

**EXECUTIVE SUMMARY - ENFORCEMENT MATTER**  
**DOCKET NO.: 2006-2062-AIR-E TCEQ ID: RN104411756 CASE NO.: 31839**  
**RESPONDENT NAME: Riata Energy, Inc.**

<b>ORDER TYPE:</b>		
<input checked="" type="checkbox"/> 1660 AGREED ORDER	<input type="checkbox"/> FINDINGS AGREED ORDER	<input type="checkbox"/> FINDINGS ORDER FOLLOWING SOAH HEARING
<input type="checkbox"/> FINDINGS DEFAULT ORDER	<input type="checkbox"/> SHUTDOWN ORDER	<input type="checkbox"/> IMMINENT AND SUBSTANTIAL ENDANGERMENT ORDER
<input type="checkbox"/> AMENDED ORDER	<input type="checkbox"/> EMERGENCY ORDER	
<b>CASE TYPE:</b>		
<input checked="" type="checkbox"/> AIR	<input type="checkbox"/> MULTI-MEDIA (check all that apply)	<input type="checkbox"/> INDUSTRIAL AND HAZARDOUS WASTE
<input type="checkbox"/> PUBLIC WATER SUPPLY	<input type="checkbox"/> PETROLEUM STORAGE TANKS	<input type="checkbox"/> OCCUPATIONAL CERTIFICATION
<input type="checkbox"/> WATER QUALITY	<input type="checkbox"/> SEWAGE SLUDGE	<input type="checkbox"/> UNDERGROUND INJECTION CONTROL
<input type="checkbox"/> MUNICIPAL SOLID WASTE	<input type="checkbox"/> RADIOACTIVE WASTE	<input type="checkbox"/> DRY CLEANER REGISTRATION
<p><b>SITE WHERE VIOLATION(S) OCCURRED:</b> Riata Energy, 1012 South Highway 285, Fort Stockton, Pecos County</p> <p><b>TYPE OF OPERATION:</b> Provides support systems for drilling operations</p> <p><b>SMALL BUSINESS:</b>    <input type="checkbox"/> Yes    <input checked="" type="checkbox"/> No</p> <p><b>OTHER SIGNIFICANT MATTERS:</b> Complaints were received on September 15, October 2, and October 6, 2006, alleging nuisance dust conditions emanating from the company's property. There is no record of additional pending enforcement actions regarding this facility location.</p> <p><b>INTERESTED PARTIES:</b> A complaint was received, but the complainant has not expressed a desire to protest this action or to speak at Agenda.</p> <p><b>COMMENTS RECEIVED:</b> The <i>Texas Register</i> comment period expired on May 14, 2007. No comments were received.</p> <p><b>CONTACTS AND MAILING LIST:</b>  <b>TCEQ Attorney/SEP Coordinator:</b> None  <b>TCEQ Enforcement Coordinator:</b> Ms. Audra Ruble, Enforcement Division, Enforcement Team 4, MC R-14, (361) 825-3126; Mr. Steven Lopez, Enforcement Division, MC 219, (512) 239-1896  <b>Respondent:</b> Mr. Matthew McCann, Senior Vice President, Legal, Riata Energy, Inc., 1601 Northwest Expressway, Suite 1600, Oklahoma City, Oklahoma 73118  Mr. Abel Gutierrez, Safety &amp; Training Manager, Riata Energy, Inc., P.O. Box I, Fort Stockton, Texas 79735  <b>Respondent's Attorney:</b> Not represented by counsel on this enforcement matter</p>		

