneumatic Controllers at facilities for which it is the Operator on tribal lands in New Mexico in the counties of San Juan, Rio Arriba, or Sandoval are Non-Emitting Controllers or are removed entirely with no replacement.
3. Nothing in the Consent Decree or in this Appendix shall prohibit Hilcorp from meeting its Mitigation Project obligations through replacing, converting, or removing less Intermittent Bleed Pneumatics and more Low Bleed Pneumatic Controllers or vice versa as set forth in Paragraphs one (1) and two (2) of this Appendix, so long as Hilcorp provides documentation demonstrating the same or more emissions reductions as would otherwise have been generated by the ratios of Intermittent Bleed Pneumatic Controllers to Low Bleed Pneumatic Controllers set forth in Paragraphs one (1) and two (2) of this Appendix. For avoidance of doubt, for any such demonstration each Intermittent Bleed Pneumatic Controller will be treated as having a bleed rate ten times higher than the bleed rate for each Low Bleed Pneumatic Controller (i.e., each extra Intermittent Bleed replacement would equal ten Low Bleed replacements).
4. Nothing in the Consent Decree or in this Appendix shall prohibit Hilcorp from meeting its Mitigation Project obligations through conversions or removals conducted after July 1, 2024.
5. In accordance with Section IX (Reporting Requirements) of the Consent Decree, Hilcorp shall submit the following information in each Semi-Annual Report:
 - a) the cumulative number of Intermittent Bleed and Low Bleed Pneumatic Controllers that have been removed entirely without replacement or converted to Non Emitting Controllers;
 - b) the number of Intermittent Bleed and Low Bleed Pneumatic Controllers that have been removed entirely without replacement or converted to Non Emitting Controllers during the relevant Semi-Annual reporting period; and
 - c) a cumulative list of all facilities, including latitude/longitude

Appendix to the Consent Decree in United States and New Mexico Environment Department v. Hilcorp Energy Company

of each facility, at which Hilcorp has completed the removal without replacement or conversion of Intermittent Bleed or Low Bleed Pneumatic Controllers with Non Emitting Controllers, together with the number of devices that were removed or converted at each facility.

6. Nothing in this Appendix shall relieve Hilcorp of its obligation to comply with all applicable federal, state and local laws and regulations in implementing the Mitigation Project, including any requirement to obtain permits under the Act or the AQCA.

7. For purposes of this Appendix:

- a) “Bleed” means natural gas is vented to the atmosphere from the Pneumatic Controller;
- b) “Intermittent Bleed Pneumatic Controller” means automated flow control devices powered by pressurized natural gas and used for automatically maintaining a process condition such as liquid level, pressure, delta-pressure and temperature, that were included in the 2023 40 C.F.R. Part 98 Subpart W report for pneumatic device emissions. These are snap-acting or throttling devices that discharge all or a portion of the full volume of the actuator intermittently when control action is necessary, but do not Bleed continuously;
- c) “Low Bleed Pneumatic Controllers” mean automated flow control devices powered by pressurized natural gas and used for maintaining a process condition such as liquid level, pressure, delta-pressure and temperature, that were included in the 2023 40 C.F.R. Part 98 Subpart W report for pneumatic device emissions. Part of the gas power stream that is regulated by the process condition flows to a valve actuator controller where it vents continuously to the atmosphere at a rate equal to or less than six standard cubic feet per hour;
- d) “Non-Emitting Controller” means a device that monitors a process parameter such as liquid level, pressure, or temperature and sends a signal to a control valve in order to control the process parameter and does not emit natural gas to the atmosphere. Examples of non-emitting controllers include but are not limited to instrument air or inert gas pneumatic controllers, electric controllers, mechanical controllers and Routed Pneumatic Controllers;

Appendix to the Consent Decree in United States and New Mexico Environment Department v. Hilcorp Energy Company

- e) “Process Controller” means an automated instrument used for maintaining a process condition such as liquid level, pressure, delta-pressure and temperature; and
- f) “Routed Pneumatic Controller” means a pneumatic controller of any type that releases natural gas to a process or sales line instead of directly to the atmosphere.

