



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 6
1201 ELM STREET, SUITE 500
DALLAS, TEXAS 75270-2102

CERTIFIED MAIL – RETURN RECEIPT REQUESTED: 7005 1820 0003 7454 5180

James D. Sinclair, Owner
Sinclair Operating Company, LLC
1056 Crain City Road
El Dorado, AR 71730

Re: Consent Agreement and Final Order
Docket Number: CWA-06-2019-1731
Facility Number: ARU001223

Dear Mr. Sinclair:

Enclosed is a proposed Consent Agreement and Final Order (CAFO) containing the terms of an agreement in principle. If you do not have any concerns with the CAFO, please have an authorized official for Sinclair Operating Company, LLC sign the original copy of the CAFO and return it, with original signature, to the attention of Mr. Rusty Herbert (6RC-EW) within ten (10) days of receipt of the CAFO. Also, please forward a copy via mail or email of the signed CAFO to Dr. Jack Arias (6ECD-WA) at arias.jack@epa.gov.

If you have any questions regarding this matter, please contact Dr. Jack Arias, of my staff, at (214) 665-8164.

Sincerely,

A handwritten signature in black ink, appearing to be "Cheryl T. Seager", with a long horizontal line extending to the right.

Cheryl T. Seager, Director
Enforcement and
Compliance Assurance Division

Enclosure

cc: w/CAFO: Regional Hearing Clerk (6RC-D)

Mr. Gary Looney
Assistant Director
State of Arkansas Oil and Gas Commission
El Dorado Regional Office
2215 W. Hillsboro Street
El Dorado, AR 71730

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION 6

In the Matter of:

Sinclair Operating Company, LLC

Respondent

Facility Number: ARU001223

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DOCKET NO. CWA-06-2019-1731

CONSENT AGREEMENT AND FINAL ORDER

I. PRELIMINARY STATEMENT

1. This Consent Agreement and Final Order (“CAFO”) is issued under the authority vested in the United States Environmental Protection Agency (“EPA”) pursuant to Section 309(g) of the Clean Water Act (“the Act”), 33 U.S.C. § 1319(g). This CAFO is issued in accordance with 40 C.F.R. § 22.18, as described in the “Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties and the Revocation/Termination or Suspension of Permits,” 40 C.F.R. Part 22.

2. On April 9, 2019, EPA Region 6 issued to Sinclair Operating Company, LLC (“Respondent”) an Administrative Complaint (“Complaint”) under Section 309(g) of the Act, 33 U.S.C. § 1319(g), which proposed to assess a civil penalty against Respondent, and gave notice of Respondent’s opportunity to request a hearing on the proposed administrative penalty assessment.

3. Respondent and EPA (collectively, “Parties”) agree that settlement of the relevant matters without litigation will save time and resources, that it is in the public’s interest, and that the entry of this CAFO is the most appropriate means of resolving such matters. Compliance with all the terms and conditions of this CAFO resolves only those violations alleged in the Complaint.

4. Respondent admits the jurisdictional allegations of the Complaint; however, Respondent neither admits nor denies the specific factual allegations and conclusions of law contained in the Complaint or the Findings of Fact and Conclusions of Law contained in this CAFO.

5. Respondent expressly waives any right to contest the factual allegations or conclusions of law contained in the Complaint and this CAFO and waives its right to appeal the Final Order set forth herein.

6. Before the taking of any testimony, and without adjudication of any issue of law or fact, the Parties agree to the terms of this CAFO and to its issuance. Respondent consents to the assessment and payment of a civil penalty in the amount and by the method stated below.

II. FINDINGS OF FACT AND CONCLUSIONS OF LAW

7. Respondent is a limited liability company incorporated under the laws of the State of Arkansas, and as such, Respondent is a “person,” as that term is defined at Section 502(5) of the Act, 33 U.S.C. § 1362(5), and 40 C.F.R. § 122.2.

8. At all times relevant to this action, Respondent owned or operated oil field production facilities located in Union County, Arkansas (“facilities”) and was, therefore, an “owner or operator” within the meaning of 40 C.F.R. § 122.2.

