

LOUISIANA PUBLIC SERVICE COMMISSION

ORDER NUMBER T-36309

LOUISIANA PUBLIC SERVICE COMMISSION

VS.

AXE DIRECTIONAL DRILLING LLC

Docket No. T-36309, In Re: Alleged violation of La. R.S. 45:161 through 180.1, by operating Intrastate without LPSC authority to transport saltwater utilized in oil well exploration and production on one-hundred seventy-two (172) counts occurring December 1, 2021 through December 31, 2021.

(Decided at the July 27, 2022 Business and Executive Session)

I. Background

Staff conducted an audit of E&P Waste Manifests maintained by the Louisiana Department of Natural Resources, Office of Conservation for the month of December 2021. As a result of the manifest audit, the Louisiana Public Service Commission (“LPSC” or “Commission”) Staff issued a citation to Axe Directional Drilling, LLC for violating La. R.S. 45:161 through 180.1, by operating intrastate without LPSC authority to transport saltwater utilized in oil well exploration and production on one-hundred seventy-two (172) counts allegedly occurring on or about December 1, 2021 through December 31, 2021.

II. Jurisdiction

The Commission exercises jurisdiction over common carriers and public utilities in Louisiana pursuant to Article IV, Section 21(B) of the Louisiana Constitution, which states:

“The commission shall regulate all common carriers and public utilities and have such other regulatory authority as provided by law. It shall adopt and enforce reasonable rules, regulations, and procedures necessary for the discharge of its duties, and shall have other powers and perform other duties as provided by law.”

Further, Commission General Order dated January 23, 2018 states:

“No motor carrier of waste shall operate as a common carrier or contract carrier without first having obtained from the Commission a common carrier certificate or a contract carrier permit...”

“Waste is classified as non-hazardous oilfield waste, non-hazardous industrial solid waste, or hazardous waste. “Non—hazardous oilfield waste” means waste defined as non-hazardous oilfield waste or exploration and production waste by the Louisiana Environmental Quality Act, La. R.S. 30:2001 et seq., and regulations adopted pursuant thereto disposed of at facilities not owned or operated by said transporters. “Non-hazardous industrial solid waste” means waste defined as non-hazardous industrial solid waste by the Louisiana Environmental Quality Act, La. R.S. 30:2001 et seq., and regulations adopted pursuant thereto disposed of at facilities not owned or operated by said transporters. “Hazardous waste” means waste defined as hazardous waste by the Louisiana Environmental Quality Act, La. R.S. 30:22001 et seq., and regulations adopted pursuant thereto disposed of at facilities not owned or operated by said transporters.”

III. Stipulation

In response to the citation, Heith Harper, President of Axe Directional Drilling, LLC, signed an Affidavit and Stipulation on behalf of the company admitting to the violations and agreed to a fine of \$56,000.00 with \$28,000.00 of the fine suspended conditioned on Axe Directional Drilling, LLC not being found guilty, entering a plea of guilty, or entering a plea of no contest to any additional violations for a period of one (1) year.

Axe Directional Drilling LLC also agreed in the Affidavit and Stipulation to the following:

1. To cease transporting LPSC regulated waste for disposal intrastate until such time that the Carrier obtains a common carrier certificate from the Commission authorizing the transportation of LPSC regulated waste for disposal intrastate;
2. To implement changes to the company's training policy which provides that all employees will receive an orientation on LPSC-related statutes, rules, and orders upon employment, and thereafter on an annual basis. The policy will state that failure to comply with LPSC-related statutes, rules, and orders shall be cause for disciplinary actions or dismissal of the employee;
3. To pay fines and fees by certified funds to the Commission in eight (8) installments of \$3,500.00 with the first payment and the \$25.00 citation fee due on or before July 6, 2022 with subsequent payments due as follows:
 - Second payment due on or before August 8, 2022;
 - Third payment due on or before September 8, 2022;
 - Fourth payment due on or before October 10, 2022;
 - Fifth payment due on or before November 8, 2022;
 - Sixth payment due on or before December 8, 2022;
 - Seventh payment due on or before January 9, 2023; and
 - Eight and final payment due on or before February 8, 2023;
4. Submit the executed Affidavit and Stipulation with the first payment and citation fee by July 6, 2022; and
5. All suspended portions of assessed fines will become due immediately if the Carrier fails to meet payment deadlines prescribed in this stipulation or is found guilty, enters a plea of guilty, or enters a plea of no contest to any of the rules and regulations of the Commission.

Additionally, Mr. Harper agreed that the Affidavit and Stipulation is to be a global settlement between the Louisiana Public Service Commission Staff and Axe Directional Drilling, LLC of any and all violations of transporting saltwater utilized in oil well exploration and production intrastate without LPSC authority occurring before April 8, 2022. However, the Affidavit and Stipulation will not limit the ability of any person or body, politic or municipal, other than the Louisiana Public Service Commission Staff, from filing a complaint pursuant to La. R.S. 45:1196.

IV. Commission Action

On motion of Commissioner Greene, seconded by Commissioner Skrmetta, with Vice Chairman Francis concurring, Chairman Boissiere temporarily absent, and Commissioner Campbell absent, the Commission voted to assert its original and primary jurisdiction and take the matter up pursuant to Rule 57.

On motion of Vice Chairman Francis, seconded by Commissioner Greene, with Commissioner Skrmetta concurring, Chairman Boissiere temporarily absent, and Commissioner Campbell absent, the Commission voted to accept the Affidavit and Stipulation executed on July 5, 2022.

IT IS THEREFORE ORDERED THAT:

- 1. The Affidavit and Stipulation executed on July 5, 2022 for fines and fees totaling \$28,025.00 is accepted; and,
- 2. This Order is effective immediately.

BY ORDER OF THE COMMISSION
BATON ROUGE, LOUISIANA
August 26, 2022



A handwritten signature in blue ink, appearing to read "Brandon M. Frey".

BRANDON M. FREY
SECRETARY

ABSENT
DISTRICT III
CHAIRMAN LAMBERT C. BOISSIERE, III

/S/ MIKE FRANCIS
DISTRICT IV
VICE CHAIRMAN MIKE FRANCIS

ABSENT
DISTRICT V
COMMISSIONER FOSTER L. CAMPBELL

/S/ ERIC F. SKRMETTA
DISTRICT I
COMMISSIONER ERIC F. SKRMETTA

/S/ CRAIG GREENE
DISTRICT II
COMMISSIONER CRAIG GREENE