



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 6  
1445 ROSS AVENUE, SUITE 1200  
DALLAS, TX 75202-2733

NOV 22 2011

Mr. Matthew Knifton  
Thomas & Knight LLP  
98 San Jacinto Blvd. Suite 1900  
Austin, Texas 78701

Re: Notice of Determination – EPA Docket Number CAA 06-2011-3330  
Petrohawk Energy Corp. Self Disclosure on December 12, 2010

Dear Mr. Knifton:

Enclosed is a Final Determination of the United States Environmental Protection Agency (EPA), Region 6 on the applicability of EPA's "Incentives for Self-Policing: Discovery, Disclosure, Correction and Prevention of Violations" 65 Fed. Reg. 19618 (April 11, 2000) (Self-Disclosure Policy) to the voluntary disclosures made to EPA by Petrohawk Energy Corporation (Petrohawk) regarding violations associated with certain internal combustion engines in Louisiana.

Based upon the documentation provided by Petrohawk, EPA finds that Petrohawk has not met all nine (9) conditions of the Self-Disclosure Policy. Specifically, Petrohawk has not met condition number three (3) (Prompt Disclosure), because the violations were not disclosed within twenty-one (21) days of discovery. Therefore, the violations do not qualify for penalty mitigation under the Self-Disclosure Policy.

However, EPA has used its discretion to determine not to assess and collect a penalty.

EPA expects Petrohawk to institute, on a continuing and company-wide basis, the internal policies and procedures necessary to prevent a recurrence of a failure to meet environmental requirements.

On behalf of the Region, I want to thank Petrohawk for their self-disclosure. Should you have any further questions or need additional information, please contact Carlos Flores at (214) 665-7113, or Leonard Schilling at (214) 665-7166 for any legal questions.

Sincerely,

A handwritten signature in black ink, appearing to read "John Blevins".

John Blevins  
Director  
Compliance Assurance and  
Enforcement Division

Enclosure

cc: Celena Cage (LDEQ)

UNITED STATES  
ENVIRONMENTAL PROTECTION AGENCY  
REGION 6  
DALLAS, TEXAS

IN THE MATTER OF

PETROHAWK ENERGY  
CORPORATION

DOCKET NO. CAA 06-2011-3330

LOUISIANA

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**FINAL DETERMINATION**

Pursuant to the "Incentives for Self-Policing: Discovery, Disclosure, Correction and Prevention of Violations" (65 Fed. Reg. 19618, April 11, 2000) (Self-Disclosure Policy), the U.S. Environmental Protection Agency, Region 6 (EPA) hereby issues a Final Determination regarding violations disclosed to EPA by Petrohawk Energy Corporation (Petrohawk) at its facilities in Louisiana.

**I. SELF-DISCLOSURE POLICY**

In order to encourage regulated entities to conduct voluntary compliance evaluations and also disclose and correct violations, EPA promulgated the Self-Disclosure Policy. As an incentive for companies to participate in the self-audit/self-disclosure terms of the Self-Disclosure Policy, EPA may substantially reduce and even eliminate the gravity component of civil penalties if the conditions specified in the Self-Disclosure Policy are met.

The conditions are as follows:

- (1) Discovery of the violation(s) through an environmental audit or due diligence;
- (2) Voluntary discovery;
- (3) Prompt disclosure;
- (4) Discovery and disclosure independent of government or third party plaintiff;
- (5) Correction and remediation;

- (6) Prevent recurrence;
- (7) No repeat violations;
- (8) Other violations excluded; and
- (9) Cooperation.

Pursuant to the Self-Disclosure Policy, EPA may reduce gravity based penalties up to 100% if the participating companies meet the conditions specified above. However, EPA may collect any economic benefit that may have been realized as a result of noncompliance.

## II. FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Petrohawk owns and operates stationary spark ignition internal combustion engines at multiple locations in Louisiana.

2. On December 2, 2010, Petrohawk disclosed the following violations of the New Source Performance Standards (NSPS), Subpart JJJJ to EPA:

**New Source Performance Standards ("NSPS"):** Section 60.4233 of EPA's regulations outlines NSPS JJJJ emissions standards that must be satisfied by owners and operators of certain stationary spark ignition internal combustion engines. Section 60.4245 of the EPA's regulations requires owners/operators of such engines to maintain documentation from the manufacturer that its engines are certified to meet the emission standards. Alternatively, if not certified or not operating in a certified manner, the owner/operator must maintain documentation that the engines meet the emission standards. ERM observed that adequate documentation of compliance with these standards was not available, either through documented field tests or certification to applicable standards, for thirty-five engines purchased by Petrohawk for use in Petrohawk's Louisiana conventional operating area. This is a violation of 40 C.F.R. §§ 60.4233 and 60.4245.

3. To address this issue, Petrohawk engaged a vendor to retrofit, source test, and document compliance with emission standards for each of the engines identified as non-certified by the auditor. Once the engines were retrofitted the emissions compliance testing began, in accordance with Subpart JJJJ. This corrective action was completed on March 15, 2011.

4. According to the December 2, 2010 disclosure, the violation in Paragraph two (2) above was discovered on or around October 14, 2010, as part of a multi-facility audit of Petrohawk's operations in Arkansas, Louisiana, and Texas.

5. Petrohawk has not met all of the conditions of the Self-Disclosure Policy. Specifically, Petrohawk has not met condition number three (3) (Prompt Disclosure) of the Self-

Disclosure Policy because the violations were not disclosed within twenty-one (21) calendar days after discovery.

6. Therefore, the violations do not qualify for consideration under the Self-Disclosure Policy.

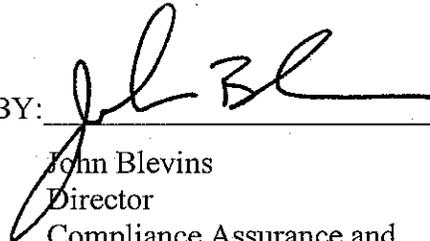
**III. FINAL DETERMINATION**

EPA has reviewed the violations specified above and has reviewed the documentation provided by Petrohawk in which Petrohawk asserts its compliance with the Self-Disclosure Policy. Based upon the information and assertions provided by Petrohawk, EPA finds that Petrohawk has not met all nine (9) conditions pursuant to the Self-Disclosure Policy. Therefore, the violations disclosed do not qualify for penalty mitigation under the Self-Disclosure Policy.

**U.S. ENVIRONMENTAL PROTECTION AGENCY, REGION 6**

DATED: 11.22.11

BY: \_\_\_\_\_



John Blevins  
Director  
Compliance Assurance and  
Enforcement Division