IN THE CIRCUIT COURT OF SEBASTIAN COUNTY, ARKANSASES CIVIL DIVISION FILS MITTER

ARKANSAS DEPARTMENT OF ENERGY AND ENVIRONMENT, DIVISION OF ENVIRONMENTAL QUALITY 2022 OCT IT PH

VS.

CASE NO.: 66FCV-22-918 VI)

FORT SMITH PETRO ENVIRONMENTAL, LLC, FLORIDA OIL INVESTMENT GROUP, LLC, SANON HOLDINGS, LLLP, AND ASHISH SANON and RITU SANON, PERSONALLY AND IN THEIR OFFICIAL CAPACITY **DEFENDANTS**

COMPLAINT AND REQUEST FOR INJUNCTIVE RELIEF

COMES NOW the Arkansas Department of Energy and Environment, Division of Environmental Quality (DEQ), by and through its attorneys, Tracy R. Rothermel, Basil V. Hicks III, and Mitchell Dowden, and for its complaint and request for injunctive relief against Fort Smith Petro Environment, LLC, Florida Oil Investment Group, LLC, Sanon Holdings, LLLP, Ashish Sanon, and Ritu Sanon ("Defendants"), jointly and severally, states the following:

INTRODUCTION

1. This matter is a civil action brought under the authority of the Arkansas Water and Air Pollution Control Act, Ark. Code Ann. § 8-4-101 *et seq.*, and the Arkansas Hazardous Waste Management Act, Ark. Code Ann. § 8-7-101 *et seq.*, that seeks to enforce the statutes of the State of Arkansas and the Rules of the Arkansas Pollution Control & Ecology Commission (APC&EC).

PARTIES

2. DEQ is an executive agency of the State of Arkansas charged with administering and enforcing all laws, rules, and regulations relating to the Arkansas Water and Air Pollution

Control Act, Ark. Code Ann. § 8-4-101, et. seq. and the Arkansas Hazardous Waste Management Act, Ark. Code Ann. § 8-7-101 et seq. DEQ has authority under Ark. Code Ann. § 8-4-103(b) and Ark. Code Ann. § 8-7-806(e) to institute a civil action in any court of competent jurisdiction to restrain any violation of, or compel compliance with, any rules promulgated pursuant to statute; affirmatively order that remedial measures be taken as may be necessary or appropriate to implement or effectuate the purposes and intent of the statutes; recover all costs and expenses in enforcing or effectuating the provisions of the statute; and assess civil penalties for violations of these statutes. DEQ's principle office is located at 5301 Northshore Drive, North Little Rock, Arkansas 72118-5317.

- 3. Defendant Fort Smith Petro Environmental, LLC ("Ft. Smith Petro") is a domestic company registered to do business in the state of Arkansas and is physically located at 11802 Roberts Boulevard, Fort Smith, Sebastian County, Arkansas. Defendant Ashish Sanon is the organizer of Defendant Ft. Smith Petro.
- 4. Defendant Florida Oil Investment Group, LLC ("Florida Oil") is the owner of the real property located at 11802 Roberts Boulevard, Fort Smith, Sebastian County, Arkansas. Defendant Florida Oil is not registered to do business in the state of Arkansas and is owned by Defendant Sanon Holdings, LLLP ("Sanon Holdings"), a Florida limited partnership. Defendant Florida Oil has a principal address of 3568 North Pine Valley Loop, Lecanto, Florida.
- 5. Defendant Sanon Holdings, LLLP, is owned by Ashish and Ritu Sanon, "as tenants by the entire" and is not registered to do business in the state of Arkansas. Defendant Sanon Holdings has a principal address of 243 N.E. 7th Street, Crystal River, Florida.

 Given this nest of legal entities and ownership, Defendants Ashish and Ritu Sanon have ultimate ownership interest in and control of the real property located at 11802 Roberts
 Boulevard, Fort Smith, Sebastian County, Arkansas.

JURISDICTION AND VENUE

- 7. This Court has subject matter jurisdiction over this matter under Ark. Code Ann. § 16-13-201.
- 8. This Court has personal jurisdiction over Defendants as the subject of this action is located in Fort Smith, Sebastian County, Arkansas.
- 9. Venue is proper in this Court under Ark. Code Ann. §16-60-101.

FACTUAL ALLEGATIONS

- 10. Defendants Ft. Smith Petro and Ashish Sanon own a used oil processing facility ("Facility") consisting of nine (9) above ground storage tanks (ASTs), one (1) lay down recovery tank ("recovery tank"), and one (1) frac-tank, all of which are located at 11802 Roberts Blvd, Fort Smith, Sebastian County, Arkansas.
- 11. Defendant Florida Oil owns the real property upon which the Facility is located.

 Defendant Florida Oil is solely owed by Defendant Sanon Holdings, which is solely owned by Defendants Ashish and Ritu Sanon, "as tenants by the entire."
- 12. Defendant Ft. Smith Petro was issued National Pollutant Discharge Elimination System (NPDES) Industrial Stormwater General Permit (IGP) number ARR000851 on June 11, 2014. The IGP authorizes facilities conducting industrial activities to discharge stormwater to all receiving waters in accordance with the terms and conditions set forth in the IGP. The IGP expired on June 30, 2019, and has not been renewed by Defendant Ft. Smith Petro. Defendants are therefore operating without a permit.

- 13. On March 10, 2021, DEQ received a complaint reporting that Sebastian County Office of Emergency Management (OEM) investigated a release at the Facility and that the City of Fort Smith Fire Department responded and contained the release.
- 14. The ASTs and recovery tank have a secondary containment structure. The frac-tank has a separate containment structure adjacent to the ASTs and recovery tank containment structure.
- 15. On April 29, 2021, DEQ inspected the Facility and documented waste oil, and other unidentified pollutants, within the secondary containment area and petroleum-based product outside of the containment area. DEQ documented that product outside of the containment area had the potential to impact Little Vache Grass Creek, which is located less than 125 feet east of the containment area. Little Vache Grass Creek is a tributary to the Arkansas River. DEQ also documented breaches in the concrete containment wall for the ASTs and in the containment wall for the frac-tank. DEQ identified two (2) locations where product was leaking from the AST piping into the secondary containment areas. Photographs attached as Exhibit A.
- 16. On April 30, 2021, the Director of DEQ, pursuant to Ark. Code Ann. §8-7-508 (k), issued a verbal Emergency Order (EO) to Defendants Ashish Sanon and Ft. Smith Petro ordering Defendants to take action to prevent the discharge of liquid from the containment areas, including waste oil or other unidentified pollutants, to Little Vache Grass Creek. On May 6, 2021, the Director of DEQ issued a written EO, LIS 21-038, confirming the verbal EO issued on April 30, 2021. Copy of EO attached as Exhibit B.
- 17. The EO ordered Defendants to provide DEQ with the name and contact information for a contractor that would take immediate action to remove all free liquid from the containment areas to ensure that no waste oil or other unidentified pollutants would likely be discharged and to ensure that the contractor arrived on site by noon, May 1, 2021. The EO further provided that,

should the responsible parties refuse or be unable to take the appropriate actions necessary to prevent releases of waste oil or other unidentified pollutants from the containment areas, then DEQ would engage its contractors, and the responsible parties would be responsible for the costs incurred by DEQ.

- 18. The EO also ordered the responsible parties to provide weekly updates on the conditions at the Facility and any actions taken to prevent any discharges or containment failures as well as to provide a plan within thirty (30) days, for DEQ review and approval, detailing actions to be taken and a timeline for the complete removal of waste oil and other unidentified pollutants from the tanks and remediation of the contamination at the facility and the surrounding areas. Upon approval of the plan by DEQ, Defendants Ft. Smith Petro and Ashish Sanon were to undertake the approved actions to completely remove the waste oil and other unidentified pollutants from the tanks and remediate the contamination at the Facility and the surrounding areas.
- 19. Defendants Ft. Smith Petro and Ashish Sanon did take some action in response to the EO. A contractor for Defendants Ft. Smith Petro and Ashish Sanon performed some work to prevent the immediate discharge of waste oil and other unidentified pollutants from the tanks and the secondary containment area. However, the hired contractor removed the waste oil and other unidentified pollutants from the secondary containment area by pumping the waste oil and other unidentified pollutants back into the leaking tanks.
- 20. Defendants Ft. Smith Petro and Ashish Sanon asked for additional time to comply fully with the EO. Defendants Ft. Smith Petro and Ashish Sanon informed DEQ that a sale of the facility was forthcoming and that the buyer would address DEQ's concerns. Defendants Ft. Smith Petro and Ashish Sanon represented that the buyer was assisting with their response to the EO.

