

**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION**

In The Matter Of:

Halliburton Energy Services, Inc.	:	Solid Waste Management Act
Homer City, PA	:	
Center Township, Indiana County	:	
Enforcement ID No. <u>307410P</u> S	:	

CONSENT ASSESSMENT OF CIVIL PENALTY

This Consent Assessment of Civil Penalty ("CACP") is entered into this 7th day of February 2014, by and between the Commonwealth of Pennsylvania, Department of Environmental Protection ("Department") and Halliburton Energy Services, Inc. ("Halliburton").

The Department has found and determined the following:

A. The Department is the agency with the duty and authority to administer and enforce the Solid Waste Management Act, Act of July 7, 1980, P.L. 380, *as amended*, 35 P.S. §§ 6018.101-6018.1003 ("SWMA") and the rules and regulations promulgated thereunder.

B. Halliburton, an oil and natural gas service company, is a foreign corporation authorized to do business in Pennsylvania. Halliburton's services provided to clients include cementing, fracturing, and stimulation of oil and natural gas wells. Halliburton operates a facility in Homer City, Center Township, Indiana County, Pennsylvania, from which it provides these services ("Facility").

C. Between 1999 and 2011, Halliburton returned unused hydrochloric acid from gas well sites to the Facility for storage and/or treatment, in preparation for off-site transport or disposal.

D. Between 1999 and 2011, Halliburton stored, treated, and caused to be transported from the Facility quantities of liquid waste with a pH of 2.0 or less standard units, a "hazardous

waste” as that term is defined in Section 103 of the Solid Waste Management Act. On approximately 255 occasions, Halliburton transported or caused to be transported shipments of this low pH waste without first properly characterizing the waste as a “hazardous waste,” without utilizing required hazardous waste manifests, without utilizing a licensed hazardous waste transporter, and directing the transportation of such waste to a treatment and disposal facility in Pennsylvania that was not authorized by the Department to accept hazardous waste. Also, during this time period, Halliburton treated the low pH waste at the Facility without first obtaining a permit from the Department authorizing such activity, and failed to properly identify the Facility to the Department as a “large quantity generator” of hazardous waste. Further, during this time period, Halliburton failed to maintain records of its hazardous and residual waste transportation and disposal activities, as required by the Department’s regulations.

E. Halliburton has represented, and the Department is unaware of any basis to dispute, that Halliburton’s failure to properly characterize the low pH waste as a “hazardous waste,” failure to properly manifest and transport such waste, and its transport of such waste to a facility not permitted to accept such waste, did not cause any actual harm to the public or the environment.

F. On numerous occasions between 1999 and 2011, Halliburton failed to properly manage hazardous waste, failed to properly notify the Department of hazardous waste activities at the Facility, and failed to maintain required records of hazardous and residual waste transportation and disposal activities, as set forth in Paragraph D, above, in violation of 25 Pa. Code Sections 262a.12(b)(v), 262a.20, 263a.13, 270a.60(a)(1) , and 262a.10 (incorporating by reference 40 CFR Sections 262.11, 262.20(a), and 262.40), and Sections 301, 401(a), 403(a), 403(b)(1), (5), (8) and (9), 610(4), 610(6) and 610(9) of the SWMA, 35 P.S. §§ 6018.301, 6018.401(a), 6018.403(a), 6018.403(b)(1), (5), (8) and (9), and 6018.610(4), (6) and (9).

G. The violations described in the Paragraphs A through D and F constitute unlawful conduct under Section 610 of the SWMA, 35 P.S. § 6018.610, a public nuisance pursuant to Section 601 of the SWMA, 35 P.S. § 6018.601, and subject Halliburton to a claim for civil penalties pursuant to Section 605 of the SWMA, 35 P.S. § 6018.605.

After full and complete negotiations of all matters set forth in this CACP and upon mutual exchange of the covenants herein, the parties desiring to avoid litigation and intending to be legally bound, it is hereby ASSESSED by the Department and AGREED to by Halliburton as follows:

1. Assessment. In resolution of the Department's claim for civil penalties, which the Department is authorized to pursue under Section 605 of the SWMA, 35 P.S. § 6018.605, the Department hereby assesses a civil penalty of ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$1,800,000.00), which Halliburton hereby agrees to pay.

2. Civil Penalty Settlement. Upon signing this CACP, Halliburton shall pay the civil penalty assessed in Paragraph 1. This payment is in settlement of the Department's claim for civil penalties for the violations set forth in Paragraphs D, F and G, above, for the dates set forth in Paragraph D, above. The payment shall be by corporate check or the like, made payable to the Solid Waste Abatement Fund and mailed to Michael Forbeck, Department of Environmental Protection, 400 Waterfront Drive, Pittsburgh, PA 15222.

3. Findings.

a. Halliburton agrees that the findings in Paragraphs A through E are true and correct and, in any matter or proceeding involving Halliburton and the Department, Halliburton shall not challenge the accuracy or validity of these findings.

b. The parties do not authorize any other persons to use the findings in this CACP in any matter or proceeding.

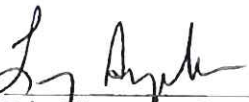
4. Reservation of Rights. The Department reserves all other rights with respect to any matter addressed by this CACP, including the right to require abatement of any conditions resulting from the events described in the Findings. Halliburton reserves the right to challenge any action which the Department may take, but waives the right to challenge the content or validity of this CACP.

IN WITNESS WHEREOF, the parties have caused this CACP to be executed by their duly authorized representatives. The undersigned representatives of Halliburton certify, under penalty of law, as provided by 18 Pa. C. S. § 4904, that they are authorized to execute this CACP on behalf of Halliburton, that Halliburton consents to the entry of this CACP as an ASSESSMENT of the Department; that Halliburton hereby knowingly waives any right to a hearing under the statutes referenced in this CACP; and that Halliburton knowingly waives its right to appeal this CACP, which rights may be available under Section 4 of the Environmental Hearing Board Act, Act of July 13, 1988, P.L. 530, 35 P.S. § 7514; the Administrative Agency Law, 2 Pa. C.S. § 103(a) and Chapters 5A and 7A; or any other provision of law. [Signature by Halliburton's attorney certifies only that the agreement has been signed after consulting with counsel.]

FOR HALLIBURTON ENERGY
SERVICES, INC.

FOR THE COMMONWEALTH OF
PENNSYLVANIA, DEPARTMENT OF
ENVIRONMENTAL PROTECTION:

REVIEWED
LEGAL
DATE


Print Name: Tony Angelle
President or Vice President


Michael G. Forbeck
Regional Manager


Print Name: Bruce A. Metzinger
Secretary or Treasurer


David R. Overstreet
Attorney for Halliburton


John H. Herman
Assistant Regional Counsel