**VIOLATION SUMMARY CHART:**

VIOLATION INFORMATION	PENALTY CONSIDERATIONS	CORRECTIVE ACTIONS TAKEN/REQUIRED
<p><b>Type of Investigation:</b>  <input checked="" type="checkbox"/> Complaint  <input type="checkbox"/> Routine  <input type="checkbox"/> Enforcement Follow-up  <input type="checkbox"/> Records Review</p> <p><b>Dates of Complaints Relating to this Case:</b>                      September 15, October 2, and October 6, 2006</p> <p><b>Date of Investigation Relating to this Case:</b>                      October 6, 2006</p> <p><b>Date of NOE Relating to this Case:</b> November 17, 2006 (NOE)</p> <p><b>Background Facts:</b> This was a complaint investigation. One violation was documented.</p> <p><b>AIR</b></p> <p>Failed to prevent excessive dust emissions which resulted in a nuisance condition to off-property receptors. Specifically, TCEQ Investigators documented that traffic from the Plant created nuisance dust emissions affecting off-property receptors [30 TEX. ADMIN. CODE § 101.4 and TEX. HEALTH &amp; SAFETY CODE § 382.085(a) and (b)].</p>	<p><b>Total Assessed:</b> \$2,675</p> <p><b>Total Deferred:</b> \$535  <input checked="" type="checkbox"/> Expedited Settlement  <input type="checkbox"/> Financial Inability to Pay</p> <p><b>SEP Conditional Offset:</b> \$0</p> <p><b>Total Paid to General Revenue:</b> \$2,140</p> <p><b>Site Compliance History Classification</b>  <input type="checkbox"/> High <input checked="" type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p><b>Person Compliance History Classification</b>  <input type="checkbox"/> High <input checked="" type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p><b>Major Source:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><b>Applicable Penalty Policy:</b> September 2002</p>	<p><b>Ordering Provisions:</b></p> <p>The Order will require the Respondent to:</p> <p>a. Within 180 days after the effective date of this Agreed Order, develop and implement procedures which will prevent nuisance conditions caused by excessive dust emissions; and</p> <p>b. Within 195 days after the effective date of this Agreed Order, submit written certification and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision a.</p>



# Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002)

PCW Revision December 8, 2006

**TCEQ**

DATES	Assigned	20-Nov-2006	Screening	30-Nov-2006	EPA Due	
	PCW	11-Dec-2006				

<b>RESPONDENT/FACILITY INFORMATION</b>	
Respondent	Riata Energy, Inc.
Reg. Ent. Ref. No.	RN104411756
Facility/Site Region	7-Midland
Major/Minor Source	Minor

<b>CASE INFORMATION</b>				
Enf./Case ID No.	31839	No. of Violations	1	
Docket No.	2006-2062-AIR-E	Order Type	1660	
Media Program(s)	Air Quality	Enf. Coordinator	Audra L. Ruble	
Multi-Media		EC's Team	EnforcementTeam 5	
Admin. Penalty \$	Limit Minimum	\$0	Maximum	\$10,000

## Penalty Calculation Section

**TOTAL BASE PENALTY (Sum of violation base penalties)** Subtotal 1 \$2,500

### ADJUSTMENTS (+/-) TO SUBTOTAL 1

Subtotals 2-7 are obtained by multiplying the Total Base Penalty (Subtotal 1) by the indicated percentage.

**Compliance History** 7% Enhancement Subtotals 2, 3, & 7 \$175

Notes: The Respondent has received one previous NOV for the same or similar violation and one NOV for non-similar violations in the past five years.

**Culpability** No 0% Enhancement Subtotal 4 \$0

Notes: Respondent does not meet the culpability criteria.

**Good Faith Effort to Comply** 0% Reduction Subtotal 5 \$0

	Before NOV	NOV to EDPRP/Settlement Offer
Extraordinary		
Ordinary		
N/A	X	(mark with x)

Notes: The Respondent does not meet the good faith criteria.

**Total EB Amounts** 0% Enhancement\* Subtotal 6 \$0  
 Approx. Cost of Compliance \$5,734 \*Capped at the Total EB \$ Amount  
\$100,000

**SUM OF SUBTOTALS 1-7** Final Subtotal \$2,675

**OTHER FACTORS AS JUSTICE MAY REQUIRE** Adjustment \$0

Reduces or enhances the Final Subtotal by the indicated percentage. (Enter number only; e.g. -30 for -30%.)

Notes

**Final Penalty Amount** \$2,675

**STATUTORY LIMIT ADJUSTMENT** Final Assessed Penalty \$2,675

**DEFERRAL** 20% Reduction Adjustment -\$535

Reduces the Final Assessed Penalty by the indicated percentage. (Enter number only; e.g. 20 for 20% reduction.)