- 21. Ultimately, the sale did not occur, and Defendants Ft. Smith Petro and Ashish Sanon failed to comply fully with the EO. Defendants Ft. Smith Petro and Ashish Sanon did not remove the waste oil and other unidentified pollutants from the tanks, nor did they repair the leaks in the tank systems. Defendants' failures have resulted in further releases into the containment areas.
- 22. The containment areas have not been adequately repaired. They continue to allow the escape of waste oil and other unidentified pollutants. They also fail to contain the waste oil and other pollutants in the event of heavy rains.
- 23. DEQ observed discharges from the containment areas to the surrounding area on and around July 7, 2021 and September 8, 2021. Photographs attached as Exhibit C
- 24. DEQ also observed discharges of waste oil and other pollutants from the containment areas on and around July 23, 2021, that entered Little Vache Grass Creek, which flows to the Arkansas River. Letter and Photographs attached as Exhibit D. DEQ informed Defendant Ashish Sanon via e-mail of the issues at the Facility on or about September 22, 2021, but Defendant has not responded to DEQ. Discharges from the secondary containment are recurring. Photographs attached as Exhibit E.
- 25. DEQ has not observed any containment, remediation effort, or response at the Facility since August 12, 2021.
- 26. The management of the Facility's industrial stormwater is subject to regulation pursuant to the federal National Pollutant Discharge Elimination System (NPDES), 33 U.S.C. § 1342, as administered by DEQ pursuant to APC&EC Rule 6.
- 27. The management of the ASTs, laydown tank, and frac-tank are subject to regulation pursuant to APC&EC Rule 23.

VIOLATIONS OF LAW

- 28. Arkansas Code Annotated section 8-4-217(a)(3) states that it shall be unlawful for any person to violate any provisions of Arkansas Code Annotated Title 8, Chapter 4, the Water and Air Pollution Control Act, or of any rule or order adopted by the APC&EC under that chapter or of a permit issued under that chapter by DEQ.
- 29. The Hazardous Waste Management Act, Arkansas Code Annotated section 8-7-205(4), states that it shall be unlawful for any person to place hazardous waste in such a manner or place as to cause or is likely to cause water or air pollution within the meaning of the Arkansas Water and Air Pollution Control Act, Ark. Code Ann. §8-4-101 *et seq*.
- 30. Arkansas Code Annotated section 8-7-505(1) and (3) state that it shall be unlawful for any person to violate any provision of this subchapter or any rule adopted under this subchapter, or to violate any order issued by the Division of Environmental Quality under this subchapter or any provision of such an order.

Defendants are in Violation of the Arkansas Water and Air Pollution Control Act

- 31. Plaintiff incorporates by reference and re-alleges paragraphs 1 through 30 of this Complaint.
- 32. Pursuant to Ark Code Ann. §8-4-217 (a) It shall be unlawful for any person to:
 - (1) Cause pollution, as defined in §8-4-102, of any of the waters of this state;
 - (2) Place or cause to be placed any sewage, industrial waste, or other wastes in a location where it is likely to cause pollution of any waters of this state.
- 33. Arkansas Code Annotated section 8-4-102 (7) defines pollution as such contamination or other alteration of the physical, chemical, or biological properties of any waters of the state, or

such discharge of any liquid, gaseous, or solid substance in any waters of the state as will, or is likely to, render the waters harmful, detrimental, or injurious to public health, safety, or welfare, to domestic, commercial, industrial, agricultural, recreational, or other legitimate beneficial uses, or to livestock, wild animals, birds, fish, or other aquatic life.

- 34. Arkansas Code Annotated section 8-4-102 (11) defines waters of the state as all streams, lakes, marshes, ponds, watercourses, waterways, wells, springs, irrigation systems, drainage systems, and all other bodies or accumulations of water, surface and underground, natural or artificial, public or private, which are contained within, flow through, or border upon this state or any portion of the state.
- 35. Pursuant to Ark. Code Ann. §8-4-217 (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:
 - (C) To ... operate any building, plant, works, establishment, or facility, or any extension or modification thereof, or addition thereto, the operation of which would result in discharge of any wastes into the waters of this state or would otherwise alter the physical, chemical, or biological properties of any waters of this state in any manner not already lawfully authorized; or
 - (E) To discharge sewage, industrial waste, or other wastes into any of the waters of this state.
- 36. Defendants have placed waste in a location where it is likely to cause, and is actively causing, pollution to waters of the state, namely Little Vache Grass Creek. Defendants are also operating without a permit.
- 37. Defendants are in violation of Ark. Code Ann. § 8-4-217 and should be ordered to cease operations immediately and begin remediation of the site, including the removal of all waste oil from the Facility.

Defendants are in Violation of the Arkansas "Hazardous Waste Management Act"

- 38. Plaintiff incorporates by reference and re-alleges paragraphs 1 through 37 of this Complaint.
- 39. Pursuant to Ark. Code Ann. §8-7-205(4), it shall be unlawful for any person to:

Store, collect, transport, treat, or dispose of any hazardous waste contrary to the rules, permits, or orders issued under this subchapter or in such a manner or place as to create or is likely to create a public nuisance or a public health hazard or to cause or is likely to cause water or air pollution within the meaning of the Arkansas Water and Air Pollution Control Act. §8-4-101 et seq.

- 40. Pursuant to Ark. Code Ann. §8-7-505, it shall be unlawful for any person to:
 - (1) To violate any provision of this subchapter or any rule adopted under this subchapter;
 - (3) To violate any order issued by the Division of Environmental Quality under this subchapter or any provision of such an order.
- 40. Defendants have placed waste oil in a location where it is likely to cause, and is actively causing, pollution to waters of the state, namely Little Vache Grass Creek.
- 41. Defendants Ft. Smith Petro and Ashish Sanon failed to comply fully with the EO LIS 21-038. Defendants Ft. Smith Petro and Ashish Sanon have not removed the waste oil and other unidentified pollutants from the tanks, nor have they repaired the leaks in the tank systems. The containment areas have not been repaired to the extent that they are sufficiently containing the waste oil and other unidentified pollutants, nor are they sufficient to contain the waste oil and other pollutants in the event of heavy rains. Defendants' failures have resulted in further releases into the surrounding area, causing further contamination of the soil at and around the site.

Defendants are in Violation of APC&EC Rule 6

42. Plaintiff incorporates by reference and re-alleges paragraphs 1 through 41 of this Complaint

- 43. According to APC&EC Rule 6.106(c), no person shall operate a facility, the operation of which would result in discharge of wastes into the waters of the State. Defendants operate this Facility without adequate containment or procedures to ensure that waste oil and other pollutants do not enter waters of the State. Waste oil and other pollutants have been observed flowing from the Facility towards, and entering, waters of the state.
- 44. Defendants have been operating without a permit since June 30, 2019, in violation of APC&EC Rule 6.106(E) and Ark. Code Ann. 8-4-217(b)(1)(E) and therefore in violation of Ark. Code Ann. 8-4-217(a)(3).

Defendants are in Violation of APC&EC Rule 23

- 45. Plaintiff incorporates by reference and re-alleges paragraphs 1 through 44 of this Complaint
- 46. According to APC&EC Rule 23.2, any of the following acts shall be considered a violation of the Rule and shall be subject to the penalties provided in the Arkansas Hazardous Waste Management Act of 1979 (Act 406 of 1979, as amended):
 - (d) To engage in hazardous waste management contrary to the provisions of this Rule or in such a manner or place as to create or as is likely to be created a public health hazard or to cause water or air pollution within the meaning of the Arkansas Water and Air Pollution Control Act, as amended (Ark. Code Ann.. §§ 8-4-201 et seq.).
- 47. Defendants have placed waste oil in a location where it is likely to cause, and is actively causing, pollution to waters of the state, namely Little Vache Grass Creek, as well as causing ground contamination creating a public health hazard.

<u>Defendants are Violating State Statutes and APC&EC Rules and are</u> <u>Therefore Subject to Civil Penalties</u>

48. Plaintiff incorporates by reference and re-alleges paragraphs 1 through 47 of this Complaint.

- 49. Arkansas Code Annotated section 8-4-103(b)(4) authorizes the assessment of civil penalties not to exceed ten thousand dollars (\$10,000) per day for violations of this chapter as well as any rules promulgated by APC&EC.
- 50. Arkansas Code Annotated section 8-7-204(b)(4) authorizes the assessment of civil penalties not to exceed twenty-five thousand dollars (\$25,000) per day for violations of this chapter as well as any rules promulgated by APC&EC.
- 51. Arkansas Code Annotated section 8-7-512 states that any of the following shall be liable to the state for all costs of remedial action or removal actions under that subchapter:
 - (1) The owner and operator of a facility;
 - (2) Any person who, at the time of disposal of any hazardous substance, owned or operated a hazardous substance site;
 - (3) Any generator of hazardous substances who caused such a hazardous substance to be disposed of at a hazardous substance site or who causes a release or threatened release of the hazardous substances; or
 - (4) Any transporter of hazardous substances who causes a release or threatened release of the hazardous substances or who selected a hazardous substance site for disposal of the hazardous substances.
- 52. Each day Defendants operate the Facility without a permit and continue to place waste so as to likely cause pollution to waters of the state is a violation of Ark. Code Ann. §§ 8-4-217(a)(2) and (b)(1)(c), and APC&EC Rule 6, and Defendants should be assessed a civil penalty of \$10,000 for each violation on each day the Facility continues to operate.
- 53. Each day Defendants continue to store waste oil in such a manner as to likely cause harm to the environment and pollution to waters of the state is a violation of Ark. Code Ann. §§8-7-

205(4), 8-7-505(1) and (3), and APC&EC Rule 23.2, and Defendants should be assessed a civil penalty of twenty-five thousand (\$25,000) dollars for each violation on each day the Facility continues to operate.

