

31<sup>st</sup> JUDICIAL DISTRICT COURT FOR THE PARISH OF JEFERSON DAVIS

STATE OF LOUISIANA

DOCKET NO. C823-17

LITEL EXPLORATIONS, LLC

VERSUS

AEGIS DEVELOPMENT COMPANY L.L.C., AEGIS ENERGY INC., ANDERSON EXPLORATION COMPANY, INCORPORATED, APACHE CORPORATION (OF DELAWARE), BP AMERICA PRODUCTION COMPANY, TERRY CALONGNE, L.L.C., CANADIANOXY OFFSHORE PRODUCTION CO., CMP FAMILY L.L.C., CONOCOPHILLIPS COMPANY, DENBURY ONSHORE, L.L.C., EXXON MOBIL CORPORATION, GARY PRODUCTION COMPANY, GROTON LAND COMPANY, INC., HANLEY PETROLEUM L.L.C., HENRY PRODUCTION COMPANY, INC., LDC OPERATING, INC., LOUISIANA ONSHORE PROPERTIES L.L.C., MANTI RESOURCES, INC., MH FAMILY L.L.C., MOBIL OIL EXPLORATION & PRODUCING SOUTHEAST INC., MTBB ACQUISITION COMPANY, L.L.C., ONYXX ENERGY L.L.C., OXY USA INC., PENN ENTERPRISES, L.L.C., PETROSAN L.L.C., PETRO QUEST EXPLORATION, INC., RODESSA OPERATING COMPANY, INC., SANDHILL PRODUCTION, INC., SOUTH THORNWELL EXPLORATION L.P., SUNRISE LAND, L.L.C., SYDSON ENERGY, INC., TENSAS EXPLORATION & PRODUCTION COMPANY L.L.C., TEXAS OIL DISTRIBUTION AND DEVELOPMENT, INC., VERADO ENERGY, INC., AND 3 & 1 OPERATING INC.

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**PETITION OF INTERVENTION FILED BY THE**  
**OFFICE OF CONSERVATION OF THE**  
**LOUISIANA DEPARTMENT OF NATURAL RESOURCES**

NOW INTO COURT, appearing through its undersigned counsel of record, comes the Office of Conservation of the Louisiana Department of Natural Resources, appearing through the Commissioner of Conservation, Richard P. Ieyoub, ("**Office of Conservation**"), a state agency within the executive branch of government, with its location for purposes of litigation being the Parish of East Baton Rouge, State of Louisiana, appearing herein as intervenor pursuant to La. R.S. 30:29, and respectfully submits this Petition of Intervention for the purpose of asserting its rights in this proceeding, and now respectfully represents as follows:

1.

Named as parties for purposes of the claims asserted in this intervention are plaintiffs and defendants. (See lists of plaintiffs and defendants attached as ***Exhibit A***, respectively).

2.

This suit involves a claim by the plaintiffs that the defendants conducted and participated in various oil and gas exploration and/or production and/or related activities, which caused pollution and environmental related property damages on, at, and/or near plaintiffs' property with attendant actual and/or potential hazards/danger/injury to human health, safety and/or well being.

3.

As outlined and described in more detail below, in 2006, the Louisiana Legislature enacted La. R.S. 30:29, which gives the Office of Conservation the right to intervene in litigation involving claims such as are being prosecuted herein. See La. R.S. 30:29(B)(2).

4.

The Office of Conservation, appearing through the Commissioner of Conservation, Richard P. Ieyoub, is entitled to, and does hereby now, intervene in these proceedings in accordance with the authority granted to it by the Louisiana Legislature pursuant to La. R.S. 30:29, and as further described and outlined below.

5.

Article IX, Section 1 of the Louisiana Constitution provides that the resources of the State “shall be protected, conserved, and replenished insofar as possible and consistent with the health, safety, and welfare of the people.”

6.

The Louisiana Legislature is empowered to enact laws necessary and appropriate to carry out the purpose of Article IX, Section 1 of the Louisiana Constitution.

7.

In furtherance of its constitutional mandate to protect the resources of the State of Louisiana, together with the health, safety and welfare of its citizens, in 2006 the Louisiana Legislature enacted La. R.S. 30:29, also sometimes referred to as the “Remediation of Oilfield Sites and Exploration and Production Sites” Act.

8.

La. R.S. 30:29(A), which was enacted by Acts 2006, No. 312, on June 8, 2006, provides in part as follows:

The legislature hereby finds and declares that Article IX, Section 1 of the Constitution of Louisiana mandates that the natural resources and the environment of the state, including ground water, are to be protected, conserved, and replenished insofar as possible and consistent with the health, safety, and welfare of the people and further mandates that the legislature enact laws to implement this policy. It is the duty of the legislature to set forth procedures to ensure that damage to the environment is remediated to a standard that protects the public interest. To this end, this Section provides the procedure for judicial resolution of claims for environmental damage to property arising from activities subject to the jurisdiction of the Department of Natural Resources, office of conservation...

