STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	*	**Settlement Tracking No.**
	*	**SA-AE-13-0079**
TDX ENERGY, LLC	*	
	*	**Enforcement Tracking No.**
AI # 39826, 51410, 80951, 80953, 145501,	*	**AE-PP-11-01110**
150345, 152151, 173577, 173584, 173585,	*	
173594, 173597, 174393, 174400, 174407	*	
	*	
PROCEEDINGS UNDER THE LOUISIANA	*	
ENVIRONMENTAL QUALITY ACT	*	
LA. R.S. 30:2001, ET SEQ.	*	

SETTLEMENT

The following Settlement is hereby agreed to between TDX Energy, LLC ("Respondent") and the Department of Environmental Quality ("DEQ" or "the Department"), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. ("the Act").

I

Respondent is a limited liability company that owns and/or operates several oil and natural gas production facilities located in Webster Parish, Bienville Parish, Claiborne Parish, and Caddo Parish, Louisiana ("the Facilities").

II

On December 8, 2011, the Department issued to Respondent a Notice of Potential Penalty (NOPP), Enforcement No. AE-PP-11-01110, which was based upon the following findings of fact:

On or about August 3, 2011, a file review of the following oil and natural gas production facilities owned and/or operated by **TDX ENERGY, LLC (RESPONDENT)**, was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the

Air Quality Regulations:

Agency Interest No.	Facility Name	Physical Location	Active Permit No.
39826	Burns #1, #2, & 3 Production Facilities	2.4 miles southeast of Shongaloo in Webster Parish, Louisiana	3080-00152-00
51410	A O Norton #1 Production Facility	One mile north of Dykesville in Webster Parish, Louisiana	3080-00153-01
80951	Crump 1 & Browning 1 Production Facility	Two miles east on La. Highway 2A in Shongaloo, Webster Parish, Louisiana	3080-00156-02
80953	Dykesville CP	Six miles east of Shongaloo in Webster Parish, Louisiana	3080-00158-01
145501	Jowers #1	3.3 miles east of Gibsland in Bienville Parish, Louisiana	0360-00629-00
150345	Reeder Heirs #1	Five miles west of Haynesville in Claiborne Parish, Louisiana	0620-00356-00
152151	LA Minerals #1 Alt	Three miles north of Arcadia in Bienville Parish, Louisiana	0360-00674-00
173577	Butler #1 Alt	Five miles from Homer in Claiborne Parish, Louisiana	0620-00394-00
173584	Hamner etal 16 #1	Three miles south from I-20 in Gibsland, Bienville Parish, Louisiana	0360-00809-00
173585	Shaw #1	Six miles from Homer in Claiborne Parish, Louisiana	0620-000395-00
173594	Weyerhaeuser 4 #1	Two miles south of Arcadia in Bienville Parish, Louisiana	0360-00810-00
173597	Holley #1 Alt	0.9 miles east on La. Highway 2A in Shongaloo, Webster Parish, Louisiana	3080-00484-00
174393	Virginia Upshaw 4 #1	Six miles north of Arcadia in Bienville Parish, Louisiana	0360-00818-00
174400	Sumner et al 17 #1	2.5 miles northeast of Rodessa in Caddo Parish, Louisiana	0500-00475-00
174407	A.C. Frizzell etux 17 #1	Five miles west of Haynesville in Caddo Parish, Louisiana	0500-00476-00

The following violations were noted during the course of the file review:

A. The Respondent submitted a Notification of Change of Ownership/Operator or Name Change Form (NOC-1) for each facility on August 3, 2011, that stated the Respondent acquired the facilities on June 1, 2011. Each failure to provide the Department with a NOC-1 form within forty-five (45) days after the change of ownership or operational control is a violation of LAC 33:I.1907.B, LAC 33:III.517.G, and La. R.S. 30.2057(A)(2).

B. The Respondent continued operation of the facilities on June 1, 2011. The Department transferred each facilities air permit on August 19, 2011. Each unauthorized operation of a facility from June 1, 2011, to August 18, 2011, is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

III

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

IV

Nonetheless, Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount of FIVE THOUSANDFIVE HUNDRED FIFTY-TWO AND NO/DOLLARS ($5,552.00), of which Five Hundred Fifty-Two and 28/100 Dollars ($552.28) represents the Department's enforcement costs, in settlement of the claims set forth in this agreement. The total amount of money expended by Respondent on cash payments to the Department as described above, shall be considered a civil penalty for tax purposes, as required by La. R.S. 30:2050.7(E)(1).

V

Respondent further agrees that the Department may consider the permit record(s), the NOPP and this Settlement for the purpose of determining compliance history in connection with any future enforcement or permitting action by the Department against Respondent, and in any such action Respondent shall be estopped from objecting to the above-referenced documents being considered as

proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

VI

This agreement shall be considered a final order of the Secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this agreement, except such review as may be required for interpretation of this agreement in any action by the Department to enforce this agreement.

VII

This settlement is being made in the interest of settling the state's claims and avoiding for both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the Department considered the factors for issuing civil penalties set forth in La. R. S. 30:2025(E) of the Act.

VIII

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Webster Parish, Bienville Parish, Claiborne Parish, and Caddo Parish, Louisiana. The advertisement, in form, wording, and size approved by the Department, announced the availability of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted an original proof-of-publication affidavit and an original public notice from the newspaper of each affected parish to the Department and, as of the date this Settlement is executed on behalf of the Department, more than forty-five (45) days have elapsed since publication of the notice.

IX

Payment is to be made within ten (10) days from notice of the Secretary's signature. If payment is not received within that time, this Agreement is voidable at the option of the Department. Payments are to be made by check, payable to the Department of Environmental Quality, and mailed or delivered to the attention of Accountant Administrator, Financial Services Division, Department of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303. Each payment shall be accompanied by a completed Settlement Payment Form (Exhibit A).

X

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

XI

Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his or her respective party, and to legally bind such party to its terms and conditions.

TDX ENERGY, LLC

BY: _____
(Signature)

_____
(Printed)

TITLE: _____

THUS DONE AND SIGNED in duplicate original before me this _____ day of _____, 20 _____, at _____.

_____
NOTARY PUBLIC (ID #_____)

_____
(stamped or printed)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Peggy M. Hatch, Secretary

BY: _____
Cheryl Sonnier Nolan, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this _____ day of _____, 20_____, at Baton Rouge, Louisiana.

_____
NOTARY PUBLIC (ID # _____)

_____
(stamped or printed)

Approved: _____
Cheryl Sonnier Nolan, Assistant Secretary