9. The Complaint specified Findings of Fact and Conclusions of Law that are hereby incorporated by reference and alleged, among other things, that at the relevant times: Respondent was a “person” that “owned or operated” facilities that were “point sources” subject to “discharges” of “pollutants” to identified “waters of the United States” within the meaning of Section 502 of the Act, 33 U.S.C. § 1362, and 40 C.F.R. § 122.2; Respondent and the facilities were subject to the provisions of the Act, 33 U.S.C. §§ 1251-1387 *et seq.*, and the National Pollutant Discharge Elimination System (“NPDES”) program; and Respondent violated

Section 301 of the Act, 33 U.S.C. § 1311, by discharging pollutants, specifically oil field brine and produced wastewater, to waters of the United States, as specified in the Complaint.

10. With the issuance of the Complaint, the Arkansas Oil and Gas Commission (AOGC) was notified and given an opportunity to consult with EPA regarding the proposed assessment of an administrative penalty against Respondent.

11. EPA notified the public of the Complaint via the internet at <https://www.epa.gov/publicnotices> and afforded the public thirty (30) days to comment on the Complaint and proposed penalty. At the expiration of the notice period, EPA received no comments from the public.

III. TERMS OF SETTLEMENT

A. PENALTY PROVISIONS

12. Based on the foregoing Findings of Fact and Conclusions of Law, EPA Region 6, considering the relevant criteria pursuant to Section 309(g)(3) of the Act, 33 U.S.C. § 1319(g)(3), and acting pursuant to the authority of Section 309(g) of the Act, 33 U.S.C. § 1319(g), hereby orders that Respondent shall pay to the United States a civil penalty in the amount of six thousand dollars (\$6,000.00) to settle the violations as alleged in the Complaint, in accordance with 40 C.F.R. § 22.18(c).

13. Payment shall be made by one of the following methods within thirty (30) days after the effective date of this CAFO:

- a. By mailing a bank check, cashier's check or certified check, payable to "Treasurer of the United States," to the following address:

U.S. Environmental Protection Agency
Fines and Penalties
Cincinnati Finance Center
P.O. Box 979077
St. Louis, MO 63197-9000

By wire transfer to:

Federal Reserve Bank of New York
ABA: 021030004
Account Number: 68010727
SWIFT address: FRNYUS33
33 Liberty Street
New York, NY 10045
Field Tag 4200 of the Fedwire message should read:
"D 68010727 Environmental Protection Agency"

b. By overnight mail (Express, FedEx, DHL, etc.) to:

U.S. Bank
Government Lockbox 979077
1005 Convention Plaza
SL-MO-C2-GL
St. Louis, MO 63101
Phone: 314-418-1028

c. ACH Payments to:

U.S. Treasury REX/Cashlink ACH Receiver
ABA: 051036706
Acct. Number: 310006
Environmental Protection Agency
CTX Format Transaction Code 22-Checking Account
Physical location of U.S. Treasury facility:
5700 Rivertech Ct.
Riverdale, MD 20737

d. Payment by Credit Card, Debit Card, or Checking Account
(only up to \$24,999.99)
Online: www.pay.gov
Follow these steps to make payment:

1. You do not need a user name and password or account.
2. Enter SFO 1.1 in the form search box on the top left side of the screen.
3. Open the form and follow the on-screen instructions.
4. Select type of payment from the "Type of Payment" drop down menu.
5. Based on your selection, the corresponding line will open and no longer be shaded gray.

Enter the docket number, invoice number or other corresponding information into the field. "In the Matter of Sinclair Operating Company, LLC, Docket No. CWA-06-2019-1731" should be clearly marked on the check to ensure credit for payment.