Defendant is Causing Irreparable Harm to the Environment and Endangering Human Health

- 54. Plaintiff incorporates by reference and realleges paragraphs 1 through 53 of this Complaint.
- 55. Defendants' negligent storage of waste oil and other pollutants, as well as the refusal to contain and remediate the leaking product, resulted in a discharge of waste oil and other pollutants to the Little Vache Grass Creek, which flows to the Arkansas River. The discharges are ongoing.
- 56. Defendants have failed and refused to remove the waste oil and other pollutants from the Facility and have taken no actions since August of 2021 to contain the waste oil and other pollutants from entering waters of the state.
- 57. When introduced to the waters of the state in the aforementioned manner, these pollutants render the waters harmful or injurious to public health and to livestock, wild animals, birds, fish, or other aquatic life.
- 58. The leaking tanks containing waste oil and other pollutants, as well as the inadequate containment areas and lack of maintenance by Defendants, pose a continuing and imminent danger to human health and the environment.
- 59. DEQ is the governmental body responsible for enforcing Arkansas's environmental laws and APC&EC Rules, and therefore, serves the public interest in seeking compliance with those laws and rules through this action.

- 60. Pursuant to Ark. R. Civ. P. Rule 65, DEQ seeks a temporary injunction to restrain Defendant's continuing violations of state law and APC&EC Rules. Specifically, DEQ requests Defendant be ordered to immediately remediate the area to include removal of contaminated soil and containment of all waste oil at the facility. DEQ is authorized to seek such remedies by Ark. Code Ann. § 8-4-103. There is no other remedy available to ADEQ to enforce the aforementioned laws and regulations other than an injunction due to Defendant's refusal to comply with the EO.
- 61. Based upon the facts and evidence presented, Plaintiff is likely to succeed on the merits of this action.

PRAYER FOR RELIEF

WHEREFORE, ADEQ prays that this Honorable Court will grant the following relief:

- (A) Issue an immediate temporary injunction ordering Defendants to immediately remediate the area to ensure any further and continuing environmental damage is halted;
- (B) Issue a permanent injunction ordering removal of all waste oil and other pollutants from the Facility;
- (C) Assess civil penalties against the Defendants for every day they have operated in violation of state law and APC&EC Regulations;
- (D) Award costs and attorney's fees to DEQ; and
- (E) For any and all other relief to which DEQ may be entitled.

Respectfully Submitted,

Arkansas Department of Energy and Environment, Division of Environmental Quality

By: Dry R. K

Tracy R. Rothermel, ARB# 2003005

Senior Attorney, E&E

Basil V. Hicks III, ARB# 2015117

Attorney Supervisor, E&E

Mitchell Dowden, ARB#2021003

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5301 Northshore Drive

North Little Rock, Arkansas 72118-5317

Phone: (501) 682-0743

Email: Rothermel@adeq.state.ar.us

Hicks@adeq.state.ar.us Dowden@adeq.state.ar.us

Location:	: FSM Petro Environmental-11802 Roberts Blvd. Fort Smith										
Photograph	er:	Jeff Ty	ler	Witness:	: NA						
Photo #	1	Of	12	Date:	04-29-21	Time:	1532				
Description: View of the tanks, taken from the south, four on west side and 5 on east side.											



 Photographer:
 Jeff Tyler
 Witness:
 NA

 Photo #
 2
 Of
 12
 Date:
 04-29-21
 Time:
 1535

Description: View of lay down tank and the product located with the containment.

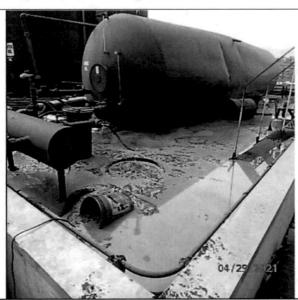


EXHIBIT A

Location:	FS	M Petro	Environ	mental-11802 Roberts	Blvd. Fort Sn	nith		
Photographe	r:	Jeff Ty	ler		Witness:	NA		
Photo #	3	Of	12		Date:	04-29-21	Time:	1533
Description:		5 tanks	along eas	st side and the produc	in the contain	ment area.		
Photographer	r:	Jeff Ty	ler 12		Witness:	NA 04-29-21	Time:	1535

Description:		Produc	t located	within the containmen	t area.		_	

Location: FSM Petro Environmental-11802 Roberts Blvd. Fort Smith Photographer: Jeff Tyler Witness: NA Of 04-29-21 Photo # 12 Time: 1540 Date: **Description:** Leak in piping from tank (not numbered) on west side of containment area. Photographer: Jeff Tyler Witness: NA Of 1540 Photo # 12 Date: 04-29-21 Time: Description: Product leaking from tank piping into the containment area down the support beam.

Location:	FS	M Petro	Environ	mental-11802 Rober			1	100
Photographe	er:	Jeff Ty	ler		Witness:	NA		
Photo #	7	Of	12		Date:	04-29-21	Time:	1540
Description:		5 Tank	s along e	ast side and location	where containm	ent is breech	ed.	•
Photographe	r:	Jeff Ty	ler		Witness:	NA		
Photo #	8	Of	12		Date:	04-29-21	Time:	1542
Description:		Locatio	on of bree	ech in containment w	ith sand added in	n March by S	CEM.	
					04/29/	2021		

Location:	FSN	SM Petro Environmental-11802 Roberts Blvd. Fort Smith								
Photographer:	J	leff Ty	ler	2.	Witness:		NA			
Photo #	9	Of	12		Date:	0	4-29-21	Time:	1545	
Description:	I	Produc	t located	outside of the containmen	nt areas.					
Photographer:	J	eff Ty	ler	3,44	Witness:	***	NA		1	
Photo #	0	Of	12		Date:	0.	4-29-21	Time:	1545	
Description:	I	Produc	t which l	nas migrated outside of co	ntainment o	on i	the east side.			
		Colonia Colonia Colonia despira								

	_			Official Photog				
Location:	FS	M Petro	Environ	mental-11802 Roberts Bl	vd. Fort Sm	ith		
Photographe	er:	Jeff Ty	ler		Witness:	NA		- 4
Photo #	11	Of	12		Date:	04-29-21	Time:	1530
Description:		Produc	t located	on the ground outside of	containmen	t area.		
Photographe	r:	Jeff Ty	ler	(a) (b) (b) (b) (b) (c) (c) (c) (c) (c) (c) (c) (c) (c) (c	Witness:	NA		
Photo #	12	Of	12		Date:	04-29-21	Time:	1531
Description:		Produc	t located	east of containment area	on the groun	ıd.		
Description: Product located east of containment area on the ground.								



May 6, 2021

Ashish Sanon P.O. BOX 641000 Beverly Hills, FL 34464 CERTIFIED MAIL # 7006 3450 0003 4070 4519

Via Email: ashishsanon@gmail.com

Dear Ashish Sanon:

Enclosed is the written order confirming the verbal Emergency Order, LIS 21-038, issued to Ashish Sanon and Fort Smith Petro Environmental, LLC (collectively, "Responsible Parties"), by the Director of the Arkansas Department of Energy and Environment, Division of Environmental Quality (DEQ) on April 30, 2021.

In response to the Director's verbal order, the Responsible Parties provided DEQ with the name and contact information for the contractor that would remove free liquid from the containment areas so that no waste oil or other unidentified pollutants are likely to be discharged to Little Vache Grass Creek. The Responsible Parties then provided documentation that the contractor removing free liquid from the containment areas arrived at the facility before noon on Saturday, May 1, 2021. The contractor removed enough free liquid from the containment areas to prevent the immediate threat of waste oil or other unidentified pollutants from being discharged to Little Vache Grass Creek.

At this time, free liquids remain in the secondary containment areas. The written order confirming the verbal Emergency Order, LIS 21-038, requires the Responsible Parties to take actions to prevent future discharges from this facility. Specifically, the Responsible Parties shall:

- Remove all of the free liquid from the secondary containment areas necessary to prevent any waste oil or other unidentified pollutants from being discharged from the secondary containment areas and make any temporary repairs to the secondary containment areas necessary to prevent any containment failures;
- Provide weekly updates on the conditions at the facility and any ongoing actions necessary to prevent any discharges or containment failures;
- Provide, for review and approval by DEQ, a plan detailing the actions to be taken and a timeline for the complete removal of waste oil or other unidentified pollutants from the tanks and remediation of the contamination at the facility and the surrounding areas within thirty (30) calendar days of issuance of this Written Order; and
- 4) Following review and approval by DEQ, Responsible Parties shall undertake those approved actions as detailed by the approved timeline for the complete removal of waste oil or other unidentified pollutants from the tanks and remediation of the contamination at the facility and the surrounding areas.

