

ARKANSAS DEPARTMENT OF ENERGY AND ENVIRONMENT
DIVISION OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

White Rock Oil & Gas, LLC
900 Columbia Road 25
Magnolia, AR 71753

LIS No. ~~23-~~24-002
Permit No. Unpermitted
AFIN 14-00004

CONSENT ADMINISTRATIVE ORDER

This Consent Administrative Order (“Order”) is issued pursuant to the authority of the Arkansas Water and Air Pollution Control Act, Ark. Code Ann. § 8-4-101 *et seq.*, the Federal Water Pollution Control Act, 33 U.S.C. § 1311 *et seq.*, and rules issued thereunder by Arkansas Pollution Control and Ecology Commission (APC&EC).

The issues herein having been settled by the agreement of the White Rock Oil & Gas, LLC (Respondent) and the Division of Environmental Quality (DEQ), it is hereby agreed and stipulated that the following FINDINGS OF FACT and ORDER AND AGREEMENT be entered.

FINDINGS OF FACT

1. Respondent operates the Magnolia Field produced saltwater transfer pipeline (“facility”) located at 900 Columbia Road 25, Magnolia, Columbia County, Arkansas.
2. DEQ is authorized under the Arkansas Water and Air Pollution Control Act (“Act”) to enforce all laws and regulations relating to the pollution of any waters of the state.
3. Ark. Code Ann. § 8-4-217(a)(3) provides:
 - (a) It shall be unlawful for any person to:

...

(3) Violate any provisions of this chapter or of any rule or order adopted by the [APC&EC] under this chapter or of a permit issued under this chapter by the [DEQ].

4. Ark. Code Ann. § 8-4-217(b)(1)(E) provides:

(b)(1) It shall be unlawful for any person to engage in any of the following acts without having first obtained a written permit from the division:

...

(E) To discharge sewage, industrial waste, or other wastes into any of the waters of this State.

5. Ark. Code Ann. § 8-4-103(c)(1)(A) authorizes DEQ to assess an administrative civil penalty not to exceed ten thousand dollars (\$10,000) per violation for any violation of any provision of the Act and any rule or permit issued pursuant to the Act.

6. Pursuant to Ark. Code Ann. § 8-4-103(c)(1)(B), “[e]ach day of a continuing violation may be deemed a separate violation for purposes of penalty assessment.”

7. On February 23, 2023, the Arkansas Division of Emergency Management (ADEM) and the National Response Center (NRC) notified DEQ that Respondent reported a release of approximately 500 barrels of production saltwater.

8. On March 1, 2023, DEQ performed a site assessment in response to the release on February 23, 2023, and made the following observations:

- a. Approximately 200 barrels of production saltwater was released from a water transfer line. Some of the production saltwater entered an unnamed tributary of Little Cornie Bayou. Respondent is not authorized to discharge production saltwater from the facility to waters of the state. This unpermitted discharge of

production saltwater to waters of the state is a violation of Ark. Code Ann. § 8-4-217(b)(1)(E) and therefore is a violation of Ark. Code Ann. § 8-4-217(a)(3).

9. On April 6, 2023, DEQ notified Respondent of the violations identified during the March 1, 2023 site assessment. DEQ requested that Respondent submit a written response to the violations within thirty (30) calendar days.

10. On May 1, 2023, Respondent submitted a response to the site assessment detailing their response actions, remediation actions, and the current monitoring activities at the spill site.

11. On May 26, 2023, DEQ notified Respondent by email that the response dated May 1, 2023, was deemed inadequate. Specifically, DEQ requested that Respondent submit the sample data and photographic documentation demonstrating the clean-up of the site. DEQ requested Respondent submit the additional documentation by June 9, 2023.

12. On June 8, 2023, Respondent submitted to DEQ sample data and photographic documentation demonstrating the clean-up of the site.

ORDER AND AGREEMENT

WHEREFORE, the parties stipulate and agree as follows:

1. Respondent shall continue to implement the June 8, 2023 remediation, sampling, and monitoring activities at the spill site. Respondent shall follow “ADEQ Guidelines for Reporting, Responding to and Remediating Crude Oil, Saltwater, and Brine Spills, Revised September, 1994.”¹

2. On or before the fifteenth (15th) day of the month following the effective date of this Order, and each quarter thereafter for a period lasting until this Order is closed, Respondent shall submit quarterly progress reports detailing the progress that has been made towards remediating the spill

¹ <https://www.adeg.state.ar.us/downloads/webdatabases/solidwaste/permittedfacilities/gendocs/55713.pdf>

site. Once remediation is complete, Respondent shall submit a final compliance report that includes, but is not limited to, photographic documentation of the clean-up at the spill site and sampling data.