9.

Pursuant to La. R.S. 30:29, the Office of Conservation has a statutory right to intervene in any and all lawsuits arising from or alleging environmental damage to property arising from activities subject to the its jurisdiction. See La. R.S. 30:29(A). Regulation of oilfield site restoration, remediation of oilfield sites and exploration and production sites, and the regulation of exploration and production waste are within the jurisdiction of the Office of Conservation. See La. R.S. 30:4, 30:4.1, 30:6.1, 30:22, 30:23, 30:25, 30:72 and 30:81. Since this suit involves allegations of environmental damage and/or injury to property located in the State of Louisiana as a result of activities associated with oilfield or exploration and production sites, the Office of Conservation has a right to intervene in this litigation.

10.

With respect to the role and authority of the Office of Conservation in litigation where La. R.S. 30:29 is applicable, and where natural resources and the environment of the State are involved, La. R.S. 30:29(B)(2) provides in part as follows:

**“The department or the attorney general, in accordance with their areas of constitutional and statutory authority and regulations adopted pursuant thereto, shall have the right to intervene in such litigation in accordance with the Louisiana Code of Civil Procedure.”**

11.

Furthermore, it is the Office of Conservation which “has jurisdiction and authority of all persons and property to enforce effectively the provisions of this Chapter and all other laws relating to the conversation of oil and gas,” La.R.S. 30:4(a), and is charged with the duty of representing the public interest and is the proper party to file this petition of intervention to protect the public’s interest.

12.

Therefore, the Office of Conservation, appearing through the Commissioner of Conservation, Richard P. Ieyoub, is entitled to intervene in this litigation, both to ensure the protection, conservation, and replenishment of the resources of this State and to ensure protection of the health, safety, and welfare of the citizens of this State. See La. Const. Art. IX, Sec. 1, and La. R.S. 30:29(B)(2).

13.

In this litigation, the plaintiffs' Petition for Damages alleges, among other things, that the plaintiffs' property, including soil and water beneath the surface, is damaged as a result of wrongful acts and/or omissions attributable to the defendants which occurred during various work activities on the land, including but not limited to exploration for and production of various minerals by the defendants (or third parties who operated on behalf of the defendants); further that the contamination of the plaintiffs' property was caused or contributed to by the wrongful operation of various oil and gas wells; and further that the damage to the plaintiffs' soil and water includes, but is not necessarily limited to, deposits of brine ("produced water"), naturally occurring radioactive materials ("NORM"), drilling fluids, hydrocarbons, heavy metals, and chlorides; and that the defendants' actions have created an ongoing and damaging nuisance... which continues to this date. (See Petition for Damages, ¶¶ 5-7, 12, and 13).

14.

The Office of Conservation issued a Compliance Order (No. E-I&E18-1147) to the last operator of the GA Lyon No.001 Well (SN 213688), SandHill Producing Inc. – OC S433 on November 21, 2018. (See *Exhibit B*, attached hereto) to remedy a leakage of the surface casing resulting in the discharge of fluids.

15.

After exhausting its financial and operational capabilities responding to this situation (leak at the GA Lyon No.001 Well (SN 213688), on August 21, 2019, the operator, Sandhill Production, Inc. (S433) requested Conservation to orphan its wells, because they were unable to properly plug and abandon the well. (See *Exhibit C*, attached hereto).

16.

Accordingly, the Office of Conservation declared the GA Lyon #001 Well (SN 213688) an Emergency pursuant to LSA-R.S. 30:1, et seq., particularly 30:6.1. Because the most recent operator was unable to properly plug and abandon the well, it is certain now that this Well requires immediate action by the Office of Conservation to protect the health, safety and welfare of the general public. (See *Exhibit D*, attached hereto).

17.

The GA Lyon No.001 Well (SN 213688) is now considered an orphan well, whereby any expenditures to plug & abandon this well will be funded from the Oilfield Site Restoration Fund (“OSR Fund”) unless a previous operator(s) will voluntarily plug & abandon this well.

18.

Pursuant to Act No. 193 of the 2019 Regular Session<sup>1</sup>, the department shall seek to recover from the responsible party any monies disbursed and spent from the OSR Fund for any emergency as defined in La. R.S. 30:6.1. (Emphasis added).

19.