14. Respondent shall send simultaneous notice of payment, including a copy of the check, or other remittance, to each of the following:

- (a) Regional Hearing Clerk (6RC-D)
U.S. EPA, Region 6
1201 Elm Street, Suite 500
Dallas, TX 75270-2102
- (b) Chief, Analysis and Assessment Section (ECD-WA)
U.S. EPA, Region 6
1201 Elm Street, Suite 500
Dallas, TX 75270-2102
- (c) Chief, Water Legal Branch (6RC-EW)
U.S. EPA, Region 6
1201 Elm Street, Suite 500
Dallas, TX 75270-2102

Respondent's adherence to these procedures will ensure proper credit when payment is received by EPA.

15. Respondent agrees not to claim or attempt to claim a federal income tax deduction or credit covering all or any part of the civil penalty paid to the United States Treasurer.

16. Pursuant to 31 U.S.C. § 3717 and 40 C.F.R. § 13.11, unless otherwise prohibited by law, EPA will assess interest and late payment penalties on outstanding debts owed to the United States that are not paid by the due date and a charge to cover the cost of processing and handling a delinquent claim. Interest on the civil penalty assessed in this CAFO will begin to accrue thirty (30) days after the effective date of the CAFO and will be recovered by EPA on any amount of the civil penalty that is not paid by the respective due date. Interest will be assessed at the rate of the United States Treasury tax and loan rate in accordance with 40 C.F.R. § 13.11(a). Moreover, the costs of the Agency's administrative handling of overdue debts will be charged and assessed monthly throughout the period the debt is overdue. See 40 C.F.R. § 13.11(b).

17. EPA will also assess a fifteen dollar (\$15.00) administrative handling charge for administrative costs on unpaid penalties for the first thirty (30)-day period after the payment is due and an additional fifteen dollars (\$15.00) for each subsequent thirty (30)-day period that the penalty remains unpaid. In addition, a penalty charge of up to six percent (6%) per year will be

assessed monthly on any portion of the debt which remains delinquent more than ninety (90) days. See 40 C.F.R. § 13.11(c). Should a penalty charge on the debt be required, it shall accrue from the first day payment is delinquent. See 31 C.F.R. § 901.9(d). Other penalties for failure to make a payment may also apply.

18. Pursuant to Section 309(g)(9) of the Act, 33 U.S.C. § 1319(g)(9), any person who fails to pay on a timely basis a civil penalty ordered or assessed under this section shall be required to pay, in addition to such penalty and interest, the United States' enforcement expenses including, but not limited to, attorneys' fees and costs incurred by the United States for collection proceedings, and a quarterly non-payment penalty for each quarter during which such failure to pay persists. Such non-payment penalty shall be twenty percent (20%) of the aggregate amount of such person's outstanding penalties and non-payment penalties accrued as of the beginning of each quarter.

19. Failure by Respondent to pay the penalty assessed according to the terms of this CAFO, in full, by its due date, may subject Respondent to a civil action to collect the assessed penalty and any accrued interest and penalties.

20. In the event a collection action is necessary, Respondent shall pay – in addition to any applicable penalty, fees, and interest described herein – all reasonable costs and expenses, including legal expenses and court costs, incurred by the United States for enforcement and collection proceedings for non-payment of the amounts agreed hereunder, pursuant to Section 309(g)(9) of the Act, 33 U.S.C. § 1319(g)(9). In any such collection action, the validity, amount, and appropriateness of the penalty, and the terms of this CAFO shall not be subject to review.

IV. GENERAL PROVISIONS

21. To execute this Agreement, Respondent shall forward this copy of the CAFO, with original signature, to:

Mr. Rusty Herbert (6RC-EW)
U.S. EPA, Region 6
1201 Elm Street, Suite 500
Dallas, TX 75270

22. Respondent shall also send a copy of the CAFO to the following EPA staff assigned to this case via mail and/or email:

Dr. Jack Arias (6ECD-WA)
U.S. EPA, Region 6
1201 Elm Street, Suite 500
Dallas, TX 75270
arias.jack@epa.gov

23. Issuance of this CAFO does not relieve Respondent from responsibility to comply with all requirements of the Act and the requirements of any permits issued thereunder, as described in Section 309(g)(7) of the Act, 33 U.S.C. § 1319(g)(7), nor does it constitute a waiver by EPA of its right to enforce compliance with the requirements of Respondent's permits or other requirements of the Act by actions pursuant to Section 309 of the Act, 33 U.S.C. § 1319.


