STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	*	**Settlement Tracking No. SA-AE-15-0036**
TRADITION RESOURCES OPERATING, LLC	*	
AI # 32839, 113010	*	**Enforcement Tracking No. AE-PP-11-00386**
PROCEEDINGS UNDER THE LOUISIANA ENVIRONMENTAL QUALITY ACT LA. R.S. 30:2001, ET SEQ.	*	

SETTLEMENT

The following Settlement is hereby agreed to between Tradition Resources Operating, LLC f/k/a Atinum Operating , Inc. ("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 owned and/or operated oil and gas production facilities located in St. Landry Parish and Lafourche Parish, Louisiana ("the Facilities").

II

On December 19, 2011, the Department issued to Respondent a Notice of Potential Penalty (NOPP), Enforcement No. AE-PP-11-00386, which was based upon the following findings of fact:

"On or about December 14, 2011, a file review of **MONCRIEF COMMINGLING FACILITY-MONCRIEF FIELD AI# 32839** (facility), owned and/or operated by **ATINUM OPERATING, INC. (RESPONDENT)**, was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations. The facility is

an oil and gas production facility located approximately 5.5 miles northeast of Palmetto, St. Landry Parish, Louisiana. The facility currently operates under State Air Permit No. 2600-00028-03, which was issued on or about June 15, 2010.

While the investigation by the Louisiana Department of Environmental Quality (the Department) is not yet complete, the following violations were noted during the course of the file review:

A. The Respondent submitted a Notice of Change of Owner/Operator form to the Department, dated June 8, 2011. The change of ownership took place on or about January 1, 2011. The failure to submit the Notice of Change of Owner/Operator form to the Department within 45 days of the change is a violation of General Condition XVI of State Permit No. 2600-00028-03, LAC 33:III.537, and LAC 33:III.501.C.4.

B. On or about June 24, 2011, the Department approved the facility's change of ownership, for which the Respondent applied on or about June 8, 2011. The Respondent operated the facility without a valid state air permit during the period of or about January 1, 2011 through June 23, 2011. The operation of the facility without a valid state air permit is a violation of LAC 33:III.501.C.2, La R.S. 30:2057(A)(1), and 30:2057(A)(2).

On or about December 14, 2011, a file review of **CUTOFF PRODUCTION FACILITY AI# 113010** (facility), owned and/or operated by **ATINUM OPERATING, INC. (RESPONDENT)**, was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations. The facility is an oil and gas production facility located approximately 2 miles east of LA Hwy 308 near Cut Off, Lafourche Parish, Louisiana. The facility currently operates under State Air Permit No. 1560-00204-00, which was issued on or about May 13, 2003.

While the investigation by the Louisiana Department of Environmental Quality (the Department) is not yet complete, the following violations were noted during the course of the file review:

A. The Respondent submitted a Notice of Change of Owner/Operator form to the Department, dated November 29, 2010. The change of ownership took place on or about December 9, 2009. The failure to submit the Notice of Change of Owner/Operator form to the Department within 45 days of the change is a violation of General Condition XVI of State Permit No. 1560-00204-00, LAC 33:III.537, and LAC 33:III.501.C.4.

B. On or about February 25, 2011, the Department approved the facility's change of ownership, for which the Respondent applied on or about November 29, 2010. The Respondent operated the facility without a valid state air permit during the period of or about December 9, 2009 through February 24, 2011. The operation of the facility without a valid state air permit is a violation of LAC 33:III.501.C.2, 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 TWO THOUSAND FOUR HUNDRED NINETY-NINE AND 41/100 DOLLARS ($2,499.41), of which Four Hundred Ninety-Nine and 41/100 Dollars ($499.41) 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

As required by law, the Department has submitted this Settlement Agreement to the Louisiana Attorney General for approval or rejection. The Attorney General's concurrence is appended to this Settlement Agreement.

IX

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in St. Landry Parish and Lafourche Parish, Louisiana. The advertisement, in form and wording 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 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.

X

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).

XI

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

XII

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.

TRADITION RESOURCES OPERATING, 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: _____
D. Chance McNeely, 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: _____
D. Chance McNeely, Assistant Secretary