



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 6

1445 ROSS AVENUE, SUITE 1200

DALLAS, TEXAS 75202-2733

March 11, 2013

CERTIFIED MAIL—RETURN RECEIPT REQUESTED: 7010 2780 0002 4353 6402

Mr. Dale Bankhead
Vice President
Pioneer Natural Resources USA, Inc.
P.O. Box 2788
Amarillo, TX 79105

Re: Administrative Order, Docket Number: CWA-06-2013-1740
NPDES Permit Number: TX0009270

Dear Mr. Bankhead:

Enclosed is an Administrative Order (AO) issued to Pioneer Natural Resources USA, Inc. for violation of the Clean Water Act (CWA) (33 U.S.C. § 1251 *et seq.*). Violations were identified during an October 4, 2012, inspection of your Masterson, Texas, natural gas processing plant, conducted by the Environmental Protection Agency (EPA). The violations alleged include, but are not limited to, the following:

- a) Failure to monitor daily flow;
- b) failure to calculate and report pollution loading; and
- c) failure to meet laboratory analytical testing minimum quantification limits.

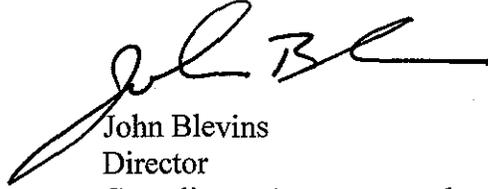
The AO does not assess a monetary penalty; however, it does require compliance with applicable federal regulations. The first compliance deadline is begins upon receipt of this AO. The AO also contains other compliance and information demand deadlines. The EPA is committed to ensuring compliance with the requirements of the National Pollutant Discharge Elimination System (NPDES) program, and my staff will assist you in any way possible. Please reference AO Docket Number CWA-06-2013-1740 and NPDES Permit Number TX0009270 on your response.

Please also find enclosed an "Information Sheet" relating to the Small Business Regulatory Enforcement Fairness Act and a "Notice of Registrant's Duty to Disclose" relating to the disclosure of environmental legal proceedings to the Securities and Exchange Commission.

Re: Administrative Order
Pioneer Natural Resources USA, Inc.

If you have any questions, please contact Mr. David Aguinaga, of my staff,
at (214) 665-6439.

Sincerely,



John Blevins
Director
Compliance Assurance and
Enforcement Division

Enclosure

cc: Mr. Eddie Burgess
Plant Foreman I
Pioneer Natural Resources USA, Inc.
32540 Fain Plant Road
Amarillo, TX 79105

Ms. Susan Johnson, Manager
Enforcement Section I (MC169)
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, TX 78711-3087

Program Manager
Environmental Services
Railroad Commission of Texas
P.O. Box 12967
Austin, TX 78701-2967



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

Region 6 • 1445 Ross Avenue, Suite 1200 • Dallas, TX 75202-2733

FINDINGS OF VIOLATIONS AND ORDER FOR COMPLIANCE

Docket Number: CWA-06-2013-1740, NPDES Permit Number: TX0009270

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 Section 309(a) of the Clean Water Act ("the Act"), 33 U.S.C. § 1319(a). The Administrator of EPA has delegated the authority to issue this Order to the Regional Administrator of EPA Region 6, who further delegated this authority to the Director of the Compliance Assurance and Enforcement Division.

Findings

1. Pioneer Natural Resources USA, Inc. ("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.
2. At all times relevant to this Order ("all times relevant"), Respondent owned or operated an oil and gas facility, located at 32540 Fain Plant Road, Masterson, Potter County, Texas ("facility"), and was, therefore, an "owner or operator" within the meaning of 40 C.F.R. § 122.2.
3. At all times relevant, the facility acted as a "point source" of "discharge" of "pollutants" with its industrial wastewater to the receiving waters to an unnamed Tributary of Ranch Creek, thence to Ranch Creek, thence to the Canadian River above Lake Meredith, which is considered a "water of the United States" within the meaning of Section 502(12) & (14) of the Act, 33 U.S.C. § 1362(12) & (14), and 40 C.F.R. § 122.2.
4. Because Respondent owned or operated a facility that acted as a point source of discharge of pollutants to waters of the United States, Respondent and the facility were subject to the Act and the National Pollutant Discharge Elimination System ("NPDES") program.
5. Under Section 301 of the Act, 33 U.S.C. § 1311, it is unlawful for any person to discharge any pollutant from a point source to waters of the United States, except with the authorization of, and in compliance with, an NPDES permit issued pursuant to Section 402 of the Act, 33 U.S.C. § 1342.
6. Section 402(a) of the Act, 33 U.S.C. § 1342(a), provides that the Administrator of EPA may issue permits under the NPDES program for the discharge of pollutants from point sources to waters of the United States. Any such discharge is subject to the specific terms and conditions prescribed in the applicable permit.
7. Respondent applied for and was issued NPDES Permit Number TX0009270 ("permit") under Section 402 of the Act, 33 U.S.C. § 1342, which became effective on March 1, 2011. At all relevant times, Respondent was authorized to discharge pollutants from the facility to waters of the United States only in compliance with the specific terms and conditions of the permit.
8. Part I.A of the permit places certain limitations on the quality and quantity of effluent discharged by the Respondent. The relevant discharge limitations are listed in Part I.A.1 of the permit.
9. Part I.B of the permit requires Respondent to sample and test its effluent and monitor its compliance with permit conditions according to specific procedures, in order to determine the facility's compliance or noncompliance with the permit and applicable regulations. Part I.C requires Respondent to file with EPA certified Discharge Monitoring Reports ("DMRs") of the results of monitoring, and Noncompliance Reports when appropriate.
10. On October 4, 2012, the facility was inspected by representatives of the EPA. Several violations of the facility's NPDES permit were also found during the inspection. The permit violations are specified below.
 - a. Respondent did not incorporate an appropriate laboratory analytical test method for attainment of the Method Detection Limit Minimum Quantification Level of 0.033 mg/L for Total Residual Chlorine ("TRC") and therefore violated Part II, Appendix A of the permit.
 - b. Part I.B of the permit was violated in that Respondent failed to meet the compliance schedule deadline for attainment of final effluent limitations for TRC.

- c. Respondent failed to monitor and record flow on a daily basis and did not report daily average or daily maximum flow in violation of Part I.A of the permit.
- d. In violation of Part.A of the permit, Respondent did not calculate 'Discharge Limitations' for average and maximum pollution load (lbs./day) for Bio-Chemical Oxygen Demand ("BOD") and failed to appropriately report pollution loading in monthly DMR reports.

11. Each violation of the conditions of the permit is a violation of Section 301 of the Act, 33 U.S.C. § 1311.

Section 309(a)(3) Compliance Order

Based on the foregoing Findings and pursuant to the authority of Section 309 of the Act, EPA hereby orders Respondent to take the following actions:

A. Immediately upon receipt of this Order, Respondent shall perform the appropriate analysis in accordance with Part II, Appendix A, of the permit regarding of attainment of the 0.033 mg/L MQL for TRC and report results in all future DMRs.

B. Respondent shall immediately start measuring and recording daily flow and shall report the average monthly flow and daily maximum flow in all future DMRs.

C. Respondent shall utilize the daily flow information to report the BOD daily average and maximum load in all future DMRs.

D. In the event Respondent is not able to achieve immediate compliance, a listing of all non-compliance related deficiencies and a schedule for correction for each deficiency shall be submitted to the EPA for review and approval within thirty (30) days of the effective date of this Order.

E. Any approved compliance schedule will be incorporated and re-issued in a future administrative order.

F. To ask questions or comment on this matter, please contact David Aguinaga, of my staff, at (214) 665-6439.

G. Any information or correspondence submitted by Respondent to EPA under this Order shall be addressed to the following:

Mr. David Aguinaga
Water Enforcement Branch (6EN-WR)
EPA, Region 6
1445 Ross Ave., 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, set forth at <http://uscode.house.gov/download/pls/05C7.txt>, provides the scope of such review.

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

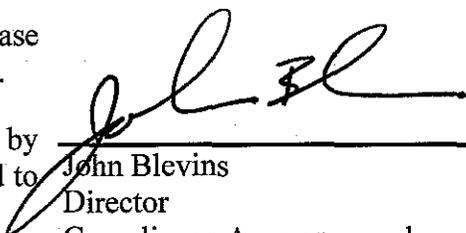
Failure to comply with this Section 309(a)(3) Compliance Order or the Act can result in further administrative action, or a civil judicial action initiated by the U.S. Department of Justice.

This Order does not constitute a waiver or modification of the terms or conditions of Respondent's NPDES permit, which remain in full force and effect.

Compliance with the terms and conditions of this Order does not relieve Respondent of its obligation to comply with any applicable federal, state, or local law or regulation.

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

3.11.13
Date



John Blevins
Director
Compliance Assurance and
Enforcement Division