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GOVERNOR

State of Louisiana
DEPARTMENT OF NATURAL RESOURCES
OFFICE OF CONSERVATION

THOMAS F. HARRIS
SECRETARY

RICHARD P. IEYOUB
COMMISSIONER OF CONSERVATION

October 7, 2016

Joel Warneke and Bruce Martin
Texas Brine Company, LLC (T149)
4800 San Felipe
Houston, Texas 77056

RE: September 19, 2016 TBC Email: Status Update Summary on Proposed Response Action Items
August 10, 2016 Assumption Parish Police Jury Resolution
July 29, 2016 Tetra Tech Response for Additional Information to Support NFA-ATT Determination
July 29, 2016 Louisiana Licensed Professional Geologist Scott Shaw Affidavit
June 28, 2016 Agency Response to TBC's Request for Emergency Response Changes
Bayou Corne Sinkhole
Napoleonville Salt Dome, Assumption Parish, Louisiana

Gentlemen:

On June 28, 2016, the Office of Conservation (OC) issued a response to several proposed Bayou Corne emergency response actions presented by Texas Brine Company, LLC (TBC) representatives in our meeting of April 6, 2016. On July 29, 2016, in response to OC's June 28, 2016 response, TBC submitted additional information to support its proposed request for No Further Action – At This Time (NFA-ATT)¹ determinations for certain portions of Areas 3 and 6 where residential occupancy remains. Included with the June 29, 2016 TBC submittal was an affidavit with written statements from a licensed Louisiana Professional Geoscientist attesting that subsurface conditions at these areas do not pose a serious threat to life or safety. On September 12, 2016, during a subsequent meeting at our office, we asked that TBC review the referenced Assumption Parish Police Jury Resolution and provide assistance with addressing said resolution items. On September 19, 2016, to follow up to the September 12, 2016 meeting, TBC provided email correspondence summarizing the status of proposed response action items for agency consideration. All of the above referenced documents are enclosed herewith.

¹ Conservation's use of the phrase NFA-ATT to respond to TBC's request should not be construed as application or use of DEQ's RECAP or other remedial regulatory standards, but is instead used herein solely to describe the cessation of certain additional emergency response activities associated with gas accumulation pursuant to several emergency orders previously issued by the Office of Conservation under La. R.S. 30:6.1.

Provided below are each of the items summarized in your September 19, 2016 email correspondence followed by OC's response.

1. *No Further Action-At This Time (NFA-ATT) Recommendation for Areas 3 & 6: As previously mentioned, TBC feels that it has submitted the information requested by Commissioner Ieyoub in his 6/28/16 letter. This combined with the fact that no Observation Relief Wells (ORWs) continue to vent in or around Areas 3 & 6 which includes the Sportsman's Paradise neighborhood in BC supports approval of the NFA-ATT for these areas and that the voluntary evacuation order remaining for these areas should be lifted as there is no serious threat to public safety.*

Based on review of the information provided in your July 29, 2016 submittals referenced above, it has been determined that TBC has satisfied the conditions stipulated at the bottom of page 2 and top of page 3 of OC's June 28, 2016 response letter, particularly conditions 3 and 4 on page 2 and the licensed Louisiana Professional Geoscientist affidavit requirement on page 3. Understanding that TBC will to continue its mitigation commitments recapitulated in the first paragraph of page 2 of OC's June 28, 2016 response letter, this Office hereby amends its previous NFA-ATT decision to now include TBC recommended NFA-ATT Areas 1 - 6 for no further action at this time, in toto.

2. *Indoor and Area Air Monitoring: Per Assumption Parish OEP, LDNR, and LDEQ approval, area air monitoring has been scaled back to only area air monitors and indoor LEL/H2S monitors in inhabited homes in the Sportsman's Paradise neighborhood. TBC believes that with NFA-ATT approval for Areas 3 & 6 and subsequent lifting of the remaining voluntary evacuation order for these areas, both area and indoor air monitoring should cease. It should be noted that there have been no positive indoor or outdoor detections of LEL or H2S in almost four years of monitoring. As mentioned previously, upon NFA-ATT approval for Areas 3 & 6, TBC will shut down the indoor air monitoring system but will provide residents in the Sportsman's Paradise neighborhood with two calibrated sets of indoor LEL/H2S.*

This Office does not object to the cessation of area and indoor air monitoring.