24. The provisions of this CAFO shall be binding upon Respondent, its officers or officials, managers, employees, and their successors or assigns, in their capacity on behalf of Respondent.

25. Each party agrees to bear its own costs and attorneys' fees in this matter, except to the extent that Respondent may be responsible for reasonable costs and expenses of enforcement and collection proceedings for failure to comply with the terms of this CAFO.


26. Each undersigned representative of the Parties to this agreement certifies that he or she is fully authorized by the party represented to enter into the terms and conditions of this agreement and to execute and legally bind that party to it.

27. The effective date of this CAFO is the date when the CAFO is filed with the Regional Hearing Clerk.

In recognition and acceptance of the foregoing:



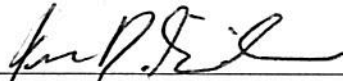
Mr. James D. Sinclair
Owner
Sinclair Operating Company, LLC



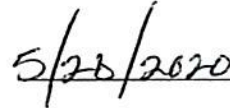
Cheryl T. Seager, Director
Enforcement and
Compliance Assurance Division


27. The effective date of this CAFO is the date when the CAFO is filed with the Regional Hearing Clerk.

In recognition and acceptance of the foregoing:



Mr. James D. Sinclair
Owner
Sinclair Operating Company, LLC





Cheryl T. Seager, Director
Enforcement and
Compliance Assurance Division

May 29, 2020

FINAL ORDER

Pursuant to the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties, 40 C.F.R. Part 22, the foregoing Consent Agreement is hereby ratified. This Final Order shall not in any case affect the right of EPA or the United States to pursue appropriate injunctive or other equitable relief or criminal sanctions for any violations of law. This Final Order shall resolve only those causes of action alleged in the Complaint. Nothing in this Final Order shall be construed to waive, extinguish, or otherwise affect Respondent's (or its officers', agents', servants', employees', successors', or assigns') obligation to comply with all applicable federal, state, and local statutes and regulations, including the regulations that were the subject of this action. Respondent is ordered to comply with the terms of settlement and the civil penalty payment instructions as set forth in the Consent Agreement. Pursuant to 40 C.F.R. § 22.31(b), this Final Order shall become effective upon filing with the Regional Hearing Clerk.

Issuance Date: 5/29/2020**Rucki,
Thomas**

Digitally signed by Rucki, Thomas
DN: cn=Rucki, Thomas,
email=Rucki.Thomas@epa.gov
Date: 2020.05.29 16:29:54 -05'00'

Thomas Rucki, Regional Judicial Officer
EPA, Region 6

CERTIFICATE OF SERVICE

I hereby certify that on the 03 day of June, 2020, the original of the foregoing Consent Agreement and Final Order was hand-delivered to the Regional Hearing Clerk, U.S. EPA, Region 6 (6RC-D), 1201 Elm Street, Suite 500, Dallas, Texas 75270, and that a true and correct copy was placed in the United States mail, by certified mail, return receipt requested, addressed to the following:

Original hand-delivered: Regional Hearing Clerk (6RC-D)
U.S. EPA, Region 6
1201 Elm Street, Suite 500
Dallas, TX 75270

Copy by certified mail,
return receipt requested: Mr. Sinclair Operating Company Owner
Sinclair Operating Company, LLC
1056 Crain City Road
El Dorado, AR 71730

Copy by mail: Mr. Gary Looney, Assistant Director
State of Arkansas Oil and Gas Commission
El Dorado regional Office
2215 W. Hillsboro St.
El Dorado, AR 71730

Copy hand-delivered: Mr. Rusty Herbert (6RC-EW)
U.S. EPA, Region 6
1201 Elm Street, Suite 500
Dallas, TX 75270

Dated: June 3, 2020

Lorena Vaughn