By virtue of its intervention in this litigation, the Office of Conservation seeks an order from this Court directing the previous operators of the GA Lyon No.001 Well (SN 213688) to properly plug & abandon this well without any disbursement from the OSR Fund regarding this emergency.

20.

Alternatively, the Office of Conservation requests this Honorable Court to order all previous operators of GA Lyon No.001 Well (SN 213688) to pay all expenses/costs incurred by the Louisiana Department of Natural Resources, Office of Conservation in the plugging & abandonment of said Well – expenses paid from the OSR Fund.

21.

Pursuant to La. R.S. 30:29(E)(2), in any civil action in which the Office of Conservation is a party, provides evidence or otherwise contributes to the determination of responsibility for evaluation or remediation, or the approval of a plan of remediation, the Office of Conservation is entitled to recover from the party or parties admitting responsibility, or the party or parties found legally responsible by the Court, all costs incurred, including, but not limited to, those for investigation, evaluation, and review costs, expert witness fees, and reasonable attorney fees. Likewise, under La. R.S. 30:29(J)(2), in the event that a settlement is reached, the Office of Conservation is entitled to recover all costs, including investigation, evaluation and review costs, expert witness fees and reasonable attorney fees from the settling defendants. The Office of Conservation therefore is entitled to recover all costs incurred, including, but not limited to, those

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<sup>1</sup> See *Exhibit- E*, Act No.193, attached, which amended La. R.S. 30:86E(2) and (5) and the introductory para. of R.S. 30:93(A), and to enact 30:86(G) and 93(A)(4) relative to the Oilfield Site Restoration Fund. (Senate Bill No. 180, by Senator Allain).

for investigation, evaluation, review costs, expert witness fees, and reasonable attorney's fees, together with all costs of court.

22.

Pursuant to La. R.S. 30:29, intervenor, the Office of Conservation, has an interest in the outcome of this suit opposed to plaintiffs and defendants and desires to exercise its statutory right to intervene in this litigation.

WHEREFORE, the Office of Conservation of the Louisiana Department of Natural Resources, appearing through the Commissioner of Conservation, Richard P. Ieyoub, respectfully prays as follows:

- I. For leave of court to file this petition of intervention and that this petition be served on plaintiffs and defendants;
- II. By virtue of its intervention in this litigation, the Office of Conservation seeks an order from this Court directing the previous operators of the GA Lyon No.001 Well (SN 213688) to properly plug & abandon this well without any disbursement from the OSR Fund regarding this emergency.
- III. Alternatively, the Office of Conservation requests this Honorable Court to order all previous operators of GA Lyon No.001 Well (SN 213688) to pay all expenses/costs incurred by the Louisiana Department of Natural Resources, Office of Conservation in the plugging & abandonment of said Well – expenses paid from the OSR Fund.
- IV. In the event of a judgment finding the existence of environmental damage and a responsible party, intervenor, the Office of Conservation prays for a judgment against the party or parties admitting responsibility, or the party or parties found to be legally responsible, and in favor of the Office of Conservation of the Louisiana Department of Natural Resources, awarding the Office of Conservation of the Louisiana Department of Natural Resources all costs and expenses incurred in connection with this litigation, including, but not limited to, those costs incurred for investigation, evaluation, review costs, expert witness fees, reasonable attorney's fees, and all costs of court.
- V. In the event a settlement is agreed to between some or all of the parties in this litigation, intervenor, the Office of Conservation prays for a judgment against settling defendants, and in favor of the Office of Conservation of the Louisiana Department of Natural

Resources, awarding the Office of Conservation of the Louisiana Department of Natural Resources all costs and expenses incurred in connection with this litigation, including, but not limited to, those costs incurred for investigation, evaluation, review costs, expert witness fees, reasonable attorney's fees, and all costs of court.

Respectfully Submitted,

**LOUISIANA OFFICE OF CONSERVATION**

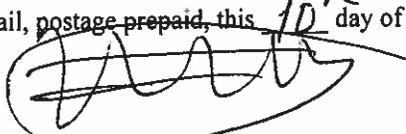
By: \_\_\_\_\_

F. Jonathan Rice (#28979)  
John A. Adams (#22724)  
Post Office Box 94275  
Baton Rouge, Louisiana 70804  
Phone: (225) 342-5500  
Fax: (225) 242-3428  
Jonathan.rice@la.gov

*Counsel for the Intervenor, State of Louisiana  
through the Office of Conservation, and its  
Commissioner, Richard P. Ieyoub*

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a copy of the above and foregoing has been served upon all counsel of record either via email, facsimile and/or U. S. Mail, postage prepaid, this 10<sup>th</sup> day of September, 2019