Notes

Deferral offered for expedited settlement.

**PAYABLE PENALTY** \$2,140

Screening Date 30-Nov-2006

Docket No. 2006-2062-AIR-E

PCW

Respondent Riata Energy, Inc.

Policy Revision 2 (September 2002)

Case ID No. 31839

PCW Revision December 8, 2006

Reg. Ent. Reference No. RN104411756

Media [Statute] Air Quality

Enf. Coordinator Audra L. Ruble

### Compliance History Worksheet

>> Compliance History Site Enhancement (Subtotal 2)

Component	Number of...	Enter Number Here	Adjust.
NOVs	Written NOVs with same or similar violations as those in the current enforcement action (number of NOVs meeting criteria)	1	5%
	Other written NOVs	1	2%
Orders	Any agreed final enforcement orders containing a denial of liability (number of orders meeting criteria)	0	0%
	Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission	0	0%
Judgments and Consent Decrees	Any non-adjudicated final court judgments or consent decrees containing a denial of liability of this state or the federal government (number of judgments or consent decrees meeting criteria)	0	0%
	Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government	0	0%
Convictions	Any criminal convictions of this state or the federal government (number of counts)	0	0%
Emissions	Chronic excessive emissions events (number of events)	0	0%
Audits	Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (number of audits for which notices were submitted)	0	0%
	Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (number of audits for which violations were disclosed)	0	0%
Please Enter Yes or No			
Other	Environmental management systems in place for one year or more	No	0%
	Voluntary on-site compliance assessments conducted by the executive director under a special assistance program	No	0%
	Participation in a voluntary pollution reduction program	No	0%
	Early compliance with, or offer of a product that meets future state or federal government environmental requirements	No	0%

Adjustment Percentage (Subtotal 2) 7%

>> Repeat Violator (Subtotal 3)

No

Adjustment Percentage (Subtotal 3) 0%

>> Compliance History Person Classification (Subtotal 7)

Average Performer

Adjustment Percentage (Subtotal 7) 0%

>> Compliance History Summary

Compliance History Notes

The Respondent has received one previous NOV for the same or similar violation and one NOV for non-similar violations in the past five years.

Total Adjustment Percentage (Subtotals 2, 3, & 7) 7%

Screening Date 30-Nov-2006

Docket No. 2006-2062-AIR-E

PCW

Respondent Riata Energy, Inc.

Policy Revision 2 (September 2002)

Case ID No. 31839

PCW Revision December 8, 2006

Reg. Ent. Reference No. RN104411756

Media [Statute] Air Quality

Enf. Coordinator Audra L. Ruble

Violation Number 1

Rule Cite(s) 30 Tex. Admin. Code § 101.4 and Tex. Health & Safety Code § 382.085(a) and (b)

Violation Description Failed to prevent excessive dust emissions which resulted in a nuisance condition to off-property receptors, as documented during an investigation conducted on October 6, 2006. Specifically, regional investigators documented that traffic from the Plant created nuisance dust emissions affecting off-property receptors.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

Release	Harm			Percent
	Major	Moderate	Minor	
Actual		X		25%
Potential				

>> Programmatic Matrix

Matrix Notes	Harm			Percent
	Major	Moderate	Minor	
Discharge of a significant amount of pollutants which does not exceed levels protective of human health and/or the environment as a result of the violation.				0%

Adjustment \$7,500

\$2,500

Violation Events

Number of Violation Events 1 Number of violation days 1

mark only one with an x	daily	
	monthly	
	quarterly	
	semiannual	
	annual	
	single event	X

Violation Base Penalty \$2,500

One single event is recommended based on the investigation date (October 6, 2006).

