

Region 6 - Enforcement & Compliance Assurance Division
INSPECTION REPORT

Inspection Date(s):	11/08/2024	
Media Program:	Water (CWA)	
Regulatory Program(s)	Water (CWA) Brine Program (Oil & Gas inspection)	
Company Name:	SMI Operating Company, LLC	
Facility Name:	Walker-Gregory #3 & #4 Tank Battery	
Facility Physical Location:	In Old Union from Highway 63 N, then Armer Rd, and left onto an oil lease road at 33.247367, -92.536533.	
(city, state, zip code)	El Dorado, AR, 71730	
Mailing address:	190 Vestal Loop	
(city, state, zip code)	Strong, AR 71765	
County/Parish:	Union County	
Facility Phone Number	870-951-0136	
Facility Contact:	Jacob Agerton agertonjay@icloud.com	Owner / Operator
FRS Number:	N/A	
Identification/Permit Number:	ARU002261	
Media Identifier Number:	N/A	
NAICS:	211111	
SIC:	1311	
Personnel participating in inspection:		
Kerri McCabe (lead)	EPA / Region 6 ECDW	Inspector / Enforcement Officer
EPA Lead Inspector Signature/Date		
	Kerri McCabe	Date
Supervisor Signature/Date		
	Jeanne Eckhart	Date