  
\_\_\_\_\_  
F. JONATHAN RICE

PLEASE SERVE:

Please serve plaintiffs and defendants  
as follows:

Please see **Exhibit A** attached which lists plaintiffs and defendants and their service information

**EXHIBIT A**

**Please serve Plaintiffs:**

Litel Explorations L.L.C.  
Through their Counsel of Record:  
Talbot, Carmouche & Marcello  
17405 Perkins Road  
Baton Rouge, LA 70810  
Phone: 225.400.9991  
Fax: 225.448.2568

**Please serve Defendants:**

<b>AEGIS DEVELOPMENT COMPANY, L.L.C.</b> Through its registered agent for service of process: Patrick S. Ottinger 930 Coolidge Blvd. Lafayette, LA 70503	<b>AEGIS ENERGY, INC.</b> Through its registered agent for service of process: Stanley B. Blackstone 345 Doucet, #201 Lafayette, LA 70503
<b>ANDERSON EXPLORATION COMPANY, INCORPORATED</b> Through its registered agent for service of process: Charles R. Anderson 1632 Hodges Street Lake Charles, LA 70601	<b>APACHE CORPORATION (OF DELAWARE)</b> Through its registered agent for service of process: C T Corporation System 3867 Plaza Tower Drive Baton Rouge, LA 70816
<b>BP AMERICA PRODUCTION COMPANY</b> Through its registered agent for service of process: C T Corporation System 3867 Plaza Tower Drive Baton Rouge, LA 70816	<b>TERRY CALONGNE, L.L.C.</b> Through its registered agent for service of process: Terry C. Calongne 302 Apache Road Houma, LA 70360
<b>CMP FAMILY LLC</b> Through its registered agent for service of process: A. Shelby Easterly, III 142 Del Norte Avenue Denham Springs, LA 70726	<b>CONOCOPHILLIPS COMPANY</b> Through its registered agent for service of process: United States Corporation Company 501 Louisiana Avenue Baton Rouge, LA 70802
<b>DENBURY ONSHORE, LLC</b> Through its registered agent for service of process: C T Corporation System 3867 Plaza Tower Drive Baton Rouge, LA 70816	<b>EXXON MOBILE CORPORATION</b> Through its registered agent for service of process: Corporation Service Company 501 Louisiana Avenue Baton Rouge, LA 70802
<b>GARY PRODUCTION COMPANY</b> Through its registered agent for service of process: National Registered Agents, Inc. 3867 Plaza Tower Drive Baton Rouge, LA 70816	<b>GROTON LAND COMPANY, INC.</b> Through its registered agent for service of process: C T Corporation System 3867 Plaza Tower Drive Baton Rouge, LA 70816
<b>HENRY PRODUCTION COMPANY, INC.</b> Through its registered agent for service of process:	<b>LDC OPERATING, INC.</b> Through its registered agent for service of process: Steven L. Long