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$5,734

Violation Final Penalty Total \$2,675

This violation Final Assessed Penalty (adjusted for limits) \$2,675

## Economic Benefit Worksheet

**Respondent:** Riata Energy, Inc.  
**Case ID No.:** 31839  
**Reg. Ent. Reference No.:** RN104411756  
**Media:** Air Quality  
**Violation No.:** 1

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
<small>No commas or \$</small>							

### Delayed Costs

Equipment				0.0	\$0	\$0	\$0
Buildings				0.0	\$0	\$0	\$0
Other (as needed)				0.0	\$0	\$0	\$0
Engineering/construction	\$100,000	6-Oct-2006	1-Aug-2007	0.8	\$273	\$5,461	\$5,734
Land				0.0	\$0	n/a	\$0
Record Keeping System				0.0	\$0	n/a	\$0
Training/Sampling				0.0	\$0	n/a	\$0
Remediation/Disposal				0.0	\$0	n/a	\$0
Permit Costs				0.0	\$0	n/a	\$0
Other (as needed)				0.0	\$0	n/a	\$0

Notes for DELAYED costs

Estimated cost to pave the dirt entrance and parking lots on the plant property. Date required is the date of the investigation and final date is when compliance is expected to be achieved.

### Avoided Costs

**ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)**

Disposal				0.0	\$0	\$0	\$0
Personnel				0.0	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.0	\$0	\$0	\$0
Supplies/equipment				0.0	\$0	\$0	\$0
Financial Assurance [2]				0.0	\$0	\$0	\$0
ONE-TIME avoided costs [3]				0.0	\$0	\$0	\$0
Other (as needed)				0.0	\$0	\$0	\$0

Notes for AVOIDED costs

Approx. Cost of Compliance

\$100,000

**TOTAL**

\$5,734

# Compliance History

Customer/Respondent/Owner-Operator:	CN601063969 Riata Energy, Inc.	Classification: AVERAGE	Rating: 2.50
Regulated Entity:	RN104411756 RIATA ENERGY	Classification: AVERAGE	Site Rating: 1.50
ID Number(s):	PETROLEUM STORAGE TANK REGISTRATION	REGISTRATION	74424
Location:	1012 S HWY 285, FORT STOCKTON, TX, 79735	Rating Date: 9/1/2006	Repeat Violator: NO
TCEQ Region:	REGION 07 - MIDLAND		
Date Compliance History Prepared:	November 30, 2006		
Agency Decision Requiring Compliance History:	Enforcement		
Compliance Period:	November 30, 2001 to November 30, 2006		

TCEQ Staff Member to Contact for Additional Information Regarding this Compliance History

Name: Audra Ruble Phone: 361-825-3126

### Site Compliance History Components

- |  |            |
|--|------------|
| 1. Has the site been in existence and/or operation for the full five year compliance period? | Yes        |
| 2. Has there been a (known) change in ownership of the site during the compliance period?    | No         |
| 3. If Yes, who is the current owner?   | <u>N/A</u> |
| 4. If Yes, who was/were the prior owner(s)?  | <u>N/A</u> |
| 5. When did the change(s) in ownership occur?  | <u>N/A</u> |

#### Components (Multimedia) for the Site :

- A. Final Enforcement Orders, court judgements, and consent decrees of the state of Texas and the federal government.  
N/A
- B. Any criminal convictions of the state of Texas and the federal government.  
N/A
- C. Chronic excessive emissions events.  
N/A
- D. The approval dates of investigations. (CCEDS Inv. Track. No.)  
1 05/25/2006 (479739)
- E. Written notices of violations (NOV). (CCEDS Inv. Track. No.)
- |              |   |                 |  |                          |
|--------------|---|-----------------|--|--------------------------|
| Date:        | 02/03/2006 (452366)   | Self Report?    | NO   | Classification: Moderate |
| Citation:    | 30 TAC Chapter 101, SubChapter A 101.4<br>5C THC Chapter 382, SubChapter A 382.085(a) | Description:    | Failure to prevent creating off-property nuisance conditions at two locations. |                          |
| Date:        | 11/03/2006 (518251)   | Self Report?    | NO   | Classification: Moderate |
| Citation:    | 30 TAC Chapter 281, SubChapter A 281.25(a)(4)   | Description:    | Failure to have a stormwater discharge permit.                                 |                          |
| Self Report? | NO  | Classification: | Moderate   |                          |
| Citation:    | 30 TAC Chapter 281, SubChapter A 281.25(a)(4)   | Description:    | Failure to have a SWP3.  |                          |
- F. Environmental audits.  
N/A
- G. Type of environmental management systems (EMSs).  
N/A
- H. Voluntary on-site compliance assessment dates.  
N/A