*Appendix to the Consent Decree in United States and New Mexico Environment Department v. Hilcorp Energy Company***APPENDIX C**

Annual Report Type and Reporting Period	Identification of Affected Well	Well Completion ID
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-045-22978	Atlantic D Com 1A
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-045-33532	Bruington Gas Com C 1R
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-045-22866	East 4A
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-045-24935	Hardie 5E
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-045-33680	Lambe 3M
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-045-11007	Mitchell 1
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-039-20049	San Juan 27-5 Unit 104
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-039-20208	San Juan 27-5 Unit 83
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-039-23813	San Juan 28-5 Unit 54E
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-039-20108	San Juan 28-5 Unit 75
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-039-20054	San Juan 28-6 Unit 101
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-039-22265	San Juan 28-6 Unit 123R
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-039-20844	San Juan 28-6 Unit 213
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-039-23336	San Juan 28-7 Unit 129E
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-039-20517	San Juan 28-7 Unit 164
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-039-20630	San Juan 28-7 Unit 194
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-039-21004	San Juan 28-7 Unit 224
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-039-20864	San Juan 28-7 Unit 225
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-039-21093	San Juan 28-7 Unit 242
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-039-27015	San Juan 28-7 Unit 247E
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-039-21050	San Juan 29-5 Unit 70
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-039-21332	San Juan 29-7 Unit 111
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-039-29639	San Juan 29-7 Unit 38B
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-039-25707	San Juan 30-5 Unit 29A
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-039-26375	San Juan 30-6 Unit 31Y
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-039-23190	San Juan 31-6 Unit 45
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-039-23158	San Juan 31-6 Unit 49
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-039-23447	San Juan 31-6 Unit 51
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-045-24391	San Juan 32-7 Unit 63
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-045-24777	San Juan 32-7 Unit 69
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-045-33892	Sheets 4E
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-045-20019	State Com AJ 34
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-045-21708	State Com H 4A
Annual OOOOa Report - 8/2/2021 to 8/1/2022	30-045-21700	Walker Koch 1A
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-045-22978	Atlantic D Com 1A
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-045-07099	Blanco Wash Federal 1

Appendix to the Consent Decree in United States and New Mexico Environment Department v. Hilcorp Energy Company

Annual Report Type and Reporting Period	Identification of Affected Well	Well Completion ID
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-20805	Canyon Largo Unit 252
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-045-24489	Grenier A 8M
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-045-22830	Hardie B 1A
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-045-32504	Hartman 3
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-045-09648	Kate Standage 1
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-045-10881	Leeds 1
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-045-29856	Maddox Com 1B
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-045-34321	Mansfield 11N
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-045-23914	McClanahan 16E
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-045-26831	Murphy C 2
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-045-10616	Neuman 1
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-045-30252	Price 5
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-045-21780	Roelofs A 1A
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-06781	San Juan 27-4 Unit 37
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-20147	San Juan 27-4 Unit 48
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-20383	San Juan 27-4 Unit 57
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-20369	San Juan 27-4 Unit 59
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-20719	San Juan 27-4 Unit 70
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-23683	San Juan 27-5 Unit 84E
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-23699	San Juan 27-5 Unit 110E
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-20301	San Juan 27-5 Unit 121
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-23847	San Juan 28-5 Unit 34E
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-07309	San Juan 28-5 Unit 65
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-20106	San Juan 28-5 Unit 77
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-20237	San Juan 28-5 Unit 79
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-23833	San Juan 28-5 Unit 79E
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-21804	San Juan 28-5 Unit 101
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-08141	San Juan 28-6 Unit 99
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-20577	San Juan 28-6 Unit 135
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-30043	San Juan 28-6 Unit 168E
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-30048	San Juan 28-6 Unit 211F
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-07036	San Juan 28-7 Unit NP 109
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-21732	San Juan 28-7 Unit 110
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-20644	San Juan 28-7 Unit 186
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-23349	San Juan 28-7 Unit 189E
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-21327	San Juan 28-7 Unit 235
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-21650	San Juan 28-7 Unit 247
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-22364	San Juan 28-7 Unit 248E
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-22363	San Juan 28-7 Unit 256E

Appendix to the Consent Decree in United States and New Mexico Environment Department v. Hilcorp Energy Company

Annual Report Type and Reporting Period	Identification of Affected Well	Well Completion ID
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-21690	San Juan 28-7 Unit 259
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-20354	San Juan 29-5 Unit 52
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-07528	San Juan 29-6 Unit 81
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-23626	San Juan 29-7 Unit 70E
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-21747	San Juan 29-7 Unit 114
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-24146	San Juan 29-7 Unit 139
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-27574	San Juan 29-7 Unit 193
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-22447	San Juan 30-5 Unit 51
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-23157	San Juan 30-5 Unit 87
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-039-23149	San Juan 31-6 Unit 39
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-045-60253	San Juan 32-9 Unit 16
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-045-11070	San Juan 32-9 Unit 25
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-045-34025	State Com M 10
Annual OOOOa Report - 8/2/2022 to 8/1/2023	30-045-33836	Sunray D 2F
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-045-22390	Atlantic C 4A
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-045-35552	Beaver Lodge Com 1M
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-039-20501	Canyon Largo Unit 186
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-039-20639	Canyon Largo Unit 239
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-039-29960	Canyon Largo Unit 278E
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-045-09822	Clayton 1
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-045-10763	Grenier 11
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-045-25331	Grenier 15E
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-045-10856	Gross 1
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-045-22080	Hill 3A
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-045-26417	Houck 2E
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-045-21635	Howell C 2A
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-045-09435	Howell C 4
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-045-60190	Howell G 2
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-045-24898	Hubbard Com 2
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-045-34196	Hubbell 3P
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-045-24386	Jackson 2E
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-039-20042	Jicarilla 153 9
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-039-22433	Jicarilla Apache 10E
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-039-06414	Jicarilla E 6
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-045-31748	Lindsey 2B
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-045-23913	McClanahan 14E
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-045-35207	Moore Com LS 3P
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-045-23290	Moore LS 4A
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-045-26185	Navajo Indian B 7