ARKANSAS DEPARTMENT OF ENERGY AND ENVIRONMENT

EXHIBIT

B

Also enclosed is a copy of Regulation 8, Administrative Procedures. Regulation 8 establishes the right of a party to receive an administrative hearing on the alleged violations.

If you wish to appeal the Emergency Order, you must file a written Request for Hearing that must be received by the Arkansas Pollution Control and Ecology Commission, 3800 Richards Rd, North Little Rock, AR 72117, within ten (10) calendar days of issuance of the Order.

Filing a request for hearing only with DEQ is not sufficient to preserve your right to appeal.

Sincerely,

Basil V. Hicks III

Attorney Supervisor

Arkansas Energy and Environment

Office of Chief Counsel

5301 Northshore Drive

North Little Rock, AR 72118

cc: Chuck Nestrud, cnestrud@barberlawfirm.com

ARKANSAS DEPARTMENT OF ENERGY AND ENVIRONMENT DIVISION OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

LIS: <u>al-038</u>

ASHISH SANON AND FORT SMITH PETRO ENVIRONMENTAL, LLC 11802 ROBERTS BLVD, FORT SMITH SEBASTIAN COUNTY, ARKANSAS 72916

EMERGENCY ORDER OF THE DIRECTOR

The Director of the Arkansas Department of Energy and Environment, Division of Environmental Quality (DEQ) has determined that emergency conditions exist due to threatened release of the potentially hazardous substance(s) and that a threatened release presents an imminent and substantial endangerment to the public health, safety, or welfare or to the environment.

Therefore, pursuant to authority provided by the Remedial Action Trust Fund Act as set forth in Ark. Code Ann. § 8-7-501 et seq.; the Arkansas Hazardous Waste Management Act as set forth in Ark. Code Ann. § 8-7-201 et seq.; the Arkansas Solid Waste Management Act as set forth in Ark. Code Ann. § 8-6-201 et seq.; the Arkansas Water and Air Pollution Control Act as set forth in Ark. Code Ann. § 8-4-101 et seq. and the rules promulgated thereunder; the Director makes the following Findings of Fact and orders the following remedial actions to be taken immediately to remedy the emergency conditions.

FINDINGS OF FACT

- 1. A used oil processing facility is located at 11802 Roberts Blvd., Fort Smith, Sebastian County, Arkansas. The facility has nine (9) Aboveground Storage Tanks (ASTs) and one (1) lay down recovery tank. The facility has a secondary containment structure for the ASTs and the lay down recovery tank. A frac-tank with a separate containment area is located adjacent to the ASTs and the lay down recovery tank.
- 2. Fort Smith Petro Environmental, LLC operates this facility.
- 3. DEQ issued NPDES Industrial Stormwater General Permit (IGP), ARR000000, on December 31, 2013, with an effective date of July 1, 2014 and an expiration date of June 30, 2019. The IGP authorizes facilities conducting industrial activities to discharge stormwater to all receiving waters in accordance with the terms and conditions set forth in the IGP.
- 4. On June 11, 2014, DEQ issued permit coverage under the IGP to Fort Smith Petro Environmental, LLC with an effective date of July 1, 2014,

and assigned NPDES Permit Tracking Number ARR000851 to the facility. Fort Smith Petro Environmental, LLC's coverage under the IGP expired on June 30, 2019, and Fort Smith Petro Environmental, LLC did not renew its IGP coverage.

- 5. On June 3, 2016, a release occurred at 11802 Roberts Blvd., Fort Smith, Sebastian County, Arkansas. DEQ issued Emergency Order LIS 16-048 to Ashish Sanon and Fort Smith Petro Environmental, LLC in response to that release.
- 6. On December 22, 2016, DEQ issued Emergency Order LIS 16-103 to Ashish Sanon and Fort Smith Petro Environmental, LLC. Emergency Order LIS 16-103 directed Ashish Sanon and Fort Smith Petro Environmental, LLC to retain a qualified response contractor capable of properly removing all released waste materials and transporting, securely storing, characterizing, identifying, and properly disposing of the waste material at the facility.
- 7. In response to Emergency Order LIS 16-103, when Ashish Sanon and Fort Smith Petro Environmental, LLC failed to provide reasonable assurance that they had committed to and were capable of initiating corrective and removal action in a timely manner as required by Ark. Code Ann. § 8-7-508(g) by timely dispatching a response contractor, DEQ secured the services of a response contractor to take the immediate and necessary action to prevent a release from the facility.
- 8. Pursuant to Ark. Code Ann. § 8-7-516, DEQ filed a lien for the costs expended in the amount of \$75,485.02 on the property at 11802 Roberts Blvd., Fort Smith, Sebastian County, Arkansas.
- On March 10, 2021, DEQ received a complaint reporting that Sebastian County Office of Emergency Management (OEM) investigated a release at the facility and that City of Fort Smith Fire Department responded and contained the release.
- 10. On April 29, 2021, DEQ inspected the facility and documented waste oil or other unidentified pollutants within the secondary containment area and apparent petroleum-based product outside of the containment area. DEQ documented that product outside of the containment area had the potential to impact Little Vache Grass Creek, which is located less than 125 feet east of the containment area. DEQ also documented breaches in the concrete containment wall for the tanks and in the containment wall for the frac-tank. DEQ identified two (2) locations where product was leaking from the tank piping into the secondary containment areas.
- 11. As of April 30, 2021, the weather forecast indicated heavy rain for the Fort Smith area beginning on Sunday.

12. Past and present conditions documented at the facility indicate that the storage of waste oil or other unidentified pollutants are not contained by the tanks onsite and that the waste oil or other unidentified pollutants are likely to leak into the secondary containment area. The conditions of the secondary containment area, including temporary repairs to two (2) breaches, are likely to allow the discharge of waste oil or other unidentified pollutants from the facility to Little Vache Grass Creek.

Based on the facts and nature of this situation, the Director determined that an emergency exists and issued a verbal order on April 30, 2021, pursuant to Ark. Code Ann. § 8-7-508(k).

ORDER of REMEDIAL ACTION

This written order confirms the Director's April 30, 2021 verbal order and orders the following:

- Ashish Sanon and Fort Smith Petro Environmental, LLC (collectively, "Responsible Parties") shall take the following actions:
 - a. By the close of business Friday, April 30, 2021 provide DEQ with the name and contact information for the contractor that will be onsite to take immediate action to remove all free liquid from the containment areas so that no waste oil or other unidentified pollutants are likely to be discharged to Little Vache Grass Creek; and
 - b. Ensure that the named contractor arrives at the facility by noon Saturday, May 1, 2021.
- 2. If Responsible Parties refuse or are unable take appropriate action to prevent the release of waste oil or other unidentified pollutants from the containment areas, DEQ will engage its contractors, and Responsible Parties will be responsible for the costs incurred by DEQ for that work.
- 3. Responsible Parties shall remove all of the free liquid from the secondary containment areas necessary to prevent any waste oil or other unidentified pollutants from being discharged from the secondary containment areas and make any temporary repairs to the secondary containment areas necessary to prevent any containment failures. Responsible Parties shall provide weekly updates on the conditions at the facility and any

actions taken to prevent any discharges or containment failures.

- 4. Within thirty (30) calendar days of issuance of this Written Order, Responsible Parties shall provide, for review and approval by DEQ, a plan detailing the actions to be taken and a timeline for the complete removal of waste oil or other unidentified pollutants from the tanks and remediation of the contamination at the facility and the surrounding areas.
- 5. Following review and approval by DEQ, Responsible Parties shall undertake those approved actions as detailed by the approved timeline for the complete removal of waste oil or other unidentified pollutants from the tanks and remediation of the contamination at the facility and the surrounding areas.

To prevent endangerment to public health, safety, or welfare or to the environment, DEQ shall have use of moneys from the Remedial Action Trust Fund Act to take necessary actions to include hiring and paying for personnel and equipment to properly abate the endangerments with such costs being billed to the responsible party, if identified, along with applicable charges as allowed by law, in accordance with Remedial Action Trust Fund Act and specifically with Ark. Code Ann. § 8-7-514.

Nothing in this Order shall limit the rights of DEQ to issue further orders to pursue any further enforcement actions for remediation, penalties, and costs from any party.

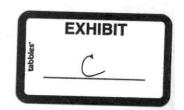
This Order is effective immediately upon verbal issuance and is confirmed by signature of the Director.

DATED THIS 6th DAY of May, 2021.

Becky W. Keogh.

