

**ENERGY** | A SPECIAL REPORT

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# Giant Louisiana Sinkhole Serves As Cautionary Tale

State lawmakers have scrambled to address the dangers in mineral solution-mining operations.

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Unexplained bubbling in Louisiana's Bayou Corne and Grand Bayou was reported in June and July 2012 to state and local officials. On Aug. 3 of that year, a large area of wooded swamp in the Bayou Corne area began to subside, resulting in the formation of a sinkhole that is now about 25 acres in size. That same month, state officials issued a declaration of emergency and ordered the mandatory evacuation of about 150 nearby households. The order is still in effect.

After investigation by the Louisiana Department of Natural Resources and other government agencies, it was determined that a sidewall collapse of an underlying cavern had occurred in the Napoleonville Salt Dome. Salt domes are large, ancient formations in the ground created as a consequence of the relative buoyancy of salt when buried beneath other types of sediment. Caverns are



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**SUNK:** A 25-acre sinkhole in Bayou Corne, La., which continues to expand, resulted from the collapse of an underground salt dome from solution mining about 40 miles south of Baton Rouge.

formed by pumping water underground to dissolve the salt and create a void.

The cavern in question had been operated by Texas Brine Co. LLC and had been used exclusively for solution-mining operations—not for hydrocarbon storage, which is another common

use for caverns. The state of Louisiana has asserted that Texas Brine solution-mined the cavern too close to the edge of the salt dome, causing cavern instability.

A sinkhole of this type is unprecedented, as it is the only reported sidewall collapse of a salt dome cavern on record.

Primarily in response to the Bayou Corne sinkhole, three bills increasing state regulations related to salt-dome caverns and salt-dome solution mining obtained legislative approval during the 2013 Louisiana state legislative session and were signed by Gov. Bobby Jindal on June 12. The new laws require that the Louisiana commissioner of conservation create stricter guidelines for monitoring and assessing areas around salt-dome caverns and solution-mining wells and provide for significant penalties for violations. The laws also impose new public notification requirements for operators and require sellers of property to disclose to buyers any known salt-dome caverns within one-half mile of their property.

*HB 493.* Authored by state Rep. Karen St. Germain, the bill requires the commissioner of conservation to implement regulations to control solution-mining injection wells, the permitting of such wells and the resulting solution-mined caverns.

The new regulations include requirements for, among other things: submission of the locations of caverns in relation to other caverns and the periphery of the salt stock every five years; setback distances for new caverns from the edge of the salt stock; enhanced monitoring of existing caverns; and site assessments and updates on the stability of the salt stock and surrounding sediment.

*HB 494.* St. Germain also authored HB 494, which imposes new requirements on sellers of property located near salt-dome caverns, as well as salt-dome owners and operators. Sellers of property are now required to disclose to buyers whether a salt-dome cavity

is located within one-half mile of the property being sold.

Additionally, owners or operators of salt-dome caverns are required to provide public notice of the location of their caverns by filing the survey plats of their cavern well locations in parish mortgage and conveyance records. The failure to do so may constitute grounds for an action of redhibition, which under Louisiana law is a means to rescind a sale or to reduce a sales price by a purchaser of the owner's property.

*SB 139.* State Sen. Rick Ward III authored SB 139, which authorizes the state commissioner of conservation to assess substantial penalties for noncompliance with regulations for salt-dome storage caverns or solution mining. The new law allows for a penalty of up to \$32,500 per day for each violation. However, an additional penalty of \$1 million is authorized for intentional, willful or knowing violations that result in discharges or disposals that cause severe environmental damage or endanger human life or health.

Noncompliance with regulations can also result in revocation or suspension of a permit, license or variance. Additionally, failure to timely correct noncompliance or a cease-and-desist order could result in an additional penalty of up to \$50,000 per day. The law provides criteria for assessing the amount of the penalties.

In response to the legislation, new regulations were published for public comment by the Louisiana Department of Natural Resources in October, and a public hearing on the proposed regulations is scheduled for Nov. 26. The regulations are expected to become effective in early 2014.

## LAWSUITS AND BUYOUTS

The state of Louisiana filed suit in August against Texas Brine, the operator of the failed cavern at the Napoleonville Dome, and Occidental Chemical Co., the owner of the property, for environmental damage caused by the collapse of the cavern. The lawsuit was filed in Assumption Parish state court on the eve of the one-year anniversary of the discovery of the sinkhole.

Numerous other lawsuits have been filed against Texas Brine and other defendants concerning the Napoleonville Salt Dome and the Bayou Corne sinkhole. Twelve cases are pending against Texas Brine in Assumption Parish state court, while 12 consolidated cases are pending in U.S. district court.

Texas Brine announced in late July that it had reached buyout agreements with 63 property owners in the Bayou Corne area.

Meanwhile, the sinkhole continues to grow over time and is expected to reach a maximum size of about 40 acres, with 10 to 20 additional acres of subsidence of the land surrounding the sinkhole.

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