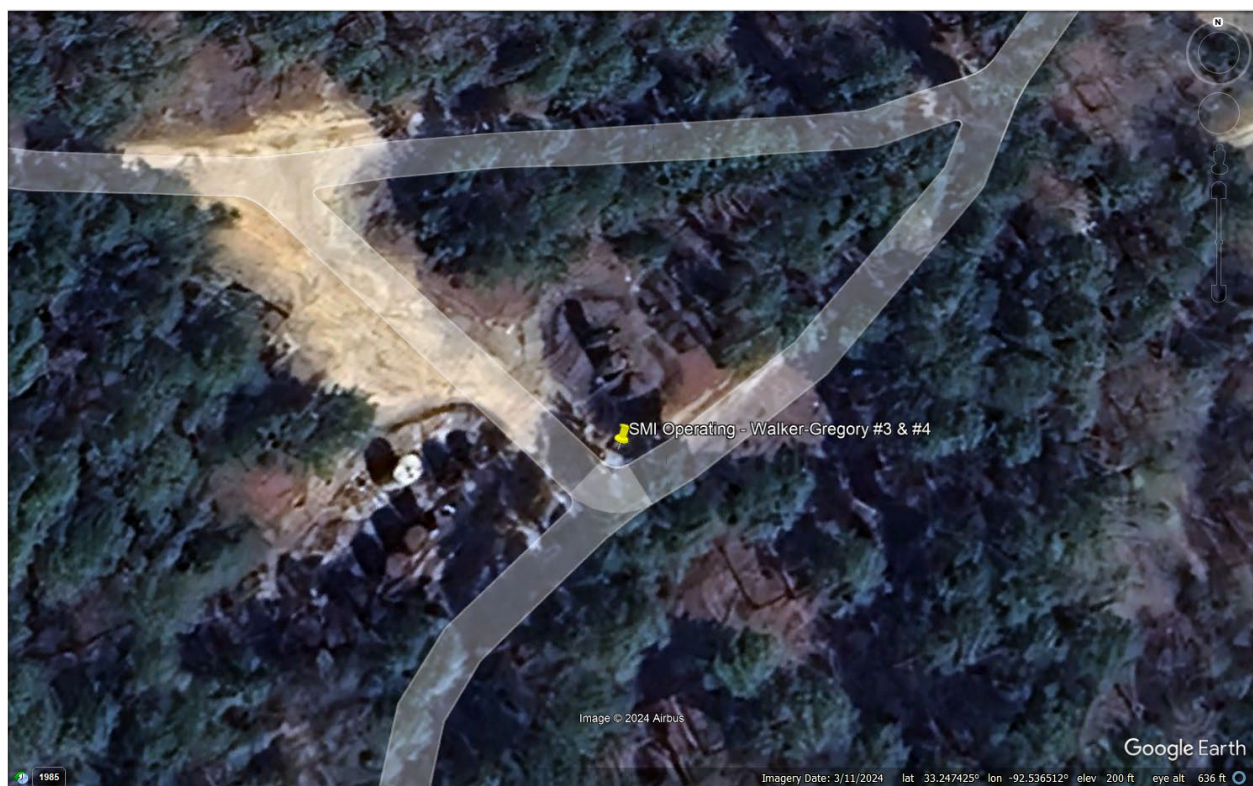
Section I – INTRODUCTION

PURPOSE OF THE INSPECTION

EPA Region 6 inspector Kerri McCabe (lead) arrived at the SMI Operating Company, LLC / Walker-Gregory #3 & #4 Tank Battery (“facility”) at 1230 on 11/08/2024 for an unannounced inspection. The facility is located from Highway 63 E, then Armer Rd, left onto an oil lease road at 33.253333, -92.538889. No facility representatives were present at the time of the inspection. The inspection was conducted by the authority of the Clean Water Act (CWA) to determine compliance with Environmental Protection Agency (EPA) regulations. There were no other federal, state, or local agency representatives present at the time of the inspection.

FACILITY DESCRIPTION

EPA conducted an inspection on the SMI Operating Company, LLC / Walker-Gregory #3 & #4 Tank Battery, which contained three (3) storage/separation tanks for crude oil and saltwater. Signage on one of the tanks inside secondary containment was marked with “Jamie Oil, Inc.” Communication with Mr. Jimmy Crain with Jamie Oil, Inc. on 11/12/2024 confirmed that the facility had been sold to SMI Operating Company, LLC.



Map 1. Aerial imagery (Google Earth dated 03/11/2024) of the SMI Operating Company, LLC / Walker-Gregory #3 & #4 Tank Battery.

Section II - OBSERVATIONS

I observed the SMI Operating Company, LLC / Walker-Gregory #3 & #4 Tank Battery facility and associated secondary containment and storage tanks; see Appendix 1 (Photograph Log), Photo No. 1. For additional GPS location and photo metadata, see Appendix 1.

I observed one tank with an open hatch, see Photo No. 2.

I observed loose oil inside secondary containment, see Photo No. 3 through No. 5.

I observed an active leak of crude oil at one of the tanks inside secondary containment, see Photo No. 6.

I observed the drainpipe for the secondary containment that was open without a cap, see Photo No. 7 through No. 9.

The facility appeared to be out of service; however, there was no labeling on the tanks to indicate the tanks were properly placed out of service.

Section III – AREAS OF CONCERN

No closing conference was held due to no personnel with SMI Operating Company, LLC being present during the inspection. On 11/12/2024, I contacted Mr. Jacob Agerton, the company contact on file with the Arkansas Oil and Gas Commission (“AOGC”), via email regarding the inspections of related facilities owned/operated by SMI Operating Company, LLC. Areas of concern at the time of the inspection include the following:

- No updated signage at the facility,
- Open hatch on one of the tanks,
- Loose oil inside secondary containment,
- An active leak of crude oil from a valve for one of the tanks,
- The open drainpipe for secondary containment, and
- No indication of the facility being properly placed in “out of service” mode with proper labeling.

Section IV – FOLLOW UP

Inspector will conduct follow-up phone calls and emails with the company representative(s) over the coming weeks and months to ensure areas of concern are properly addressed.

Section V – LIST OF APPENDICES

Appendix 1 – Photograph Log – 9 photos taken 11/08/2024.

Appendix 1

Photograph Log

9 Photos



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

Photograph Log

Photo No. 1

Location: In Old Union from Highway 63 N, then Armer Rd, and left onto an oil lease road at 33.247367, -92.536533.

City: El Dorado

County/Parish: Union

State: Arkansas



Photo File Name: 100-0317

Orientation: ENE

Date of Photo: 11/08/2024

Time of Photo: 1253

Latitude: 33.247374

Longitude: -92.536556

Photographer: Kerri McCabe

Description: Looking ENE, this photo shows two (2) crude oil storage tanks and one (1) separator/gun barrel inside secondary containment.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

Photograph Log

Photo No. 2

Location: In Old Union from Highway 63 N, then Armer Rd, and left onto an oil lease road at 33.247367, -92.536533.