Appendix to the Consent Decree in United States and New Mexico Environment Department v. Hilcorp Energy Company

Annual Report Type and Reporting Period	Identification of Affected Well	Well Completion ID
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-045-20985	Nye SRC 15
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-045-29873	Riddle A 3B
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-045-34540	Roelofs 1N
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-045-09671	Sam Cooley 1
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-039-20149	San Juan 27-4 Unit 51
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-039-20032	San Juan 27-5 Unit 103
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-039-26627	San Juan 27-5 Unit 137F
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-039-20662	San Juan 27-5 Unit 170
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-039-25828	San Juan 27-5 Unit 1E
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-039-06785	San Juan 27-5 Unit 97
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-039-23837	San Juan 28-5 Unit 61E
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-039-20471	San Juan 28-5 Unit 87
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-039-23864	San Juan 28-5 Unit 96E
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-039-20581	San Juan 28-6 Unit 134
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-039-20619	San Juan 28-6 Unit 183
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-039-24314	San Juan 29-7 Unit NP 142
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-039-24299	San Juan 29-7 Unit NP 143
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-039-22728	San Juan 30-5 Unit 83
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-039-23145	San Juan 30-5 Unit 92
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-039-23146	San Juan 30-5 Unit 94
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-039-23180	San Juan 30-5 Unit 97
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-039-25983	San Juan 30-6 Unit 125
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-045-21631	State Com N 10A
Annual OOOOa Report - 8/2/2023 to 8/1/2024	30-045-25489	Zachry 35
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-045-22252	Atlantic Com B 8A
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-26461	Carson SRC 4
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-045-35157	Dalsant 1M
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-045-22914	F J Titt 2A
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-045-30329	Florance A 1B
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-045-25833	Grenier A 3M
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-045-21667	Johnston Federal 1A
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-045-21199	Lively 12
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-045-24108	McClanahan 15E
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-045-23750	McClanahan 17E
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-045-30599	Moore LS 3B
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-045-26586	Morris A 13A
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-20386	San Juan 27-4 Unit 58
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-20663	San Juan 27-5 Unit 169
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-30251	San Juan 28-6 Unit 159F

Appendix to the Consent Decree in United States and New Mexico Environment Department v. Hilcorp Energy Company

Annual Report Type and Reporting Period	Identification of Affected Well	Well Completion ID
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-20618	San Juan 28-6 Unit 182
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-26966	San Juan 28-7 Unit 129F
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-26930	San Juan 28-7 Unit 130F
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-21225	San Juan 29-6 Unit 37A
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-21315	San Juan 29-6 Unit 49A
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-22762	San Juan 29-7 Unit 117
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-23624	San Juan 29-7 Unit 124
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-21622	San Juan 29-7 Unit 82A
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-23147	San Juan 30-5 Unit 101
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-22159	San Juan 30-5 Unit 38
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-30255	San Juan 30-5 Unit 78N
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-21701	San Juan 30-6 Unit 8A
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-045-38344	Gonsales State Com 1N
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-045-38344	Gonsales State Com 1N
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-045-25047	Helms Federal 1E
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-045-23709	King 1A
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-045-32305	Little Stinker 3
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-045-12187	Mansfield 9
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-045-24107	McClanahan 19E
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-07120	San Juan 28-6 Unit 103
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-21872	San Juan 28-6 Unit 48A
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-21871	San Juan 28-6 Unit 49A
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-20587	San Juan 28-7 Unit 131
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-07051	San Juan 28-7 Unit 132
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-26781	San Juan 28-7 Unit 218E
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-20996	San Juan 28-7 Unit 230
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-21661	San Juan 28-7 Unit 236
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-31150	San Juan 28-7 Unit 238N
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-21733	San Juan 28-7 Unit 257
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-23775	San Juan 29-7 Unit 127
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-23625	San Juan 29-7 Unit 77E
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-22709	San Juan 30-5 Unit 81
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-23128	San Juan 30-5 Unit 95
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-039-23179	San Juan 30-5 Unit 96
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-045-29748	State Com O 12
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-045-27534	Three States Com 1A
Annual OOOOb Report - 5/7/2024 to 5/6/2025	30-045-25503	Zachry 29