



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

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

June 1, 2012

CERTIFIED MAIL – RETURN RECEIPT REQUESTED: 7010 2780 0002 4356 7505

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

Re: Cease and Desist Administrative Order  
Docket Number: CWA-06-2012-1837  
Facility Number: ARU000118

Dear Mr. Alexander:

Enclosed is an Administrative Order (AO) issued to Quanico Oil and Gas, Inc., for violation of the Clean Water Act (CWA) (33 U.S.C. § 1251 *et seq.*). The violation alleged was identified during an April 10, 2012 inspection, conducted by the Environmental Protection Agency (EPA), of your facility located in the Northeast Quarter of Section 16, Township 17 South, Range 14 West, in Union County, Arkansas, designated as Facility Number ARU000118. The inspection results were discussed with you shortly after the inspection. 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 Mill 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. Matt Rudolph, of my staff, at (214) 665-6434.

Sincerely,

A handwritten signature in black ink, appearing to read "John Blevins".

John Blevins  
Director  
Compliance Assurance and  
Enforcement Division

Enclosure

cc: Mr. Steve Drowns  
Water Division Manager  
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, Inc. (Respondent)  
Docket No. CWA-06-2012-1837

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. Respondent, Quanico Oil and Gas, Inc., 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 operated an oil field production facility located in the Northeast Quarter of Section 16, Township 17 South, Range 14 West, in Union County, Arkansas ("facility"), designated as Facility Number ARU000118.

3. On April 10, 2012, an EPA inspector observed that pollutants, specifically oil field brine and produced wastewater, generated from oil production activities, had been recently 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 Mill Creek. The inspector determined that the water located at the discharge point of entry into Mill Creek was contaminated from brine discharges and measured 14,000 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 April 10, 2012, Respondent 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 upon receipt of this Order:

- Cease all discharges of pollutants from the facility;
- remove all brine from the flow path located in between the facility and Mill Creek; and
- remove all brine from Mill Creek, located at Latitude 33° 14.630' North and Longitude 92° 32.500' West, which were discharged from the facility on or about April 10, 2012.

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:

- Within thirty (30) days of the effective date of this Order, Respondent shall provide written certification to the EPA, Region 6, that these activities have been completed.

GENERAL PROVISIONS

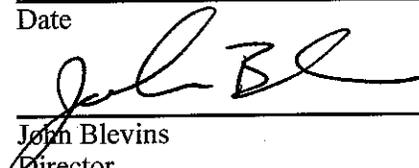
Issuance of this Section 309(a)(3) Compliance Order and the Section 308 Information Demand shall not be deemed an election by EPA to waive any administrative, judicial, civil, or criminal action to seek penalties, fines, or other relief under the Act for the violation alleged herein or other violations 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.

6.1.12  
Date

  
John Blevins  
Director  
Compliance Assurance and  
Enforcement Division