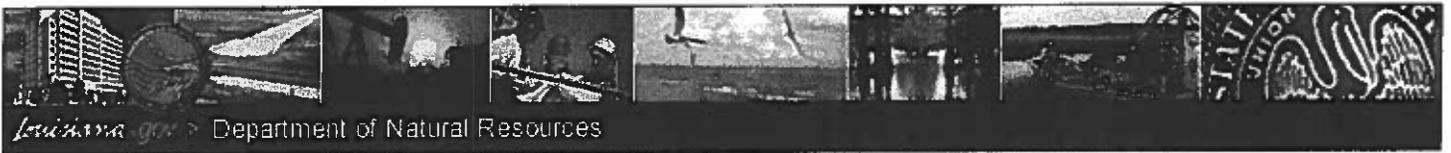
Patrick S. Ottinger Ottinger Hebert LLC 1313 West Pinhook Road Lafayette, LA 70503	101 Hiawatha Road Lafayette, LA 70501
<b>LOUISIANA ONSHORE PROPERTIES LLC</b> Through its registered agent for service of process: C T Corporation System 3867 Plaza Tower Drive Baton Rouge, LA 70816	<b>MANTI RESOURCES, INC.</b> Through its registered agent for service of process: Harold L. Simmons, Jr. 21245 Smith Road Covington, LA 70435
<b>MH FAMILY LLC</b> Through its registered agent for service of process: Minnie Hughes 11 Oakley Drive Hammond, LA 70401	<b>MOBILE OIL EXPLORATION &amp; PRODUCING SOUTHEAST INC.</b> Through its registered agent for service of process: Corporation Service Company 501 Louisiana Avenue Baton Rouge, LA 70802
<b>MTBB ACQUISITION COMPANY, LLC</b> Through its registered agent for service of process: C T Corporation System 3867 Plaza Tower Drive Baton Rouge, LA 70816	<b>ONYXX ENERGY L.L.C.</b> Through its registered agent for service of process: Gregory L. Thibodeaux 139 James Comeaux Road, #577 Lafayette, LA 70508
<b>OXY USA INC.</b> Through its registered agent for service of process: C T Corporation System 3867 Plaza Tower Drive Baton Rouge, LA 70816	<b>PENN ENTERPRISES, L.L.C.</b> Through its registered agent for service of process: A. Shelby Easterly, III 142 Del Norte Avenue Denham Springs, LA 70726
<b>PETROSAN LLC</b> Through its registered agent for service of process: Benny Miller 17370 Hwy. 101 Iowa, LA 70647	<b>PETRO QUEST EXPLORATION, INC.</b> Through its registered agent for service of process: George W. Grigg 1406 Royal Ave. Monroe, LA 71201
<b>RODESSA OPERATING COMPANY, INC.</b> Through its registered agent for service of process: Dawn Garner 211 E. Egan Shreveport, LA 71101	<b>SANDHILL PRODUCTION INC.</b> Through its registered agent for service of process: James Duck 389 Baker Road Shongaloo, LA 71072
<b>SUNRISE LAND, LLC</b> Through its registered agent for service of process: Shawn Frazer 7520 Perkins Road, Ste. 280 Baton Rouge, LA 70808	<b>SYDSON ENERGY, INC.</b> Through its registered agent for service of process: C. Peck Hayne, Jr. Gordon, Arata, McCollum, L.L.P. 201 St. Charles Ave., 40 <sup>th</sup> Floor New Orleans, LA 70170
<b>TENSAS EXPLORATION &amp; PRODUCTION COMPANY, LLC</b> Through its registered agent for service of process: William B. Daniel, IV 5800 One Perkins Place, Suite 8B Baton Rouge, LA 70808	<b>TEXAS OIL DISTRIBUTION &amp; DEVELOPMENT, INC.</b> Through its registered agent for service of process: J. Todd Reeves 303 S. Military Road, Ste. 3 Slidell, LA 70461
<b>3 &amp; 1 OPERATING, ICN.</b>	<b>CANADIANOXY OFFSHORE</b>

<p>Through its registered agent for service of process:  Brandy Kourtney  142 Loviette Lane  DeQuincy, LA 70633</p>	<p><b>PRODUCTION CO.</b>  Through its registered agent for service of process:  CanadianOxy Offshore Production Co.  12790 Merit Drive, Ste. 800  Dallas, TX 75251</p>
<p><b>HANLEY PETROLEUM LLC</b>  Through its registered agent for service of process:  C T Corporation System  1999 Bryan Street, Suite 900  Dallas, LA 75201</p>	<p><b>SOUTH THORNWELL EXPLORATION (A LIMITED PARTNERSHIP)</b>  Through its registered agent for service of process:  Verado Energy, Inc.  8144 Walnut Hill Lane, Suite 650  Dallas, LA 75231</p>
<p><b>VERADO ENERGY, ICN.</b>  Through its registered agent for service of process:  Brian J. Furlong  8150 N. Central Expressway, Suite 850  Dalls, LA 75203</p>	

**Jonathan Rice**

**From:** Brent Campbell  
**Sent:** Monday, June 03, 2019 12:51 PM  
**To:** Jonathan Rice  
**Subject:** FW: 29B COMPLIANCE ORDER E-I&E18-1147 from Office of Conservation for Organization ID S433 referencing Field ID 8921

**From:** sonris-DNR@la.gov <sonris-DNR@la.gov>  
**Sent:** Wednesday, November 21, 2018 1:09 PM  
**To:** DUCK@SANDHILLPRODUCTION.COM  
**Cc:** Brent Campbell <Brent.Campbell@LA.GOV>; Gavin Broussard <Gavin.Broussard@la.gov>; Gavin Broussard <Gavin.Broussard@la.gov>; Lafayette Information <Laf-Info@LA.GOV>; Blake Levgerne <Blake.Levgerne@LA.GOV>; DUCK@SANDHILLPRODUCTION.COM  
**Subject:** 29B COMPLIANCE ORDER E-I&E18-1147 from Office of Conservation for Organization ID S433 referencing Field ID 8921



November 21, 2018

SANDHILL PRODUCTION INC - OC S433  
389 BAKER RD  
SHONGALOO, LA 710720000

RE: COMPLIANCE ORDER NO. E-I&E18-1147  
G A LYON No.001 - SN 213688  
THORNWELL, SOUTH Field - FC 8921  
JEFFERSON DAVIS Parish, LA