Director, Division of Environmental Quality

Location: FSM Petro Environmental-11802 Roberts Blvd. Fort Smith Photographer: Jeff Tyler Witness: 07-21-21 Time: 1305 Photo # Of 10 Date: Description: View of the east side of tanks and containment area. Jeff Tyler NA Photographer: Witness: 1255 Of 07-07-21 Time: Photo # Date: East side of containment where product has been identified during past inspections. Description:



Location: FSM Petro Environmental-11802 Roberts Blvd. Fort Smith									
Photographe	r:	Jeff Ty	yler		Witness:		NA		9.1
Photo #	3	Of	10	720	Date:	0	7-21-21	Time:	1306
Description:		North	end of co	ncrete berm where overflo	ow has occu	irre	ed.		
						例がある。			
Photographe	r:	Jeff Ty	yler		Witness:		NA		
Photo #	4	Of	10	*	Date:	0	7-21-21	Time:	1306
Description:		North	end of co	ncrete berm confirming re	ecent overflo	ow	<i>'</i> .		12.2

Location:	FS	M Petro	o Environ	mental-11802 Roberts B	lvd. Fort Sn	nit	h		
Photographe	r:	Jeff Ty	ler		Witness:		NA	= 1	Y
Photo #	5	Of	10	-L =x	Date:	0	7-21-21	Time:	1310
Description:		The ov	erflow ha	s migrated north towards	s the gated e	nt	rance of the	site.	
Sec									
Photographer	r:	Jeff Ty	ler		Witness:	1000	NA		
Photo #	6	Of	10	10	Date:	0	7-14-21	Time:	1312
Description:		View	of the box	and evidence of the flow	v pattern mig	gra	ating north.		
					07/21	/20	021		

Location: FSM Petro Environmental-11802 Roberts Blvd. Fort Smith									
Photographer	:	Jeff Ty	/ler		Witness:		NA		
Photo #	1	Of	6		Date:	09	9-08-21	Time:	1431
Description:		Produc	et in drain	age channel on north end	of site near	th	e gate.		
					.05/08/				
Photographer	:]	Jeff Ty	ler		Witness:		NA		<u> </u>
Photo #	2	Of	6	И	Date:	09	9-08-21	Time:	1433
Description:]	Produc	t evident	in the gravel east of the c	ontainment	are	ea.		

Location: FSM Petro Environmental-11802 Roberts Blvd. Fort Smith									
Photographe	r:	Jeff Ty	ler		Witness:		NA		
Photo #	3	Of	6		Date:	09	0-08-21	Time:	1434
Description:		East si	de of con	tainment area on the south	n end with e	evid	lence of pro	oduct.	•
					03/08				
Photographe	r:	Jeff Ty	ler		Witness:		NA		
Photo #	4	Of	6		Date:	09	-08-21	Time:	1434
Description:		Produc	t located	outside of the containmen	nt area on so	outh	neast side.		
						200			

Location: FSM Petro Environmental-11802 Roberts Blvd. Fort Smith								
Photographe	er:	Jeff Ty	ler		Witness:	NA		
Photo #	5	Of	6		Date:	09-08-21	Time:	1436
Description:			t has brea	ached the secondary conta	inment on	the east side of	of the tanks.	
Photographe	er:	Jeff Ty	ler		Witness:	NA	b.	
Photo #	6	Of	6		Date:	09-08-21	Time:	1452
Description:		Booms	located i	n the storm water ditch al	ong Robert	s Blvd., water	r appears cle	ar.
		The section of the second second section of the second sec						



CERTIFIED MAIL: 9489 0090 0027 6226 5219 29

September 22, 2021

Tim Robinson, Director of Operations Fort Smith Petro Env., LLC 2816 South O Street Fort Smith, AR 72901

RE:

Ft. Smith Petro Env., LLC Inspection (Sebastian Co)

AFIN: 66-01656

NPDES Permit No.: ARR000851 (EXPIRED)

Dear Mr. Robinson:

On July 23, 2021, I performed a Reconnaissance Inspection of the above-referenced facility in accordance with the provisions of the Federal Clean Water Act, the Arkansas Water and Air Pollution Control Act, and the regulations promulgated thereunder. A copy of the inspection report is enclosed for your records.

Please refer to the "Summary of Findings" section of the inspection report and provide a written response for each item that was noted. This case has been referred directly to the Office of Water - Enforcement Branch for further review. Fort Smith Petro Environmental should immediately initiate all actions necessary to resolve and correct the violations cited in the inspection report. Written notification of the corrective actions taken for the violations must be submitted within Water Quality Enforcement Branch Manager, at (501) 682-0640 or healey@adeq.state.ar.us . This written notification should include, but not limited to, photographs and/or copies of other documentation.

If I can be of any assistance, please contact me at beck@adeq.state.ar.us or (479) 968-7339 extension 16.

Sincerely.

Amy Beck

Inspector, Office of Water Quality

5301 Northshore Drive, North Little Rock, AR, 72118

COUNTY: 66 Sebastian



ENVIRONMENTAL QUALITY

OFFICE OF WATER QUALITY INSPECTION REPORT

PDS #: 117554

MEDIA: WN

AFIN: 66-01656 | PERMIT #: ARR000851 | DATE: 7/23/2021

GPS LAT: 35.304926 LONG: -94.303394 LOCATION: Entrance

FACILITY INFORMATION INSPECTION INFORMATION FACILITY TYPE Ft. Smith Petro Env., LLC 2 - Industrial 36537 S - State FACILITY EVALUATION RATING: INSPECTION TYPE 11802 Roberts Blvd. N Reconnaissance DATE(S): ENTRY TIME EVIT PERMIT EFFECTIVE DATE: **Fort Smith** 7/23/2021 12:15 12:50 7/1/2014 RESPONSIBLE OFFICIAL PERMIT EXPIRATION DATE: 6/30/2019 Tim Robinson / Director of Operations FAYETTEVILLE SHALE RELATED: N Fort Smith Petro Env., LLC FAYETTEVILLE SHALE VIOLATION'S: N MAILING ADDRESS **INSPECTION PARTICIPANTS** 2816 South O Street CITY, STATE, ZIP NAME/TITLE/PHONE/FAX/FMAIL/F NA Fort Smith AR 72901 PHONE & EXT: / FAX 479-242-9645 / 479-242-4504 trobinson@fspetro.com CONTACTED DURING INSPECTION: No AREA EVALUATIONS

1	υ	PERMIT		FLOW MEASUREMENT		STORMWATER
1	**	RECORDS/REPORTS	**	LABORATORY	U	FACILITY SITE REVIEW
1	5	OPERATION & MAINTENANCE	**	EFFLUENT/RECEIVING WATER	**	SELF-MONITORING PROGRAM
1	**	SAMPLING	**	SLUDGE HANDLING/DISPOSAL	**	PRETREATMENT
-						

** OTHER:

SUMMARY OF FINDINGS

- 1. Contaminated stormwater is overtopping containment berms and is likely to cause pollution to Vache Grass Creek. This is a violation of Arkansas Code §8-4-217 (a) (2), which states: "It shall be unlawful for any person to...place or cause to be placed any sewage, industrial waste, or other wastes in a location where it is likely to cause pollution of any water of this state." This is a REPEAT violation noted in the 2016 inspection.
- 2. Records show your stormwater IGP is expired; therefore, you are no longer permitted to discharge stormwater from this facility. Evidence of stormwater discharge was observed at Outfall 003.

Inspection Report: Ft. Smith Petro Env., LLC, AFIN: 66-01656, Permit #: ARR000851

GENERAL COMMENTS

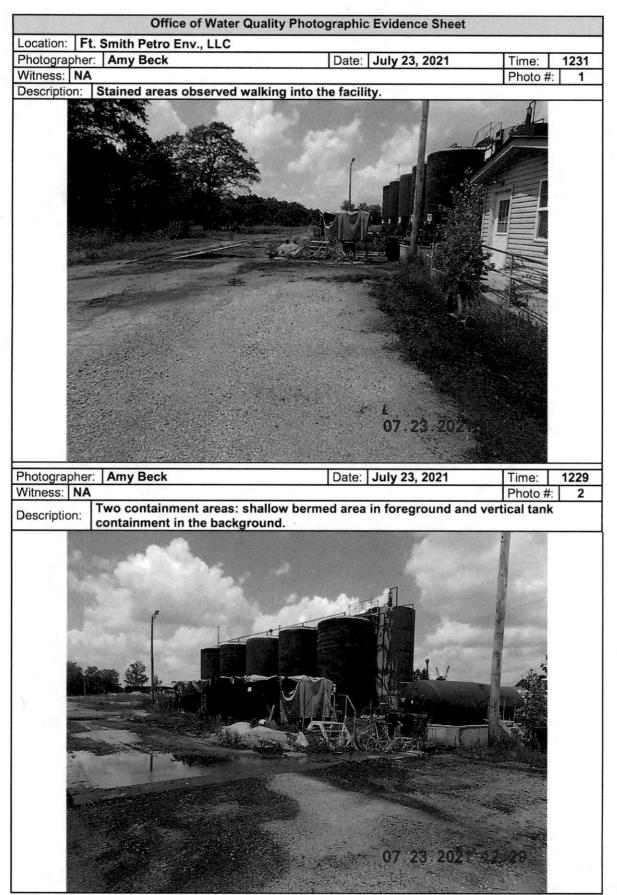
I visited this site on July 23, 2021 to determine the extent of OWQ violations that are occurring. There was no one onsite during this visit.

Upon arriving, I observed a strong petroleum odor from the facility. The facility is not in operation, as noted in the 2016 inspection (PDS #091145), but tanks previously used for industrial activity remain onsite. Since the 2016 Emergency Order (event #16-0555), the secondary containment structures have continued to fill with rainwater. Containment structures contain oil and other residual pollutants. The large containment for the vertical tanks appeared to be sound with approximately 8" of freeboard. I observed some staining on the outside of the containment, but no active leaks.

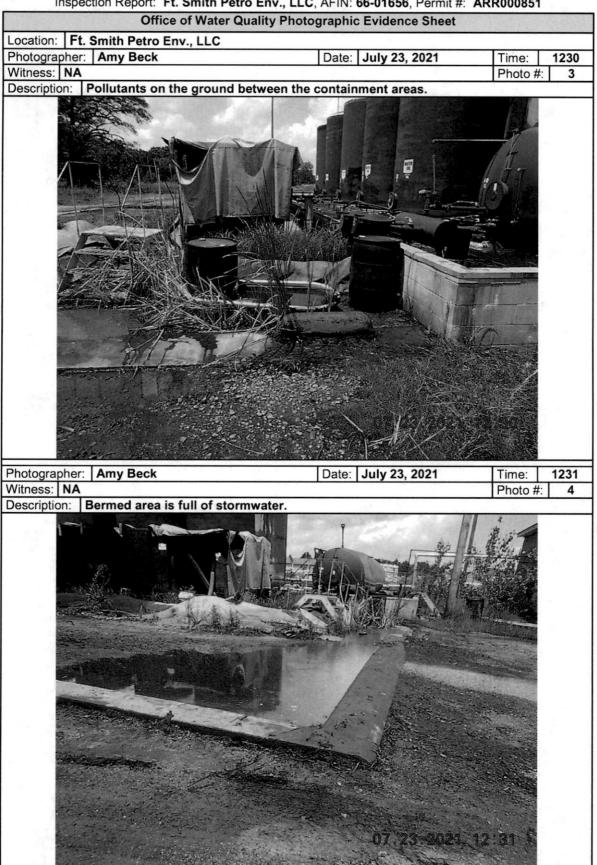
The bermed containment for the frac tank is full of water and overflowing. Staining on the ground indicates flow from the northeast corner of the berm, east to the ditch on Roberts Blvd. This flow path continues south along Roberts Blvd, to the intersection of Taylor Ave., then turns back west to Vache Grass Creek. Oil staining on the ground looks similar to the conditions noted in the 2016 inspection and compliant, as if it has not been properly remediated since that time. The water standing in the culvert north of the entrance looked suspicious (odd color with algae growth), but the water on the south-side was clear with fish swimming. I did not observe any further staining or sheen along the rest of the flow path. I observed the ditch on Roberts Blvd. south to the intersection of Taylor Ave., then west on Taylor Ave. to the bridge over Vache Grass Creek.

There is another small area heavily contaminated with oil/water on the south-side of the facility, near former stormwater Outfall 001. This appears to be runoff from the southeast corner of the bermed area.

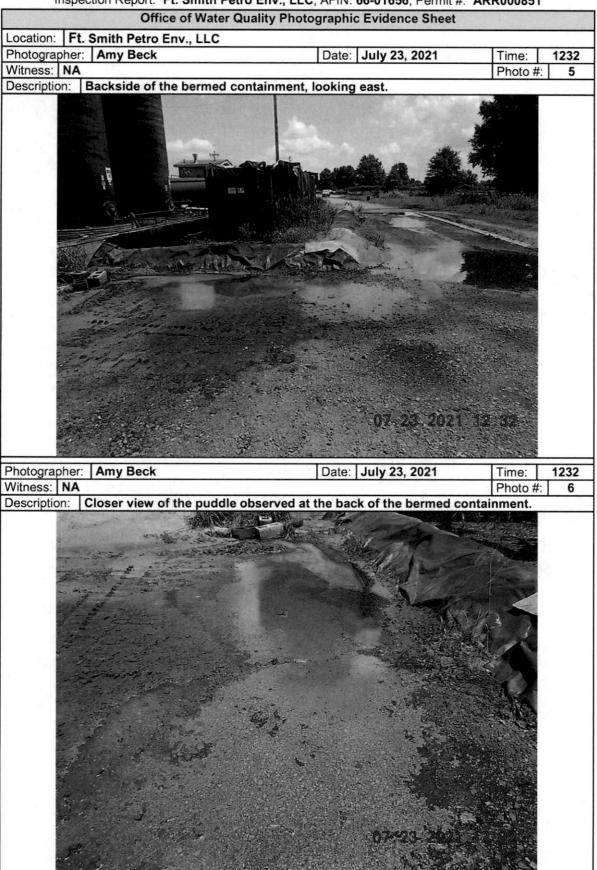
- Alma Beck	
INSPECTOR'S SIGNATURE: Amy Beck	DATE: 8/19/2021
Kerri Mª Cale	
SUPERVISOR'S SIGNATURE:Kerri McCabe	DATE: 9/21/2021

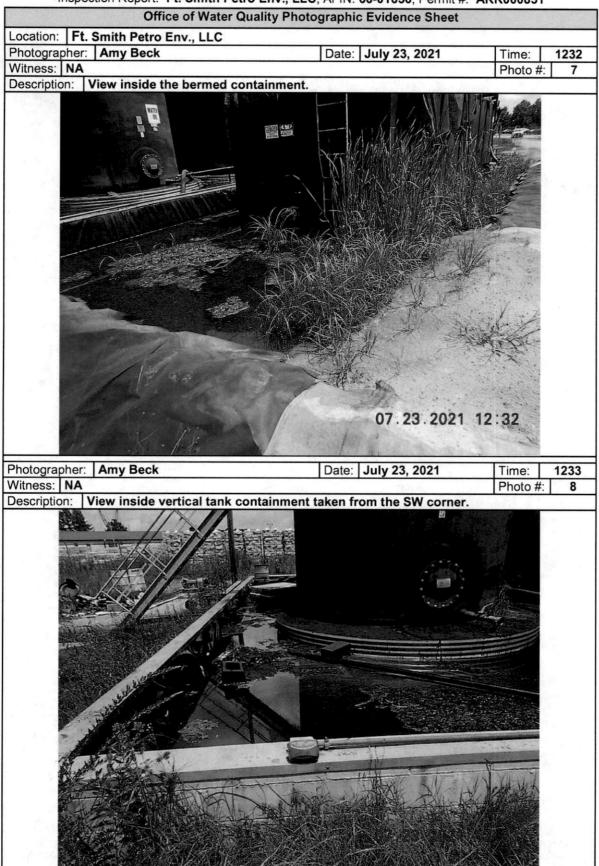


Inspection Report: Ft. Smith Petro Env., LLC, AFIN: 66-01656, Permit #: ARR000851