3. In compromise and full settlement of the violations specified in the Findings of Fact, Respondent agrees to pay a civil penalty of Seven Thousand Two Hundred Dollars (\$7200.00), or one-half of the full civil penalty of Three Thousand Six Hundred Dollars (\$3600.00) if this Order is signed and returned to the Office of Water Quality Enforcement Branch, DEQ, 5301 Northshore Drive, North Little Rock, Arkansas, 72118-5317, within twenty (20) calendar days of receipt of this Order. Even if the conditions for receiving a reduced penalty of Three Thousand Six Hundred Dollars (\$3600.00) have been met, failure to otherwise comply with this Order will result in the penalty reverting to the full civil penalty of Seven Thousand Two Hundred Dollars (\$7200.00) and shall become due immediately and payable to DEQ. Payment is due within thirty (30) calendar days of the effective date of this Order. Payment of the penalty shall be made payable to the Division of Environmental Quality, and mailed to the attention of:

DEQ, Fiscal Division
5301 Northshore Drive
North Little Rock, AR 72118

In the event that Respondent fails to pay the civil penalty within the prescribed time, DEQ shall be entitled to attorneys' fees and costs of collection.

4. Failure to meet any requirement or deadline of this Order constitutes a violation of this Order. If Respondent should fail to meet any such requirements or deadlines, Respondent consents and agrees to pay on demand to DEQ stipulated penalties according to the following schedule:

- | | |
|---------------------------------------------|-------------------|
| a. First day through fourteenth day: | \$100.00 per day |
| b. Fifteenth day through the thirtieth day: | \$500.00 per day |
| c. Each day beyond the thirtieth day: | \$1000.00 per day |

These stipulated penalties for delay in performance shall be in addition to any other remedies or sanctions that may be available to DEQ by reason of failure by Respondent to comply with the requirements of this Order.

5. If any event, including but not limited to an act of nature, occurs that causes or may cause a delay in the achievement of compliance by Respondent with the requirements or deadlines of this Order, Respondent shall so notify DEQ, in writing, as soon as reasonably possible after it is apparent that a delay will result, but in no case after the due dates specified in this Order. The notification shall describe in detail the anticipated length of the delay, the precise cause of the delay, the measures being taken and to be taken to minimize the delay, and the timetable by which those measures will be implemented.

6. DEQ may grant an extension of any provision of this Order if Respondent requests such an extension in writing, and the delay or anticipated delay has or will be caused by circumstances beyond the control of and without the fault of Respondent. The time for performance may be extended for a reasonable period, but in no event longer than the period of delay resulting from such circumstances. Respondent has the burden of proving that any delay is caused by circumstances beyond the control and without the fault of Respondent, as well as the length of the delay attributable to such circumstances. Failure to notify DEQ promptly, as provided in the preceding paragraph of this Section, shall be grounds for a denial of an extension.

7. All requirements by the Order and Agreement are subject to approval by DEQ. Unless otherwise specified herein, in the event of any deficiencies, Respondent shall, within the timeframe specified by DEQ, submit any additional information or changes requested, or take additional actions specified by DEQ to correct any such deficiencies. Failure to respond adequately to such

Notice of Deficiency within the timeframe specified in writing by DEQ constitutes a failure to meet the requirements established by this Order.

8. This Order is subject to public review and comment in accordance with Ark. Code Ann. § 8-4-103(d) and APC&EC Rule 8 and shall not be effective until thirty (30) calendar days after public notice is given. DEQ retains the right to rescind this Order based upon the comments received within the thirty (30) day public comment period. Notwithstanding the public notice requirements, the corrective actions necessary to achieve compliance shall be taken immediately. The publication of this Order shall occur on or about the 10th or 25th day of the month following the date this Order is executed. As provided by APC&EC Rule 8, this matter is subject to being reopened upon Commission initiative, or in the event a petition to set aside this Order is granted by the Commission.

9. Nothing in this Order shall be construed as a waiver by DEQ of its enforcement authority over alleged violations not specifically addressed herein. Also, this Order does not exonerate Respondent from any past, present, or future conduct that is not expressly addressed herein, nor does it relieve Respondent of its responsibilities for obtaining any necessary permits.

10. By virtue of the signature appearing below, the individual represents that he or she is an Officer of Respondent, being duly authorized to execute and bind Respondent to the terms contained herein. Execution of this Order by an individual other than an Officer of Respondent shall be accompanied by a resolution granting signature authority to said individual as duly ratified by the governing body of the entity.

SO ORDERED THIS 2^d DAY OF January, ~~2023~~ ²⁰²⁴



CALEB J. OSBORNE, DIVISION OF ENVIRONMENTAL QUALITY, DIRECTOR
CHIEF ADMINISTRATOR, ENVIRONMENT

APPROVED AS TO FORM AND CONTENT:

White Rock Oil & Gas, LLC

BY: Rusty Ginnetti
(Signature)

Rusty Ginnetti
(Typed or printed name)

TITLE: Chief Operating Officer

DATE: 12/19/2023