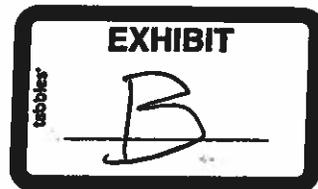
Gentlemen:

*This **COMPLIANCE ORDER** is issued under the general authority of the Minerals, Oil, Gas and Environmental Quality Law, LSA-R.S.30:1 et seq, and under the specific authority set forth in Sections 6G and 18 thereof.*

*On November 05, 2018, an Agent of the Office of Conservation inspected the production facility which is operated in conjunction with the above referenced well(s). It has been determined that you have violated Statewide Order No. 29-B in the following particulars:*

**- THERE IS EVIDENCE THAT LEAKAGE IS OCCURRING AROUND THE SURFACE CASING OF THE REFERENCED WELL RESULTING IN THE DISCHARGE OF FLUIDS OF AN UNDETERMINED COMPOSITION TO NATURAL DRAINAGE - LAC 43:XIX.115.F.**

*Under the statutory authority cited above, you are hereby ordered to correct the violation(s) listed by the*



date specified below. On or after the date specified below, an Office of Conservation Agent will re-inspect the production facility, as required. To accomplish compliance, the following action must be taken:

**By December 21, 2018**

**- REPAIR THE SURFACE CASING AND RETRIEVE FOR PROPER DISPOSITION ALL SURFACE CONTAMINATION WHICH RESULTED FROM THE AFOREMENTIONED DISCHARGE.**

Failure to comply with this **ORDER** shall subject you to a Civil Penalty of not more than Five Thousand Dollars (\$5,000.00) per day for each day of violation, in addition to appropriate regulatory sanctions

Should you dispute the determination(s) made herein, you may either make a written request for an informal conference with the Commissioner and Conservation staff or you may provide a written response which includes the specifics regarding your dispute, both at no charge. The request for an informal conference or the written response to the Order must be received within seven (7) days of the date of this Compliance Order. Within thirty (30) days of the date of this Compliance Order, you may make a written request for a public hearing before an Administrative Law Judge in accordance with the provisions of LSA-R.S. 30:6(G) and 8. A public hearing request must be accompanied by a check or money order in the non-refundable amount of \$755.00 as provided by the latest revision of Statewide Order 29-R (LAC 43:XIX.Chapter 7), or the request for a hearing will not be considered. If a public hearing is requested, a request for an informal conference will be denied.

A copy of the inspection report for this **ORDER** can be obtained SONRIS ([www.Sonris.com](http://www.Sonris.com)) -> Document Access -> Enforcement -> Lease Facility Inspection Report. Should you have any questions concerning this **ORDER**, contact GAVIN BROUSSARD at 225-342-5513 or 225-342-2584 (fax).

**ISSUED THIS DATE PURSUANT TO LAW**

November 21, 2018

**RICHARD P. IEYOUNG  
COMMISSIONER OF CONSERVATION**

**BY: J. BRENT CAMPBELL - ENGINEERING REGULATORY DIVISION**

RPI:JBC:

cc: **COMPLIANCE ORDER NO. E-I&E18-1147**

LAFAYETTE DISTRICT MANAGER - LAFAYETTE District Manager

BLAKE LEVGERNE- CES

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#### CONFIDENTIALITY NOTICE

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# SANDHILL PRODUCTION, INC

PO BOX 25 · SHONGALOO, LA 71072  
PH (318) 218-8564 FAX (318) 716-3276



August 21, 2019

J. Brent Campbell  
Office of Conservation  
P.O. Box 94275  
Baton Rouge, Louisiana 70804

RE: Request for Orphan Status for Sandhill Production, Inc. (S433)

Dear Mr. Campbell,

As you are aware over the last several months Sandhill Production, Inc. (S433) ("Sandhill") has been responding to a leak at the G.A. Lyon Well #1 (Serial #213688). Sandhill is the current operator of the G.A. Lyon Well #1 and has labored to not only stop the leak, but also properly plug and abandon the well. Sandhill has been unsuccessful in this venture and has exhausted its financial and operational capabilities responding to this situation and the underlying Legacy Lawsuit surrounding the property on which this well sits. As such, Sandhill has no other choice than to abandon the G.A. Lyon Well #1 and seek orphan status as an operator with the State of Louisiana. Sandhill understands that this will prohibit it from operating any wells in the State of Louisiana and that it will forfeit all operational capacity on any wells in which it may hold an interest.

Thank you for your consideration in this matter.

Regards,

James Daniel Duck  
President of Sandhill Production, Inc.

