



SENT BY ELECTRONIC MAIL AND CERTIFIED MAIL
RETURN RECEIPT REQUESTED

March 25, 2024

Montgomery Floyd, Environmental Manager
Permian Resources Operating, LLC
300 N. Marienfeld St, Suite 1000
Midland TX 79701
Sent by electronic mail to: Montgomery.floyd@permianres.com

Notice of Violation for Permian Resources Operating, LLC and Earthstone Energy, Inc, AQB Case No. CHI-39973-2101

Dear Montgomery Floyd,

The New Mexico Environment Department (“NMED”) has identified Permian Resources Operating, LLC (“Permian Resources”) and Earthstone Energy, Inc (“Earthstone”) as having violated state and federal regulations for air quality. This Notice of Violation (NOV) is regarding the Asteroid 20-29 Fed Battery (“Facility”) owned and operated by Permian Resources’ affiliate Earthstone. The Facility is located in Eddy County, New Mexico at latitude 32.29656 and longitude -104.3114.

This NOV is issued pursuant to NMSA 1978, Section 74-2-5.1(A), which states that NMED’s “investigations shall be reduced to writing if any enforcement action is contemplated, and a copy shall be furnished to the owner or occupants of the premises before the action is filed.” In accordance with Section 74-2-5.1(C), the purpose of this NOV is to “encourage and make every reasonable effort to obtain voluntary cooperation by the owner or occupants to preserve, restore or improve air quality.”

Alleged Violations

The evidence to support this NOV was collected by an NMED Compliance Inspector in records received on June 15, 2021, from the owner and operator of the Facility at the time the violation occurred, Chisholm Energy Operating, LLC. NMED requested records of the commencement dates of the Facility construction and operation upon receipt of a General Construction Permit-Oil and Gas (GCP-O&G) Registration reporting that the Facility was already constructed.

The investigation found evidence of the following violations.

1. Failure to apply for and obtain an air quality construction permit before construction and operation of the Facility in violation of 20.2.72.200.E New Mexico Administrative Code (NMAC) which states, “For all sources subject to this part, applications for permits shall be filed prior to the commencement of the construction, modification or installation. Regardless of the anticipated

commencement date, no construction, modification or installation shall begin prior to issuance of the permit.”

Please note that the Facility will appear on NMED’s Enforcement Watch as a result of this NOV (see: <https://www.env.nm.gov/enforcement-watch/>). Further, NMED may issue a press release to local media highlighting your facility as appearing on this webpage. Your facility will remain on the Enforcement Watch website as an active matter until this matter is fully resolved, including the payment of the assessed civil penalty.

You may obtain a copy of the AQB’s Civil Penalty Policy located on the Compliance and Enforcement website at: <https://www.env.nm.gov/air-quality/compliance-and-enforcement/>

Requested Information

In the response to this NOV please provide this information for each violation:

1. a description of the causes of this violation;
2. documentation of the steps taken to correct the violation to date; and
3. documentation of steps taken or to be taken to prevent the recurrence of the violation.

With the documentation, please include specific, measurable, and time-bound changes made or to be made addressing any problems causing the violation. Attachment A has been included at the end of the NOV and can be used as a checklist for organizing the response.

Use these instructions to submit the response:

1. All correspondence pertaining to this NOV must be submitted under cover of a properly completed Reporting Submittal Form, emailed to the Enforcement Specialist (contact information below). A copy of the form can be found online at: <https://www.env.nm.gov/air-quality/compliance-and-enforcement/#>.
2. Submit requested information no later than thirty (30) days after the date of this NOV.
3. Any documents claimed as Confidential Business Information (CBI) pursuant to 20.2.1.115 NMAC must be submitted in separate electronic files from non-CBI documents and identified as CBI.
4. If files cannot be submitted by electronic mail, contact the Enforcement Specialist to request a link to a file transfer platform, or submit records on a thumb drive mailed to the Air Quality Bureau, 525 Camino de los Marquez, Suite 1, Santa Fe, NM 87505 to the attention of Cember Hardison.
5. Please include any facts, information, or documentation to refute the alleged violations, with the requested information.

After receiving the response to this NOV, NMED will send a settlement offer or compliance order outlining the penalties and corrective actions associated with each of the violations. As NMED’s review of the alleged violations is ongoing, NMED reserves the right to assert additional violations at the Facility if new information becomes available.

If you have questions or believe any statement in this notice is erroneous, please contact Cember Hardison, Enforcement Specialist, at (505) 629-6688 or cember.hardison@env.nm.gov or Teresa McDill,

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Enforcement Manager, at (505) 629-8732 or teresa.mcdill@env.nm.gov. If you are represented by counsel, please contact Chris Vigil, Assistant General Counsel, at (505) 469-4696 or ChristopherJ.Vigil@env.nm.gov.

Thank you for your prompt attention to this matter.

Sincerely,

Liz Bisbey-Kuehn
Bureau Chief
Air Quality Bureau

cc: Chris Vigil, Legal representative, OGC
Elizabeth Kuehn, Section chief, AQB
Teresa McDill, Enforcement manager, AQB
Cember Hardison, Enforcement specialist, AQB

Attachment

Attachment A

This form must be completed and signed by the facility's Responsible Official (Title V) or other designee and returned no later than thirty (30) days after the date of this Notice of Violation. Documentation for additional information (in addition to this form) must be submitted electronically to Enforcement Specialist Cember Hardison at ember.hardison@env.nm.gov or Enforcement Manager Teresa McDill at teresa.mcdill@env.nm.gov.

All submittals must be submitted using the Reporting Submittal Form. The Reporting Submittal Form and instructions can be located at: <https://www.env.nm.gov/air-quality/compliance-and-enforcement/#>.

I hereby verify that Permian Resources Operating, LLC and Earthstone Energy, Inc has initiated the required additional information response outlined in this Notice of Violation. The following information has been submitted or will be submitted by the dates indicated below for each violation. All required documentation will be submitted electronically no later than thirty (30) days after the date of this Notice of Violation.

Date NOV received: _____

Alleged Violation 1

_____ *A description of the cause of the violation*

_____ *Documentation of the steps taken to correct the violation to date*

_____ *Documentation of steps taken (or to be taken) to prevent recurrence of this violation (include date if not yet completed)*

Signature

Date

Printed Name:

Title: