



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

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

JUL 29 2013

CERTIFIED MAIL-RETURN RECEIPT REQUESTED: 7005 1820 0003 7458 8163

Mr. Doug Alexander, President
Quanico Oil and Gas
P.O. Box 1714
El Dorado, AR 71731

Re: Cease and Desist Administrative Order
Docket Number: CWA-06-2013-1812
Facility Number: ARU001107

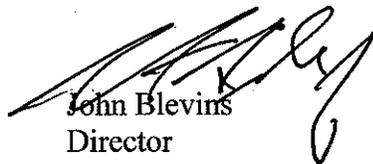
Dear Mr. Alexander:

Enclosed is an Administrative Order (AO) issued to Quanico Oil and Gas for violation of the Clean Water Act (CWA) (33 U.S.C. § 1251 *et seq.*). The violation was identified during a February 27, 2013 inspection, conducted by the Environmental Protection Agency, Region 6 (EPA), of your oil field production facility located in El Dorado, Union County, Arkansas. The violation alleged is for the unauthorized discharge of a pollutant, specifically oil field brine and produced wastewater, to waters of the United States.

Effective upon receipt of this AO, you shall immediately cease and desist all discharges of pollutants into the identified tributary of Salt Creek, and comply with all provisions set forth in the enclosed AO. This AO also requires responses to certain information demands. The EPA is committed to ensuring compliance with the requirements of the CWA, and my staff will assist you in any way possible.

If you have any questions, please contact Mr. Dale Selgrath, of my staff, at (214) 665-8083.

Sincerely,


John Blevins
Director
Compliance Assurance and
Enforcement Division

Enclosure

cc: Mr. Ryan Benefield
Acting Chief, Water Division
Arkansas Department of Environmental Quality

U.S. ENVIRONMENTAL PROTECTION AGENCY - REGION 6
FINDINGS OF VIOLATION AND COMPLIANCE ORDER AND INFORMATION DEMAND

In the Matter of Quanico Oil and Gas (Respondent)
Docket Number: CWA-06-2013-1812; Facility Number: ARU001107

STATUTORY AUTHORITY

The following findings are made and Order issued under the authority vested in the Administrator of the United States Environmental Protection Agency ("EPA"), by Sections 308 and 309(a) of the Clean Water Act ("the Act"), 33 U.S.C. §§ 1318 and 1319(a). The Administrator has delegated the authority to issue this Order to the Regional Administrator of EPA Region 6 who further delegated such authority to the Director of the Compliance Assurance and Enforcement Division.

FINDINGS

1. Quanico Oil and Gas ("Respondent") is a "person," as defined by Section 502(5) of the Act, 33 U.S.C. § 1362(5).

2. At all times relevant to the violation alleged herein ("relevant time period"), Respondent owned and operated an oil field production facility known as Quanico Oil and Gas, located in the Northwest Quarter of Section 18, Township 17 South, Range 14 West, El Dorado, Union County, Arkansas ("facility"), designated as Facility Number ARU001107.

3. On February 27, 2013, an EPA inspector observed that pollutants, specifically oil field brine and produced wastewater generated from oil production activities, had been discharged from the facility to "waters of the United States," as that term is defined by 40 C.F.R. § 122.2. Pollutants were discharged to a tributary of Salt Creek, which is considered a "water of the United States." The inspector determined that the water located at the discharge point of entry into the tributary of Salt Creek (N33° 14.830' and W-92° 35.380') was contaminated from brine discharges and measured 7,500 parts-per-million total soluble salts.

4. Pumps, pipes, hoses, flow lines, production wells, and associated devices located at the facility acted as "point sources," as defined by Section 502(14) of the Act, 33 U.S.C. § 1362(14).

5. At no time during the relevant time period did Respondent have National Pollutant Discharge Elimination System permit coverage under the Act which authorized the discharge of a pollutant from the facility to waters of the United States.

6. During the relevant time period, it was unlawful under Section 301(a) of the Act, 33 U.S.C. § 1311(a), for any person to discharge a pollutant from a point source to waters of the United States without a permit issued under Section 402 of the Act, 33 U.S.C. § 1342.

7. On or about February 27, 2013, the facility discharged or caused the discharge of pollutants from point sources within the facility to waters of the United States without permit coverage under the Act, in violation of Section 301(a) of the Act, 33 U.S.C. § 1311(a).

SECTION 309(a)(3) COMPLIANCE ORDER

Based on these findings and pursuant to the authority of Section 309(a)(3) of the Act, 33 U.S.C. § 1319(a)(3), EPA orders that Respondent take the following actions immediately upon receipt of this Order:

- a. Cease all discharges of pollutants from the facility;
- b. remove all brine from the flow path located between the facility and the identified tributary of Salt Creek; and
- c. remove all brine from the tributary of Salt Creek.

SECTION 308 INFORMATION DEMAND

Based on the foregoing Findings and pursuant to the authority of Section 308 of the Act, 33 U.S.C. § 1318 Respondent is required to do the following:

- a. Within thirty (30) days of the effective date of this Order, Respondent shall provide a written certification including photographs, manifest, and receipts to document how discharges and removal of pollutants have been properly addressed and stopped. Please verify in the certification that the company name, mailing address and name of the authorized signatory for the company are correct.
- b. Within thirty (30) days of the effective date of this Order, Respondent shall submit a Pollution Prevention Plan to prevent similar occurrences. All correspondence should be addressed to:

EPA, Region 6
Water Enforcement Branch
Attn: Mary Simmons (6EN-WR)
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733

GENERAL PROVISIONS

Respondent may seek federal judicial review of the Order pursuant to Chapter 7 of the Administrative Procedure Act, 5 U.S.C. §§ 701-706. Section 706, which is set forth at <http://uscode.house.gov/download/pls/05C7.txt>, states the scope of such review.

Issuance of this Section 309(a)(3) Compliance Order and the Section 308 Information Demand shall not be deemed an election by EPA to waive any administrative, judicial, civil, or criminal action to seek penalties, fines, or other relief under the Act for the violation alleged herein or other violations which may become known to EPA. EPA reserves the right to seek any remedy available under the law which it deems appropriate.

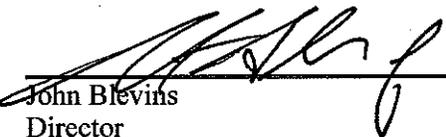
Failure to comply with this Section 309(a)(3) Compliance Order, Section 308 Information Demand, or the Act may result in the initiation of an administrative penalty action by EPA or a civil judicial penalty action by the U.S. Department of Justice.

Compliance with this Order does not relieve Respondent of its obligation to comply with all applicable federal, state, and local laws.

The effective date of this Order is the date it is received by the Respondent.

JUL 29 2013

Date



John Blevins
Director
Compliance Assurance and
Enforcement Division