CC:  
Jackson Davis Logan, III, Esq. (*via email*)  
Jonathan Rice, Esq. (*via email*)  
Leah Poole, Esq. (*via email*)  
Mark Sikes, Esq. (*via email*)





JOHN BEL EDWARDS  
GOVERNOR

State of Louisiana  
DEPARTMENT OF NATURAL RESOURCES  
OFFICE OF CONSERVATION

THOMAS F. HARRIS  
SECRETARY

RICHARD P. IEYOUB  
COMMISSIONER OF CONSERVATION

**DECLARATION OF EMERGENCY**

Pursuant to the authority granted to the Commissioner of Conservation under LSA - R.S. 30:1 et seq., particularly LSA - R.S. 30:6.1:

**It is hereby declared** that based on an inspection performed on August 12, 2019 by an Agent of this office, that the G A Lyon # 001 – SN213688 is leaking gas and oil into the environment. The operator of record, Sandhill Production Inc. (OC S433), has made several unsuccessful attempts to stop the leak in order that the well could be plugged and abandoned. Further, Sandhill Production Inc. is now financially incapable of continuing remedial activities and therefore is no longer a responsible party. The subject well is located in Section 30, Township 11 South, Range 04 West, South Thornhill Field, Jefferson Davis Parish, Louisiana.

**It is further declared** that this is an emergency that requires immediate action by the Office of Conservation to protect the environment and the health, safety and welfare of the general public.

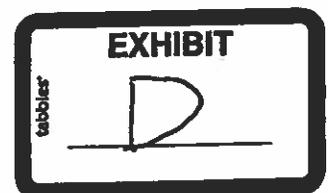
**It is further declared** that the Office of Conservation be allowed to conduct site restoration activities at the site including, but not limited to, plugging and abandonment of the subject well and removal of any surface contamination resulting from the discharge.

SO DECLARED AND DONE this 5th day of September 2019 at Baton Rouge, Louisiana.

Yours very truly,

  
\_\_\_\_\_  
For RICHARD P. IEYOUB  
COMMISSIONER OF CONSERVATION

RPI:MGS:mgs





JOHN BEL EDWARDS  
GOVERNOR

State of Louisiana  
DEPARTMENT OF NATURAL RESOURCES  
OFFICE OF CONSERVATION

THOMAS F. HARRIS  
SECRETARY

RICHARD P. IEYOUB  
COMMISSIONER OF CONSERVATION

MEMORANDUM

September 5, 2019

TO: THOMAS F. HARRIS, SECRETARY  
DEPARTMENT OF NATURAL RESOURCES

FROM: RICHARD P. IEYOUB, COMMISSIONER  
OFFICE OF CONSERVATION

IN RE: EMERGENCY DECLARATION PURSUANT TO ACT 404  
(LA-R.S.30:80 et seq.)  
G A Lyon # 1 – SN213688  
South Thornwell Field, Jefferson Davis, LA



Based on an inspection performed on August 12, 2019 by an Agent of this office, the referenced well is discharging oil and gas to the surrounding environment. The operator of record, Sandhill Production Inc (OC S433) has made several unsuccessful attempts to stop the leak in order that the referenced well could be plugged and abandoned. Further, they are financially incapable of taking additional remedial action. That being the case, this is an emergency situation that requires immediate action to protect the environment and the health, safety and welfare of the general public. The subject well and production facility is located in the South Thornwell Field, Jefferson Davis Parish, Louisiana.

The operator record, Sandhill Production Inc (S433), was issued a final notice to remedy the situation but has failed to do so. It is my recommendation that this well be declared an emergency and that remedial action be taken in accordance with LA-R.S. 30:80 et seq.

Please contact Matt Simon at 225/342-6089 should you have any questions.

RPI:MGS:mgs

Post Office Box 94275 • Baton Rouge, Louisiana 70804-9275 • 617 North 3rd Street • 9th Floor • Baton Rouge, Louisiana  
70802

Phone (225) 342-5540 • Fax (225) 342-3705 • [www.dnr.state.la.us/conservation](http://www.dnr.state.la.us/conservation)  
An Equal Opportunity Employer

**MEMORANDUM**  
**Sandhill Production Inc. (OC S433)**

**September 5, 2019**  
**Page 2**

cc: Brent Campbell   Patrick Molbert   Gavin Broussard   Jonathan Rice

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Petrosan LLC-Raul Sanchez (via email: [saninvestments@aol.com](mailto:saninvestments@aol.com))  
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Anderson Exploration Co., Inc.-Charles R. Anderson (via email: [charliera@prodigy.net](mailto:charliera@prodigy.net))  
LDC Operating, Inc.-Brian Gill-Trustee (14717 Hodges Street, Lake Charles, LA 70601)  
William Lagnion – William Lagnion (PO Box 93746, Lafayette, LA 70509)  
Gary-Williams Production Co.- Brian W. Capell (via email: [bcapell@liskow.com](mailto:bcapell@liskow.com))  
Aegis Energy, Inc.-Jerri Cheramie (PO Box 51323, Lafayette, LA 70505)  
Mesa Operating LTD Partnership-Deana R. Rea (PO Box 2009, Amarillo, TX 79189)



