



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

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

AUG 22 2018

CERTIFIED MAIL - RETURN RECEIPT REQUESTED: 7005 1820 0003 7457 5538

Mr. David Daniel, President
Daniel Operating Company, Inc.
322 Morgan Road
El Dorado, AR 71730

Re: Administrative Order; Docket Number: CWA-06-2018-1771
Facility Number: ARU001226

Dear Mr. Daniel:

Enclosed is an Administrative Order (AO) issued to Daniel Operating Company, Inc., for violation of the Clean Water Act (CWA), 33 U.S.C. §§ 1251-1387. The violation was identified during a February 8, 2018 inspection conducted by the Environmental Protection Agency, Region 6 (EPA) of your oil and gas production facility known as the **Union Sawmill #2 Salt Water Disposal**, located in Union County, Arkansas. The violation alleged is for the unauthorized discharge of a pollutant, specifically produced wastewater, to a water of the United States.

Effective upon receipt of this AO, you shall immediately comply with all provisions set forth in the enclosed AO. This AO also requires submission of information to confirm compliance with the AO and to prevent future discharges of pollutants.

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 Dr. Jack Arias, of my staff, at (214) 665-8164.

Sincerely,

A handwritten signature in black ink, appearing to read "Cheryl T. Seager", is written over the typed name.

Cheryl T. Seager
Director
Compliance Assurance and
Enforcement Division

Enclosure

Re: Daniel Operating Company, Inc.
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cc: Mr. Gary Looney
Assistant Director
State of Arkansas Oil and Gas Commission
El Dorado Regional Office
2215 W. Hillsboro St.
El Dorado, AR 71730

cc: Ms. Ellen Carpenter, Manager
Water Division
Arkansas Department of Environmental Quality
5301 Northshore Drive
North Little Rock, AR 72118-5317

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

In the Matter of: Daniel Operating Company, Inc.(Respondent)
Docket Number: CWA-06-2018-1771; Facility Number: ARU001226

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 delegated the authority to issue this Order to the Regional Administrator of EPA Region 6, who delegated such authority to the Director of the Compliance Assurance and Enforcement Division.

FINDINGS

1. Daniel Operating Company, Inc. ("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 disposal and production facility known as the Union Sawmill #2 Salt Water Disposal, located in Union County, Arkansas ("facility"), designated as Facility Number ARU001226.

3. Pumps, pipes, hoses, flow lines, vents, disposal storage tanks, 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).

4. At all times relevant, the facility acted as a "point source" of a "discharge" of "pollutant[s]", specifically oil field brine and produced wastewater generated from oil production activities, to an unnamed tributary of North Lapile Creek, which is considered a "water of the United States."

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. On February 8, 2018, EPA observed that oil field brine and produced wastewater had been discharged from the facility. The inspector determined that the water located at the discharge point of entry into the tributary of North Lapile Creek (Latitude 33.155000 N and Longitude -92.404000 W) was contaminated from brine discharges and measured 1,515 parts-per-million ("ppm") Total Dissolved Solids ("TDS"). The inspector determined the water upstream from the discharge point measured 103.3 ppm TDS.

7. 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 a water of the United States without a permit issued under Section 402 of the Act, 33 U.S.C. § 1342.

SECTION 309(a)(3) COMPLIANCE ORDER

8. 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 Respondent to take the following actions immediately upon receipt of this Order:

- a. Stop all discharges of pollutants from the facility;
- b. Remove all pollutants from the flow paths located between the point of discharge and the point of entry into the unnamed tributary of North Lapile Creek; and
- c. Remove sufficient amounts of pollutants from the unnamed tributary of North Lapile Creek, which were discharged from the facility on or about February 8, 2018, so that the TDS in the tributary downstream of the discharge is at or below background TDS levels.¹
- d. Within thirty (30) days of the effective date of this Order, Respondent shall provide a written certification including photographs, in-stream salinity, conductivity, and total dissolved solids measurements, manifests, work orders, and/or receipts to document how discharges and the removal of pollutants have been properly addressed. Please verify in the certification that the company name, mailing address and name of the authorized signatory for the company are correct.
- e. Within thirty (30) days of the effective date of this Order, Respondent shall develop and submit to EPA a Pollution Prevention Plan to prevent similar occurrences.

All correspondence should be addressed to:

Dr. Jack Arias (6EN-WR)
U.S. EPA, Region 6
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.

Issuance of this Section 309(a)(3) Compliance Order 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.

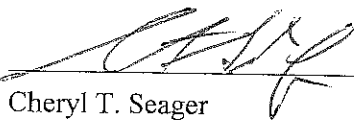
Failure to comply with this Section 309(a)(3) Compliance Order or the Act may result in the initiation of an administrative penalty action by EPA or a civil judicial penalty action by the U.S. Department of Justice.

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 Respondent.

AUG 22 2018

Date



Cheryl T. Seager
Director
Compliance Assurance and
Enforcement Division

¹ Compliance with this paragraph of the Order will be achieved after completing the required removal actions and once the total dissolved solids (TDSs) measured values, sampled by using an approved method, such as a calibrated conductivity meter, at a point upstream of the point of entry and at a point downstream of the point of entry are relatively similar demonstrating that the stream is no longer affected by the pollutant.