

## FAQs

- **What is a Consent Decree?**
  - This Consent Decree is a final agreement (or settlement) which resolves a dispute between the U.S. EPA/DOJ and PennEnergy, LLC (“PennEnergy” or “the Company”) related to alleged air quality compliance matters at well pads acquired by the Company from another operator; it was executed by a judge and with the consent of the parties and finalized after a long period of cooperative negotiation. **PennEnergy has cooperated with the agencies since day one on this matter to ensure appropriate resolution, and we are pleased to have reached mutually acceptable terms without the need for litigation.**
  - It is important to note that PennEnergy’s obligations did not end once settlement occurred – our requirement to comply with the Consent Decree will be an ongoing endeavor that is taken seriously and aligns with our [Core Values](#).
- **What prompted the Consent Decree?**
  - This Consent Decree settles the alleged violations observed during inspections of 16 well pads by the U.S. EPA in October of 2018 – the subject legacy assets were acquired by the Company from another operator roughly two (2) weeks prior to the EPA inspections and *before* PennEnergy had the opportunity to take action to bring them up to the Company’s high operational and environmental performance standards.
  - At every step in this process, given the Company’s commitment to operational transparency, PennEnergy assisted EPA with its inspections and fact-finding, has provided timely information on a regular basis to the agency, and has taken many compliance-focused actions in advance of Consent Decree finalization.
- **What types of compliance/mitigation measures are required by the Consent Decree?**
  - The best way to describe the measures contained with the Consent Decree is “well above the regulatory bar” and “stringent” – two standards ingrained in PennEnergy’s operating culture. Above all, PennEnergy must ensure robust monitoring of facilities for air quality compliance with examples including: leak detection and repair (LDAR), operator training and inspections, continuous remote monitoring (i.e. sensors, alarms, data systems, etc.), engineering evaluation, sampling, and much more. We are required to audit our processes and compliance via third party and must regularly report to U.S. EPA.
  - Also, in conjunction with the Consent Decree, PennEnergy must complete a Mitigation Project which substantially reduces our emissions profile, which is in full alignment with our longstanding Air Quality program and our Core Value of Environmental Stewardship.

- **How much is the civil penalty and where will those funds go?**
  - The total civil penalty amount is \$2 million, to be split equally between the U.S. Department of Justice (a joint Complainant on the matter with USEPA) and the Pennsylvania Department of Environmental Protection (DEP). DEP is the state agency with jurisdiction on environmental matters such as air quality.
- **What types of proactive steps have been taken prior to finalization of the Consent Decree?**
  - Consistent with PennEnergy's existing Core Values and deep company culture of continuous improvement, integrity and transparency, **the company has already taken many measures to achieve a significant degree of compliance with the Consent Decree requirements ahead of final settlement.**
  - To elaborate on this, instead of waiting for finalized conditions and an executed agreement, PennEnergy was preparing for compliance with the stringent conditions anticipated for a considerable period. Equipment monitoring installation projects, operator training and inspection programs, enhanced LDAR efforts, and compliance data collection, analysis and management systems are just a few of the large efforts we made ahead of time to ensure that when final agreement was reached, we would be well-equipped to comply long-term with the Consent Decree.
  - To learn more about PennEnergy's commitment to operational excellence and environmental stewardship, and specifically air quality, please review the Company's latest sustainability report: [pennenergyresources.com/sustainability](http://pennenergyresources.com/sustainability).

*Please refer to the PennEnergy Resources issued press release [here](#) for more information or contact Stakeholder Relations Manager [Amanda Peterson](#) with any questions.*