I. Participation in a voluntary pollution reduction program.

N/A

J. Early compliance.

N/A

Sites Outside of Texas

N/A

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



IN THE MATTER OF AN  
ENFORCEMENT ACTION  
CONCERNING  
RIATA ENERGY, INC.  
RN104411756

§  
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§

BEFORE THE  
TEXAS COMMISSION ON  
ENVIRONMENTAL QUALITY

**AGREED ORDER**  
**DOCKET NO. 2006-2062-AIR-E**

**I. JURISDICTION AND STIPULATIONS**

At its \_\_\_\_\_ agenda, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding Riata Energy, Inc. ("Riata") under the authority of TEX. HEALTH & SAFETY CODE ch. 382 and TEX. WATER CODE ch. 7. The Executive Director of the TCEQ, through the Enforcement Division, and Riata appear before the Commission and together stipulate that:

1. Riata owns and operates a business that provides support systems for drilling operations located at 1012 South Highway 285 in Fort Stockton, Pecos County, Texas (the "Plant").
2. The Plant consists of one or more sources as defined in TEX. HEALTH & SAFETY CODE § 382.003(12).
3. The Commission and Riata agree that the Commission has jurisdiction to enter this Agreed Order, and that Riata is subject to the Commission's jurisdiction.
4. Riata received notice of the violations alleged in Section II ("Allegations") on or about November 22, 2006.
5. The occurrence of any violation is in dispute and the entry of this Agreed Order shall not constitute an admission by Riata of any violation alleged in Section II ("Allegations"), nor of any statute or rule.
6. An administrative penalty in the amount of Two Thousand Six Hundred Seventy-Five Dollars (\$2,675) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). Riata has paid Two Thousand One Hundred Forty Dollars (\$2,140) of the administrative penalty and Five Hundred Thirty-Five Dollars (\$535) is deferred contingent upon



Riata's timely and satisfactory compliance with all the terms of this Agreed Order. The deferred amount will be waived upon full compliance with the terms of this Agreed Order. If Riata fails to timely and satisfactorily comply with all requirements of this Agreed Order, the Executive Director may require Riata to pay all or part of the deferred penalty.

7. Any notice and procedures, which might otherwise be authorized or required in this action, are waived in the interest of a more timely resolution of the matter.
8. The Executive Director of the TCEQ and Riata have agreed on a settlement of the matters alleged in this enforcement action, subject to the approval of the Commission.
9. The Executive Director may, without further notice or hearing, refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings if the Executive Director determines that Riata has not complied with one or more of the terms or conditions in this Agreed Order.
10. This Agreed Order shall terminate five years from its effective date or upon compliance with all the terms and conditions set forth in this Agreed Order, whichever is later.
11. The provisions of this Agreed Order are deemed severable and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Agreed Order unenforceable, the remaining provisions shall be valid and enforceable.

## **II. ALLEGATIONS**

As owner and operator of the Plant, Riata is alleged to have failed to prevent excessive dust emissions which resulted in a nuisance condition to off-property receptors, in violation of 30 TEX. ADMIN. CODE § 101.4 and TEX. HEALTH & SAFETY CODE § 382.085(a) and (b), as documented during an investigation conducted on October 6, 2006. Specifically, TCEQ Investigators documented that traffic from the Plant created nuisance dust emissions affecting off-property receptors.

## **III. DENIALS**

Riata generally denies each allegation in Section II ("Allegations").

## **IV. ORDERING PROVISIONS**

1. It is, therefore, ordered by the TCEQ that Riata pay an administrative penalty as set forth in Section I, Paragraph 6 above. The payment of this administrative penalty and Riata's compliance with all the terms and conditions set forth in this Agreed Order resolve only the allegations in Section II. The Commission shall not be constrained in any manner from requiring corrective action or penalties for violations, which are not raised here. Administrative penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: Riata Energy, Inc., Docket No. 2006-2062-AIR-E" to:



Financial Administration Division, Revenues Section  
Attention: Cashier's Office, MC 214  
Texas Commission on Environmental Quality  
P.O. Box 13088  
Austin, Texas 78711-3088

2. It is further ordered that Riata shall undertake the following technical requirements:
  - a. Within 180 days after the effective date of this Agreed Order, develop and implement procedures which will prevent nuisance conditions caused by excessive dust emissions; and
  - b. Within 195 days after the effective date of this Agreed Order, submit written certification as described below, and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision No. 2.a. The certification shall be notarized by a State of Texas Notary Public and include the following certification language:

"I certify under penalty of law that I have personally examined and am familiar with the information submitted and all attached documents, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is 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."

The certification shall be submitted to:

Order Compliance Team  
Enforcement Division, MC 149A  
Texas Commission on Environmental Quality  
P.O. Box 13087  
Austin, Texas 78711-3087

with a copy to:

Air Section, Manager  
Midland Regional Office  
Texas Commission on Environmental Quality  
3300 North A Street, Building 4, Suite 107  
Midland, Texas 79705-5404

3. The provisions of this Agreed Order shall apply to and be binding upon Riata. Riata is ordered to give notice of the Agreed Order to personnel who maintain day-to-day control over the Plant operations referenced in this Agreed Order.
4. If Riata fails to comply with any of the Ordering Provisions in this Agreed Order within the prescribed schedules, and that failure is caused solely by an act of God, war, strike, riot, or other catastrophe, Riata's failure to comply is not a violation of this Agreed Order. Riata shall have the burden of establishing to the Executive Director's satisfaction that such an event has occurred.



Riata shall notify the Executive Director within seven days after Riata becomes aware of a delaying event and shall take all reasonable measures to mitigate and minimize any delay.

5. The Executive Director may grant an extension of any deadline in this Agreed Order or in any plan, report, or other document submitted pursuant to this Agreed Order, upon a written and substantiated showing of good cause. All requests for extensions by Riata shall be made in writing to the Executive Director. Extensions are not effective until Riata receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.
6. This Agreed Order, issued by the Commission, shall not be admissible against Riata in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Agreed Order; or (2) pursue violations of a statute within the Commission's jurisdiction, or of a rule adopted or an order or permit issued by the Commission under such a statute.
7. This agreement may be executed in multiple counterparts, which together shall constitute a single original instrument. Any executed signature page to this Agreement may be transmitted by facsimile transmission to the other parties, which shall constitute an original signature for all purposes.
8. Under 30 TEX. ADMIN. CODE § 70.10(b), the effective date is the date of hand-delivery of the Order to Riata, or three days after the date on which the Commission mails notice of the Order to Riata, whichever is earlier. The Chief Clerk shall provide a copy of this Agreed Order to each of the parties.



## SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

\_\_\_\_\_  
For the Commission

\_\_\_\_\_  
For the Executive Director

4/27/07  
\_\_\_\_\_  
Date

I, the undersigned, have read and understand the attached Agreed Order. I am authorized to agree to the attached Agreed Order on behalf of the entity, if any, indicated below my signature, and I do agree to the terms and conditions specified therein. I further acknowledge that the TCEQ, in accepting payment for the penalty amount, is materially relying on such representation.

I also understand that my failure to comply with the Ordering Provisions, if any, in this order and/or my failure to timely pay the penalty amount, may result in:

- A negative impact on my compliance history;
- Greater scrutiny of any permit applications submitted by me;
- Referral of this case to the Attorney General's Office for contempt, injunctive relief, additional penalties, and/or attorney fees, or to a collection agency;
- Increased penalties in any future enforcement actions against me;
- Automatic referral to the Attorney General's Office of any future enforcement actions against me; and
- TCEQ seeking other relief as authorized by law.

In addition, any falsification of any compliance documents may result in criminal prosecution.

\_\_\_\_\_  
Signature

3-9-07  
\_\_\_\_\_  
Date

Matthew McCann

Senior Vice President, Legal  
and Secretary

\_\_\_\_\_  
Name (Printed or typed)  
Authorized Representative of  
Riata Energy, Inc.

\_\_\_\_\_  
Title

**Instructions:** Send the original, signed Agreed Order with penalty payment to the Financial Administration Division, Revenues Section at the address in Section IV, Paragraph 1 of this Agreed Order.