3. *Area Subsidence Monitoring: TBC believes that area monitoring over the past year indicates that it is similar and not in excess of regional area subsidence being experienced in south Louisiana remote from the sinkhole. TBC also believes that as a result of this and overall sinkhole stabilization, the area water level and inclinometer system as reported by Respec's VDV website is no longer needed. TBC, however, does recognize the potential for additional subsidence in the area immediately adjacent to the sinkhole. As previously recommended, TBC believes that only semi-annual surveys of the top of the sinkhole containment berm through the end of 2017 are needed going forward and area subsidence monitoring should be stopped and the water level/inclinometer system should be shut down and decommissioned. Manual water level gauges have been installed to allow weekly reporting of sinkhole and Bayou Corne water levels to LDNR.*

OC does not object to the implementation of the proposed area subsidence monitoring changes detailed above. If conditions change, additional monitoring and/or reporting frequency may be required.

4. *Seismic Monitoring: TBC believes that the shallow seismic geophones and monitoring network and the Nanometrics reporting process can be shut down and the upper geophone in the G-01 array can be used as a substitute for shallow MEQ monitoring. TBC feels this change is appropriate given that Very Long Period (VLP) events have not be detected for almost three years. In addition, as a result of the OG3 cavern now being full of sediment and the stabilization of the sinkhole bottom and sides, additional VLP events are not expected and would be considered highly unlikely. TBC has asked it's consultant if the G-01 geophones can be used to monitor for VLP events, but at present, this remains unknown. TBC also recommends that the need for continued deep seismic monitoring be evaluated in 4Q16 and provided to LDNR.*

OC does not object to the implementation of the proposed seismic monitoring changes detailed above. If conditions change, additional monitoring and/or reporting frequency may be required, including replacement of shallow seismic geophones and monitoring network.

5. *MRAA Groundwater (GW) and Sinkhole Water Management: It's TBC's understanding that LDNR and LDEQ will continue to make every effort to expedite the review of the MO2 GW work plan and MO3 sinkhole water work plan so that TBC can complete the assessment against RECAP standards as quickly as possible. TBC believes it has submitted GW capture zone information to LDNR that should allow it to approve temporary suspension of MRAA GW pumping from the Oxy Geismar Grand Bayou water wells for the time it takes to complete this RECAP assessment. TBC continues to evaluate and pursue alternatives for on-going sinkhole water management.*

This Office has concluded review of the MRAA Groundwater RECAP MO-2 work plan and provided responses to TBC with previously issued correspondence. The Sinkhole Water Management RECAP MO-3 is currently under review by DEQ staff.

6. *OG1, OG2, and OG3A Pressure Monitoring: TBC is committed to providing weekly updates on well pressures for these three wells as a substitute for the continuous data currently being provided by the Respec VDV website.*

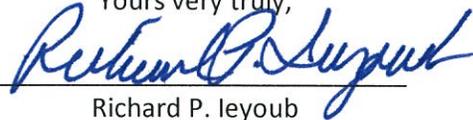
OC does not object to TBC implementing the proposed pressure monitoring and reporting changes provided that TBC continues to monitor OG1, OG2 and OG3A pressures simultaneously and continuously and is able to provide pressure monitoring data for each well in a timely manner in a format acceptable to the agency upon request as needed.

Texas Brine Company, LLC
October 7, 2016

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The Office of Conservation appreciates your assistance with addressing related Assumption Parish Police Jury August 10, 2016 Resolution items.

Yours very truly,



Richard P. Ieyoub
Commissioner of Conservation

cc: John Boudreaux, Assumption Parish OEP