

**ARKANSAS DEPARTMENT OF ENERGY AND ENVIRONMENT,
DIVISION OF ENVIRONMENTAL QUALITY**

IN THE MATTER OF:

AFIN: 70-00016

LIS No. 25-053

LION OIL COMPANY, LLC
1005 ROBERT E. LEE STREET
EL DORADO, AR 71730

CONSENT ADMINISTRATIVE ORDER

This Consent Administrative Order (CAO) is issued pursuant to the authority delegated under the federal Clean Air Act, 42 U.S.C. § 7401 *et seq.*, and the federal regulations issued thereunder. In addition, this CAO is issued pursuant to the authority of the Arkansas Water and Air Pollution Control Act (the Act), Ark. Code Ann. § 8-4-101 *et seq.*, Arkansas Pollution Control and Ecology Commission (APC&EC) Rule 7, now codified at 8 CAR § 10-101, *et seq.*, APC&EC Rule 8 (8 CAR § 11-101, *et seq.*), APC&EC Rule 18 (8 CAR § 40-101, *et seq.*), APC&EC Rule 19 (8 CAR § 41-101, *et seq.*), and APC&EC Rule 26 (8 CAR § 42-101, *et seq.*).

The issues herein having been settled by agreement of Lion Oil Company, LLC (Respondent) and the Director of 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 owns and operates a petroleum refinery located at 1005 Robert E. Lee Street in El Dorado, Union County, Arkansas.
2. There are three Air Permits referenced in this CAO. 0868-AOP-R20 (Permit R20) was issued on October 11, 2022, and voided on March 29, 2023. 0868-AOP-R21 (Permit R21) was issued on March 29, 2023, and voided on December 14, 2023. 0868-AOP-R22 (Permit R22) was

issued on December 14, 2023, and voided on June 11, 2024.

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 Arkansas Pollution Control and Ecology Commission under this chapter or of a permit issued under this chapter by DEQ;

4. Ark. Code Ann. § 8-4-103(c)(1)(A) provides, “Any person that violates any provision of this chapter and rules, permits, or plans issued pursuant to this chapter may be assessed an administrative civil penalty not to exceed ten thousand dollars (\$10,000) per violation.”

5. Pursuant to Ark. Code Ann. § 8-4-103(c)(1)(B) as referenced by Ark. Code Ann. § 8-4-304, “Each day of a continuing violation may be deemed a separate violation for purposes of penalty assessment.”

6. On February 28, 2024, DEQ personnel performed a routine compliance inspection of the facility for the reporting period of September 1, 2022, to January 31, 2024.

7. FCCU 1 of Permits R20 and R21 states that Respondent shall not exceed 7.7 lb/hr of NO_x at the Catalyst Regenerator Stack (SN-809).

8. During the inspection, it was revealed that Respondent exceeded the NO_x 3-hour rolling average at SN-809 for eleven (11) hours as shown in Table 1 below.

Table 1

Date	Number of Hours Exceeded	Actual NO _x Emissions (lb/hr)
December 1, 2022	3	9
March 18, 2023	1	7.8
April 22, 2023	1	7.9
May 9, 2023	4	15.2
May 10, 2023	2	8.68

Such an act violates FCCU 1 of Permits R20 and R21 and therefore violates Ark. Code Ann. § 8-4-217(a)(3) as referenced by Ark. Code Ann. § 8-4-304.

9. SRP 1 of Permit R21 states that Respondent shall not exceed 19.1 lb/hr of SO₂ at the Sulfur Recovery Plant Incinerator (SN-844).

10. During the inspection, it was revealed that Respondent exceeded the SO₂ 1-hour average at SN-844 for four (4) hours: Two (2) hours on July 21, 2023, by emitting 21.47 lb/hr and two (2) hours on August 3, 2023, by emitting 19.49 lb/hr. Such acts violate SRP 1 of Permit R21 and therefore violate Ark. Code Ann. § 8-4-217(a)(3) as referenced by Ark. Code Ann. § 8-4-304.

11. 40 C.F.R. § 63.6655(a)(4) (Subpart ZZZZ) and CRP 11 of Permits R20 and R22 require that Respondent must keep records of all maintenance performed on the air pollution control and monitoring equipment for the Standby Diesel Crude Pump (SN-849).

12. During the inspection, it was revealed that Respondent failed to provide the required maintenance records for SN-849 during the years 2022 and 2023. Such a failure violates CRP 11 of Permits R20 and R22 and therefore violates Ark. Code Ann. § 8-4-217(a)(3) as referenced by Ark. Code Ann. § 8-4-304. Such a failure also violates Subpart ZZZZ.

13. In correspondence dated March 29, 2024, DEQ informed Respondent of the compliance issues identified during the February 28, 2024 inspection. This was intended to provide Respondent with the opportunity to review the violations and submit any additional information Respondent deemed appropriate regarding the compliance issues.

14. In correspondence dated May 2, 2024, Respondent acknowledged the violations and referred DEQ to Annual Compliance Certification (ACC) Reports submitted on January 30, 2023, and January 30, 2024, for the details outlining the cause of the upset conditions and the corrective actions taken. Respondent stated that it would implement a system to track maintenance and repairs at SN-849.