City: El Dorado

County/Parish: Union

State: Arkansas



Photo File Name: 100-0318

Orientation: ENE

Date of Photo: 11/08/2024

Time of Photo: 1253

Latitude: 33.247383

Longitude: -92.536583

Photographer: Kerri McCabe

Description: Looking ENE, this photo shows a crude oil storage tank with an open hatch.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

Photograph Log

Photo No. 3

Location: In Old Union from Highway 63 N, then Armer Rd, and left onto an oil lease road at 33.247367, -92.536533.

City: El Dorado

County/Parish: Union

State: Arkansas



Photo File Name: 100-0319

Orientation: NNE

Date of Photo: 11/08/2024

Time of Photo: 1253

Latitude: 33.247467

Longitude: -92.536583

Photographer: Kerri McCabe

Description: Looking NNE, this photo shows loose oil inside secondary containment and a crude oil storage tank with an unstable bottom.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

Photograph Log

Photo No. 4

Location: In Old Union from Highway 63 N, then Armer Rd, and left onto an oil lease road at 33.247367, -92.536533.

City: El Dorado

County/Parish: Union

State: Arkansas



Photo File Name: 100-0320

Orientation: N

Date of Photo: 11/08/2024

Time of Photo: 1253

Latitude: 33.247400

Longitude: -92.536450

Photographer: Kerri McCabe

Description: Looking N, this photo shows the backside of the tank battery with loose oil inside containment and solidified oil on the berm of the secondary containment.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

Photograph Log

Photo No. 5

Location: In Old Union from Highway 63 N, then Armer Rd, and left onto an oil lease road at 33.247367, -92.536533.

City: El Dorado

County/Parish: Union

State: Arkansas



Photo File Name: 100-0321

Orientation: NW

Date of Photo: 11/08/2024

Time of Photo: 1254

Latitude: 33.247433

Longitude: -92.536483

Photographer: Kerri McCabe

Description: Looking NW, this photo shows loose oil inside secondary containment.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

Photograph Log

Photo No. 6

Location: In Old Union from Highway 63 N, then Armer Rd, and left onto an oil lease road at 33.247367, -92.536533.

City: El Dorado

County/Parish: Union

State: Arkansas



Photo File Name: 100-0322

Orientation: WNW

Date of Photo: 11/08/2024

Time of Photo: 1254

Latitude: 33.247500

Longitude: -92.536467

Photographer: Kerri McCabe

Description: Looking WNW, this photo shows an active leak from the separator/gun barrel inside secondary containment.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

Photograph Log

Photo No. 7

Location: In Old Union from Highway 63 N, then Armer Rd, and left onto an oil lease road at 33.247367, -92.536533.

City: El Dorado

County/Parish: Union

State: Arkansas



Photo File Name: 100-0323

Orientation: ENE

Date of Photo: 11/08/2024

Time of Photo: 1254

Latitude: 33.247533

Longitude: -92.536500

Photographer: Kerri McCabe

Description: Looking ENE, this photo shows the drainpipe for secondary containment with flow indicators noted.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

Photograph Log

Photo No. 8

Location: In Old Union from Highway 63 N, then Armer Rd, and left onto an oil lease road at 33.247367, -92.536533.

City: El Dorado

County/Parish: Union

State: Arkansas



Photo File Name: 100-0324

Orientation: SE

Date of Photo: 11/08/2024

Time of Photo: 1254

Latitude: 33.247550

Longitude: -92.536450

Photographer: Kerri McCabe

Description: Looking SE, this photo shows a closeup of the drainpipe for secondary containment with no cap.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

Photograph Log

Photo No. 9

Location: In Old Union from Highway 63 N, then Armer Rd, and left onto an oil lease road at 33.247367, -92.536533.

City: El Dorado

County/Parish: Union

State: Arkansas



Photo File Name: 100-0325

Orientation: SSE

Date of Photo: 11/08/2024

Time of Photo: 1254

Latitude: 33.247550

Longitude: -92.536467

Photographer: Kerri McCabe

Description: Looking SSE, this photo shows an additional view of the open drainpipe for the secondary containment.