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State of Louisiana
DEPARTMENT OF NATURAL RESOURCES
OFFICE OF CONSERVATION

STEPHEN CHUSTZ
INTERIM SECRETARY
JAMES H. WELSH
COMMISSIONER OF CONSERVATION

November 21, 2012

Mr. Mark Cartwright
Texas Brine Company, LLC
4800 San Felipe
Houston, Texas 77056

via U.S. Mail and e-mail

RE: Texas Brine Company LLC Vent Well #2

Dear Mr. Cartwright:

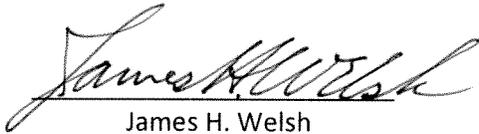
Based upon information this agency has gathered to date, the following is a summary of recent activity at the above referenced well site. On Monday (November 19, 2012), Texas Brine Company, LLC ("TBC") was proceeding with its plan to begin flaring from the second vent well on its facility – which had originally been drilled to about 480' into the cap rock beneath the facility. As Texas Brine began flaring the new vent well, the on-site crew observed that the well was producing water along with the gas going to the flare stack, and connected a separator unit to split the gases from the water. Gases from the wellbore were collected in the gas confinement section of the separator unit and directed to be burnt off by the flare stack, while the water was collected in the water confinement section of the separator unit and directed to be flowed into a water tank. When the crew on-site began to direct the produced water from the separator to the tank, they immediately smelled a sulfur-like odor coming from the water tank, indicative that the water may have been in contact with hydrogen sulfide ("H₂S"). The crew then shut the well in. Texas Brine took a gas sample directly from the area of the separator unit confinement that collected gases and confirmed the presence of hydrogen sulfide contained within the separator unit. It is reported that initial air sampling did not indicate that a hazardous concentration of hydrogen sulfide had escaped containment and air sampling at the site and in the nearby area, including the community, did not detect any such concentrations. The Office of Conservation ("Conservation") will continue to monitor and evaluate the information gathered during its assessment of this occurrence and data collection.

Earlier today, TBC informed the Office of Conservation ("Conservation") of its plans to plug and abandon the #2 vent well in a manner to ensure confinement of the H₂S at depth. Additionally, TBC informed Conservation of its plan to install a new well for the placement of geophones. TBC also committed to providing Conservation a work plan for both of these proposed operations that will include the steps to be taken to control well operations, to monitor for H₂S and if encountered to respond accordingly. Provide these plans to this agency as soon as possible but by no later than Saturday, November 24, 2012. The plans are to be e-mailed to conservationorder@la.gov.

Finally, with the shutting in of the TBC #2 vent well any immediate threat to the public from the H₂S detected originating from this well appears to be abated. However, as a prudent safety precaution, TBC should take all appropriate steps and measures to protect against threats to public safety and to TBC workers associated with H₂S, including but not limited to continuous air monitoring surrounding the

TBC facility. Additionally, TBC shall provide immediate notification to the Assumption Parish Office of Homeland Security and Emergency Preparedness (Incident Command) and all appropriate regulatory agencies of any detection that exceeds regulatory levels or causes concern for public safety.

Yours very truly,

A handwritten signature in black ink that reads "James H. Welsh". The signature is written in a cursive style with a large initial "J" and "W".

James H. Welsh
Commissioner of Conservation