15. In correspondence dated September 17, 2024, DEQ informed Respondent that formal

enforcement action was proceeding regarding this matter.

ORDER AND AGREEMENT

WHEREFORE, Respondent, neither admitting nor denying the factual and legal allegations contained in this CAO, and DEQ do hereby agree and stipulate as follows:

1. Within thirty (30) calendar days of the effective date of this CAO, Respondent shall submit NO_x 3-hour rolling average records for SN-809. The records shall be submitted monthly for a period of 3 months beginning with the month following the effective date of this CAO.

2. Within thirty (30) calendar days of the effective date of this CAO, Respondent shall submit SO₂ 1-hour average records for SN-844. The records shall be submitted monthly for a period of 3 months beginning with the month following the effective date of this CAO.

3. Within thirty (30) calendar days of the effective date of this CAO, Respondent shall submit 2024 maintenance records for SN-849 as required by Subpart ZZZZ and CRP 11 of the Permit.

4. The records shall be submitted to:

DEQ, Office of Air Quality
Enforcement Program
5301 Northshore Drive
North Little Rock, Arkansas 72118-5317.

5. In compromise and full settlement for instances of noncompliance specified in the FINDINGS OF FACT, Respondent agrees to pay the sum of **FOURTEEN THOUSAND FOUR HUNDRED DOLLARS (\$14,400.00)**, of which ten percent (10%) shall be paid as reimbursement to DEQ for administrative costs associated with the Order. Payment is due within thirty (30) calendar days after the effective date of this CAO. Such payment shall be made payable to:

DEQ, Fiscal Services
5301 Northshore Drive
North Little Rock, Arkansas 72118-5317.

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

6. All applicable submissions required by this CAO are subject to approval by DEQ. In the event of any deficiency, Respondent shall, within fifteen (15) calendar days of notification by DEQ, submit any additional information requested. Failure to respond adequately to the notice of deficiency within fifteen (15) calendar days constitutes a failure to meet a deadline and is subject to the civil penalties established in the following Paragraph.

7. Failure to meet the limits, requirements, or deadlines of this CAO or the applicable approved schedules provided for herein constitutes a violation of this CAO. If Respondent fails to meet any limits, requirements, or deadlines, Respondent shall pay, on demand, to DEQ civil penalties according to the following schedule:

- | | |
|--|----------------|
| (a) First day through the fourteenth day: | \$100 per day |
| (b) Fifteenth day through the thirtieth day: | \$500 per day |
| (c) More than thirty days: | \$1000 per day |

Stipulated penalties shall be paid within thirty (30) calendar days of receipt of DEQ's demand to Respondent for such penalties. These stipulated penalties may be imposed for delay in scheduled performance and shall be in addition to any other remedies or sanctions that may be available to DEQ by reason of Respondent's failure to comply with the requirements of this CAO. DEQ reserves its rights to collect other penalties and fines pursuant to its enforcement authority in lieu of the stipulated penalties set forth above.

8. If any event, including, but not limited to, an occurrence of nature, causes or may cause a delay in the achievement of compliance by Respondent with the requirements or deadlines of

this CAO, Respondent shall 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 have passed. 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.

9. DEQ may grant an extension of any provision of this CAO, provided that Respondent requests such an extension in writing and provided that 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. The burden of proving that any delay is caused by circumstances beyond the control of and without the fault of Respondent and the length of the delay attributable to such circumstances shall rest with Respondent. Failure to notify DEQ promptly, as provided in the previous Paragraph of the ORDER AND AGREEMENT, shall be grounds for a denial of an extension.

10. This CAO is subject to public review and comment in accordance with Ark. Code Ann. § 8-4-103(d), and therefore is not effective until thirty (30) calendar days after public notice of the CAO is given. DEQ retains the right and discretion to rescind this CAO based on comments received within the thirty (30) day public comment period.

11. As provided by APC&EC Rule 8, now codified at 8 CAR § 11-101, *et seq.*, this matter is subject to being reopened upon Commission initiative or in the event a petition to set aside this CAO is granted by the Commission.

12. Nothing contained in this CAO shall relieve Respondent of any obligations imposed by any other applicable local, state, or federal laws. Except as specifically provided herein, nothing

contained in this CAO shall be deemed in any way to relieve Respondent of responsibilities contained in the permit.

13. Nothing in this CAO shall be construed as a waiver by DEQ of its enforcement authority over alleged violations not specifically addressed herein. In addition, this CAO neither exonerates Respondent from any past, present, or future conduct that is not expressly addressed herein, nor relieves Respondent of the responsibilities for obtaining any necessary permits.

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

SO ORDERED THIS 1 DAY OF July, 2025.

Bailey Taylor
BAILEY TAYLOR
CHIEF ADMINISTRATOR OF ENVIRONMENT AND DEQ DIRECTOR
ARKANSAS DEPARTMENT OF ENERGY & ENVIRONMENT

APPROVED AS TO FORM AND CONTENT:

LION OIL COMPANY, LLC

BY: [Signature] (Signature)

John M. Thompson (Typed or printed name)

TITLE: VP GM

DATE: 6/20/25