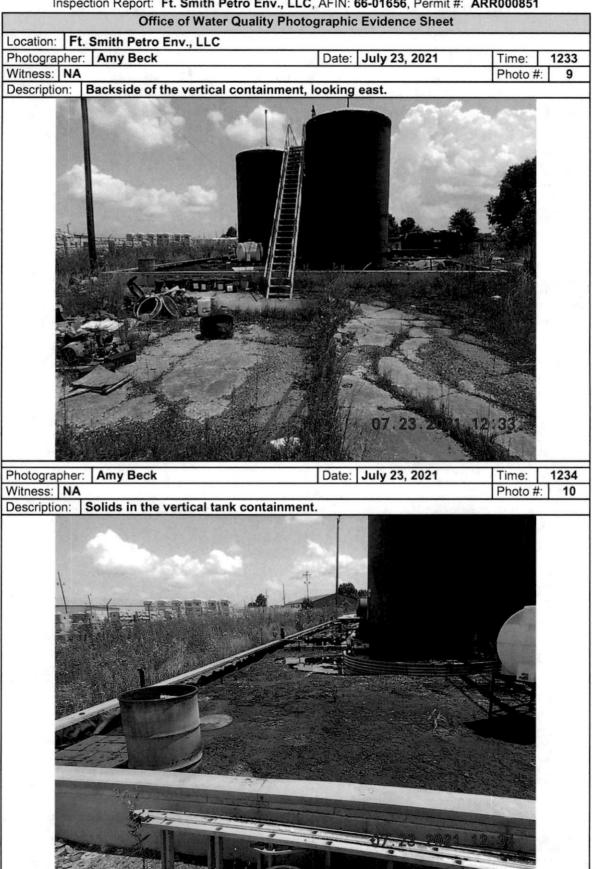


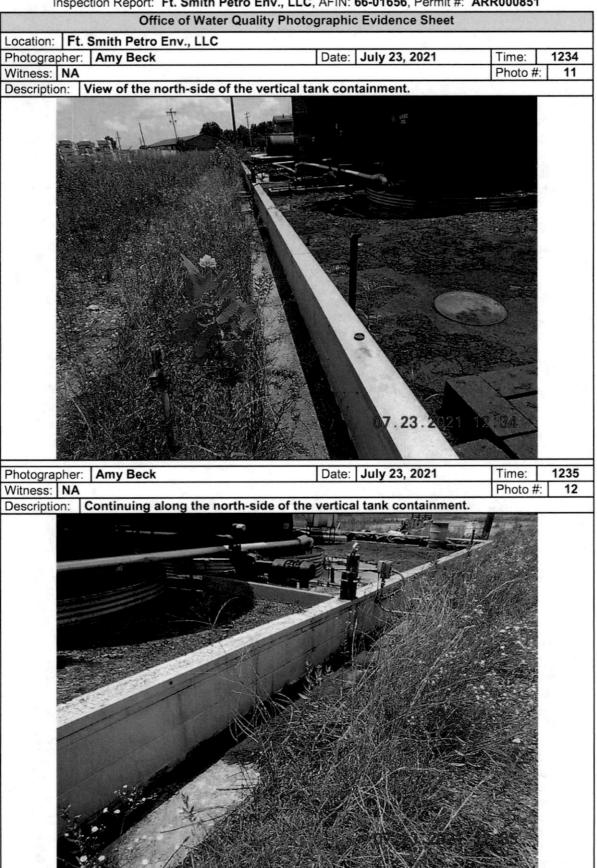
Inspection Report: Ft. Smith Petro Env., LLC, AFIN: 66-01656, Permit #: ARR000851



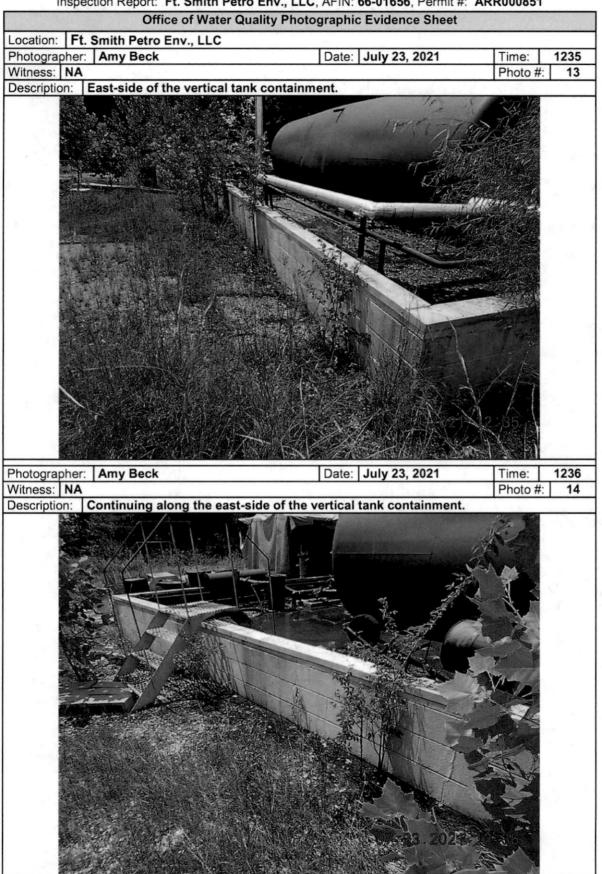


Inspection Report: Ft. Smith Petro Env., LLC, AFIN: 66-01656, Permit #: ARR000851