JOHN BEL EDWARDS  
GOVERNOR

**State of Louisiana**  
DEPARTMENT OF NATURAL RESOURCES  
OFFICE OF CONSERVATION

THOMAS F. HARRIS  
SECRETARY

RICHARD P. IEYOUNG  
COMMISSIONER OF CONSERVATION

**MEMORANDUM**

**TO:** Richard P. Ieyoub  
Commissioner, Office of Conservation

**FROM:** Thomas F. Harris *TFH*  
Secretary

**DATE:** September 5, 2019

**RE:** Emergency Declaration Pursuant to Act 404  
(LA-R.S.30:80 et seq.)  
G A Lyon # 1 – SN213688  
South Thornwell Field, Jefferson Davis, LA

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The present situation concerning the above referenced abandoned oilfield site is hereby declared to be an emergency pursuant to the provisions of Act 404. This action is deemed necessary due to the leakage of live oil and gas into the environment. The operator of record is unable to perform as the responsible party.

Please contact Matt Simon at 225/342-6089 should you have any questions.

<sup>MS</sup>  
TFH:MGS:mgs

**MEMORANDUM**  
**Sandhill Production Inc. (OC S433)**

**September 5, 2019**  
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SENATE BILL NO. 180

BY SENATOR ALLAIN

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

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AN ACT

To amend and reenact R.S. 30:86(E)(2) and (5) and the introductory paragraph of R.S. 30:93(A), and to enact R.S. 30:86(G) and 93(A)(4), relative to the Oilfield Site Restoration Fund; to provide for the purposes and uses of the fund; to provide for recovery of site restoration costs; to require approval of the Oilfield Site Restoration Commission for expenditure of certain monies; to provide terms, conditions, and procedures; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 30:86(E)(2) and (5) and the introductory paragraph of R.S. 30:93(A) are hereby amended and reenacted and R.S. 30:86(G) and 93(A)(4) are hereby enacted to read as follows:

§86. Oilfield Site Restoration Fund

\* \* \*

E. The monies in the fund may be disbursed and expended pursuant to the authority and direction of the secretary or assistant secretary for the following purposes and uses:

\* \* \*

(2) ~~The~~ **Upon approval of the commission, the** administration of this Part by the ~~Department of Natural Resources~~ **department** in an amount not to exceed nine hundred fifty thousand dollars each fiscal year.

\* \* \*

(5) Any costs associated with response to any emergency as provided in R.S. 30:6.1 **unless directed by the commission not to expend monies in the fund pursuant to Subsection G of this Section. The department shall seek to recover from the responsible party any monies disbursed and spent from the fund for any emergency as defined in R.S. 30:6.1 within six months of the initial**



1 expenditure for such emergency.

2 \* \* \*

3 G. Upon declaration of an emergency as defined in R.S. 30:6.1, the  
4 assistant secretary shall notify the commission of the declared emergency. A  
5 meeting of the commission shall be held within ninety days after the emergency  
6 declaration. At such meeting, the commission may direct that no monies in the  
7 fund be disbursed or spent for response activity related to the emergency  
8 declaration.

9 \* \* \*

10 §93. Recovery of site restoration costs; emergency costs

11 A. If the assistant secretary undertakes restoration of an orphaned oilfield site  
12 under this Part or responds to any emergency as provided in R.S. 30:6.1, the  
13 secretary shall seek to recover all costs incurred by the secretary, assistant secretary,  
14 penalties, and other relief from any party who has operated or held a working interest  
15 in such site, or who is required by law, rules adopted by the department, or a valid  
16 order of the assistant secretary to control, clean up, close, or restore the oilfield sites  
17 or other facilities, structures, or pipelines under the commissioner's jurisdiction  
18 pursuant to R.S. 30:1 et seq. in accordance with the following:

19 \* \* \*

20 (4) For a response to any emergency as provided in R.S. 30:6.1, recovery  
21 of costs shall be against the responsible party.

22 \* \* \*

\_\_\_\_\_  
PRESIDENT OF THE SENATE

\_\_\_\_\_  
SPEAKER OF THE HOUSE OF REPRESENTATIVES

\_\_\_\_\_  
GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_