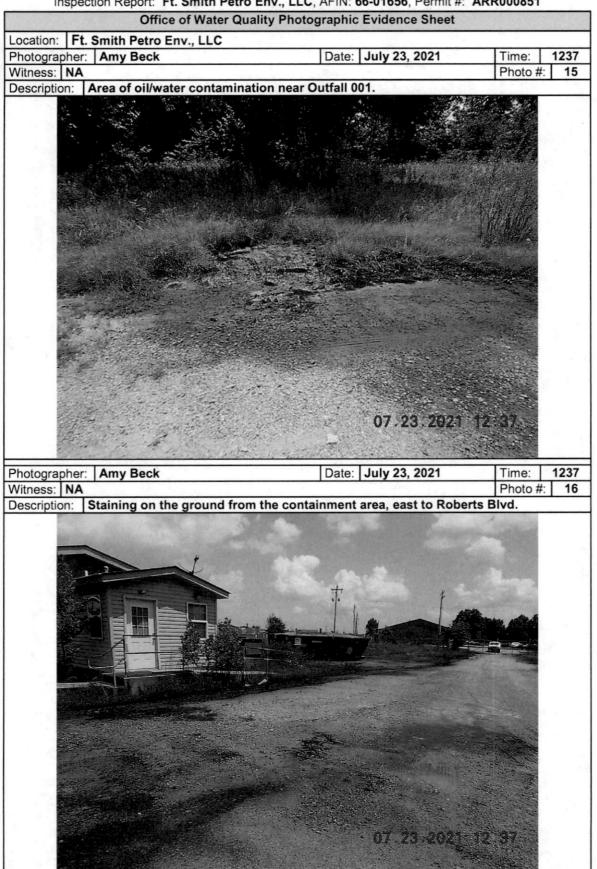


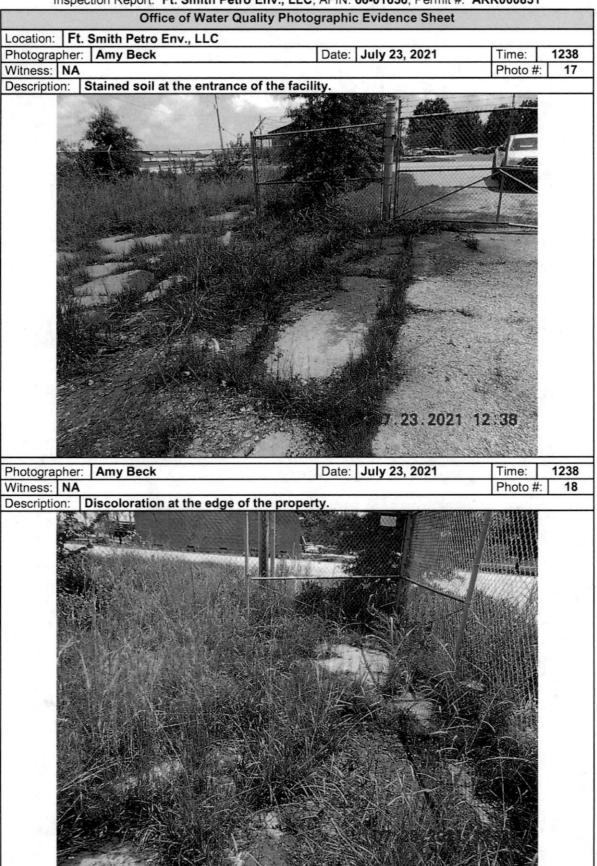


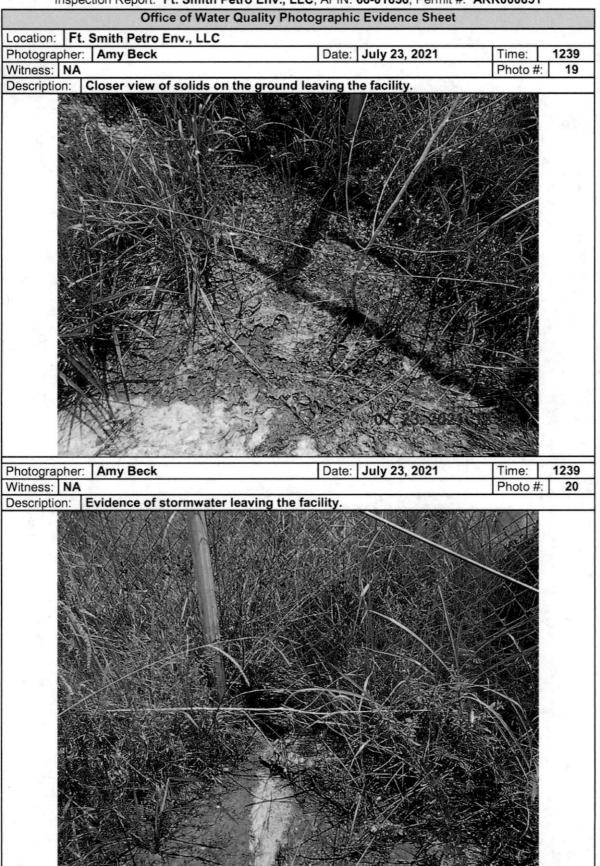
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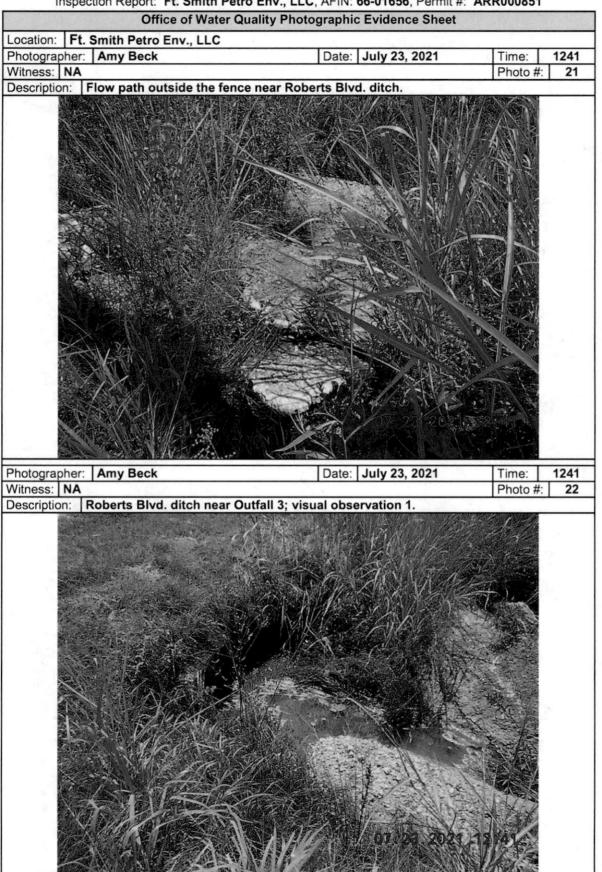
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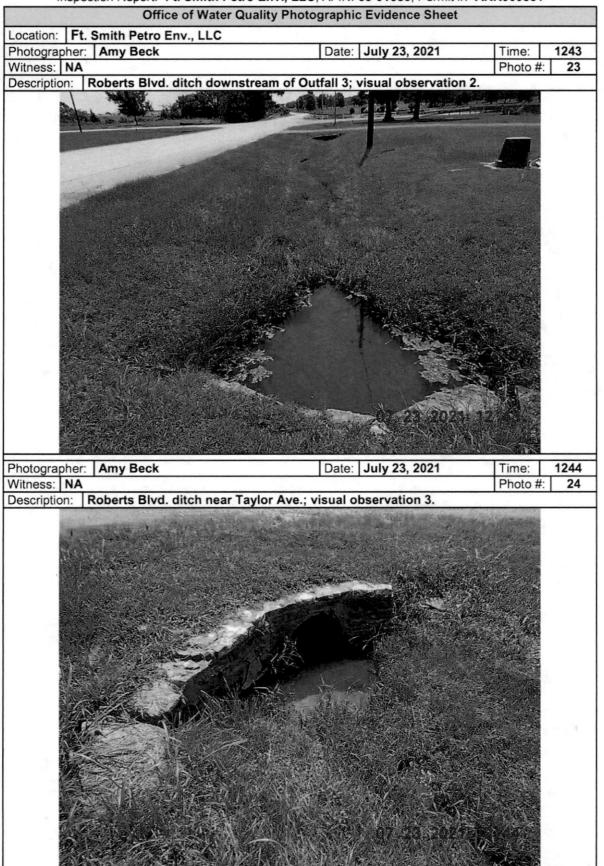




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Inspection Report: Ft. Smith Petro Env., LLC, AFIN: 66-01656, Permit #: ARR000851



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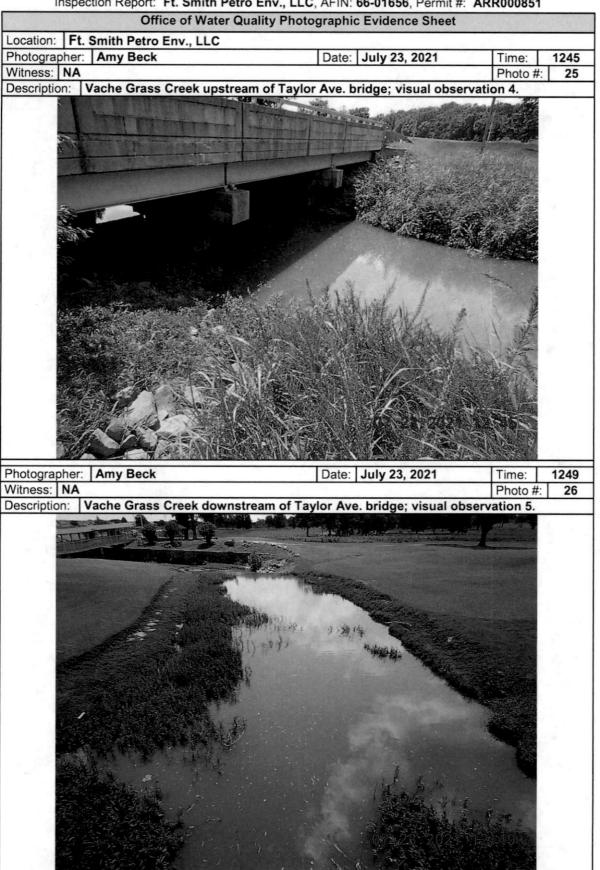


Figure 1. Google Earth image dated June 2019 showing the facility, flow path, and locations of visual observations.





Location	Fort	Smith P	etroleu	m	Permit	N/A	AFIN	66-01656	
Photographer		Jarrod 2	Zweifel	, OLR Associate Director	Witness	N/A			
Photo #	1	Of	10		Date	6/28/2022	Time	0818	
Description				ntrance to 11802 Roberts soil observed in the foregr			-		



Location	Fort	Smith Pe	troleun	ì	Permit	N/A	AFIN	66-01656
Photograp	her	Jarrod 2	Zweifel,	weifel, OLR Associate Director Witness N/A				
Photo #	2	Of	10		Date	6/28/2022	Time	0819
Descriptio	n	Close-u	p of use	ed oil contaminated soil in	the drainag	ge ditch from Photo	#1, facing so	outhwest.





ARKANSAS ENERGY & ENVIRONMENT

Location	Fort	Smith P	etroleu	m	Permit	N/A	AFIN	66-01656	
Photographer Jarrod Zweifel, OLR Associate Direct					Witness	N/A			
Photo #	3	Of	10		Date	6/28/2022	Time	0819	
Description Overview of used oil contain southwest.				used oil contaminated so	oil observe	d outside the entrar	nce to the	facility, facing	



Location	Fort	Smith Pe	etroleur	n	Permit		AFIN	66-01656
Photograp	her	Jarrod Zweifel, OLR Associate Director			Witness	N/A	, , t i	
Photo #	4	Of	10		Date	6/28/2022	Time	0819
Descriptio	n	Close-u		ed oil contaminated soil o	bserved ou	tside the entrance to	the facility	from Photo #3,





ARKANSAS ENERGY & ENVIRONMENT

Location	Fort	Smith I	Petroleu	m	Permit	N/A	AFIN	66-01656		
Photographer Jarrod Zweifel, OLR Associate Direct					Witness	N/A				
Photo #	5	Of	10		Date	6/28/2022 Time 0819				
Description	1	Close-i		ised oil contaminated so	il observed	outside the entr	rance to the	facility, facing		



Location				n	Permit	N/A	AFIN	66-01656
Photograp	her	Jarrod 2	Zweifel, OLR Associate Director Witness N/A 10 Date 6/28/2022 Time 081 p of used oil contaminated soil observed outside the entrance to the facility, in the contaminate of the facility, in the contaminate of the facility of the contaminate of the contami					
Photo #	rapher Jarrod Zweifel, OLR Associate Director Witness N/A 6 Of 10 Date 6/28/2022 Close-up of used oil contaminated soil observed outside the entrangement of the contaminated soil observed outside the co	Time	0819					
Description	6 Of 10 Date 6/28/2022 Time 0819	facility, facing						





ARKANSAS ENERGY & ENVIRONMENT

Location	Fort	Smith P	etroleu	m	Permit	N/A	66-01656		
Photograp	her	Jarrod 2	Zweifel	, OLR Associate Director	Witness	N/A			
Photo #	7	Of	10		Date	6/28/2022	Time	0824	
Description		Overview used oil contaminated soil released from the tank farm (yellow arrow) and the concrete pad (blue arrow), facing west.							



Location	Fort	Smith Pe	etroleur	n	Permit	N/A	AFIN	66-01656	
Photograp	her	Jarrod Zweifel, OLR Associate Director			Witness	N/A			
Photo #	8	Of	10	- 4	Date	6/28/2022	Time	0825	
Description Close-up of used oil contaminate observed growing in and around to							_	etative growt	





Division of Environmental Quality (DEQ) Official Photograph Sheet

Location	Fort	Smith F	etroleu	m	Permit	N/A	AFIN	66-01656
Photograph	ier	Jarrod Zweifel, OLR Associate Director			Witness	N/A		
Photo #	9	Of	10		Date	6/28/2022	Time	0825
Description	Description Overview of the secondary containment contaminated soil is observed inside and observed growing in and around the seco					the secondary contain	inment. Ve	getative growth



Location	Fort	Smith Pe	etroleur	n	Permit	N/A	AFIN	66-01656
Photograp	her	Jarrod 2	Zweifel	, OLR Associate Director	Witness	N/A		
Photo #	10	Of	10		Date	6/28/2022	Time	0825

Description Overview of the concrete pad from Photos #8 & #9, facing west.

