UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX - PACIFIC SOUTHWEST

IN THE MATTER OF: AllenCo Energy Inc., Respondent Proceeding under Section 113(a)(3) of the Clean Air Act 42 U.S.C. §7413(a)(3) and Sections 311(c) and (e) of the Clean Water Act, 33 U.S.C. §§1321(c) and (e)	**ADMINISTRATIVE COMPLIANCE ORDER ON CONSENT** U.S. EPA Docket Nos. CAA (112r)-09-2014-00 OPA 09-2014-001

I. JURISDICTION

1. Based upon available information, and pursuant to Title I, Section 113(a)(3)(B) of the Clean Air Act ("CAA"), 42 U.S.C. § 7413(a)(3)(B), and Sections 311(c) and (e) of the Clean Water Act ("CWA"), 33 U.S.C. §§1321(c) and (e), the United States Environmental Protection Agency ("EPA" or "The Agency") hereby makes and issues the following Order ("Order"), with the expressed consent of AllenCo Energy, Inc. ("Respondent").

2. Pursuant to Section 112(r)(1) of the CAA, 42 U.S.C. § 7412(r)(1), the owners and operators of stationary sources producing, processing, handling or storing substances listed pursuant to Section 112(r)(3) of the CAA, 42 U.S.C. § 7412(r)(3), or any other extremely hazardous substance, have a general duty to identify hazards which may result from accidental releases of such substances using appropriate hazard assessment techniques, to design and maintain a safe facility taking such steps as are necessary to prevent releases, and to minimize the consequences of accidental releases which do occur.

3. Section 113(a)(3) of the CAA, 42 U.S.C. § 7413(a)(3), grants to the Administrator of the EPA the authority to make a finding of violation of a requirement or prohibition of Title I, and, upon such a finding, to issue an order requiring a person to comply with such requirement or prohibition. This authority was delegated by the Administrator to the Regional Administrators on August 4, 1994 by EPA Delegation 7-6-A, and, within EPA Region IX, was redelegated to, among others, the Director of the Superfund Division and the Director of the Enforcement Division by Region IX Delegation R9-7-6-B on February 11, 2013.

4. Under Section 113(a)(4) of the CAA, 42 U.S.C. § 7413(a)(4), the EPA must send a copy of the Order to the State air pollution control agency for the State in which the violation occurs. Upon issuance, the EPA will send a copy of this Administrative Order on Consent to the California South Coast Air Quality Management District.

5. The Oil Pollution Prevention Regulations, 40 C.F.R. Part 112, establish procedures to prevent and respond to the discharge of oil from non-transportation-related onshore facilities into the waters of the United States or adjoining shorelines pursuant to the authority in Section 311(j) of the CWA, 33 U.S.C. §1321(j). Under 40 C.F.R. § 112.3(a), owners or operators of onshore facilities that due to their location could reasonably be expected to discharge oil in "harmful quantities" into the waters of the United States must prepare and fully implement a Spill Prevention Control and Countermeasure Plan ("SPCC Plan") for each facility.

6. Section 311(e) of the CWA grants to the EPA the authority to issue orders that may be necessary to protect the public health and welfare when the Agency determines that "there may be an imminent and substantial threat to the public health or welfare of the United States because an actual or threatened discharge of oil or hazardous substance from a . . . facility into the navigable waters of the United States." 33 U.S.C. § 1321(e). This authority was delegated by the Administrator to the Regional Administrators on May 11, 1994 by EPA Delegation 2-22, and within EPA Region IX, was redelegated to the Director of the Superfund Division and the director of the Enforcement Division on February 11, 2013 by EPA Region IX Delegation R9-2-85.

7. Under Section 311(e)(1)(B) of the CWA, 33 U.S.C. § 1321(e)(1)(B), the EPA must notify the State of California of an order issued. The EPA has notified the State of California of this order.

II. DEFINITIONS

8. Section 112(r)(2)(C) of the CAA, 42 U.S.C. § 7412(r)(2)(C), and the regulations at 40 C.F.R. § 68.3 define "stationary source" as, *inter alia*, any buildings, structures, equipment, installations or substance emitting stationary activities which belong to the same industrial group, which are located on one or more contiguous properties, which are under the control of the same person (or persons under common control) and from which an accidental release may occur.

9. As used herein, the term "extremely hazardous substance" shall mean an extremely hazardous substance within the meaning of Section 112(r)(1) of the CAA, 42 U.S.C. § 7412(r)(1). Such substances include any chemical which may, as a result of short-term exposures because of releases to the air, cause death, injury or property damage due to its toxicity, reactivity, flammability, or corrosivity. Extremely hazardous substances include, but are not limited to, substances listed pursuant to Section 112(r)(3) of the CAA, 42 U.S.C. § 7412(r)(3), and 40 C.F.R. § 68.130.

10. As used herein, the term "day" shall mean calendar day.

III. FINDINGS OF FACT

A. Relating to Section 112(r)(1) of the Clean Air Act

11. Respondent, a California corporation, operates a facility located at 814 W. 23rd St. in Los Angeles, California (the "Facility"). Respondent's Facility is a crude oil and natural gas production facility with operating processes that include separation of produced fluids and re-injection of produced water. Crude oil consists primarily of hydrocarbons; it is a flammable substance.

12. At the Facility, Respondent handles, stores, and uses, and has handled, stored and used, crude oil and natural gas, which is comprised primarily of methane, a regulated substance within the meaning of Sections 112(r)(1) and (3) of the CAA, 42 U.S.C. §§ 7412(r)(1) and (3).

13. At all times at the Facility, crude oil and methane are either in direct contact or in very close proximity to one another.

14. Recognized industry standards and practices for petroleum crude and natural gas production facilities such as Respondent's include those of the American Petroleum Institute ("API"). API's standards and recommended practices for inspection, testing, and preventive maintenance ("ITPM") include, among others:

a. API 653 "Tank Inspection, Repair, Alteration, and Reconstruction";

b. API 510 "Pressure Vessel Inspection Code: In-Service Inspection, Rating, Repair, and Alteration" ;

c. API 570 "Piping Inspection Code: In-service Inspection, Rating, Repair, and Alteration of Piping Systems"; and

d. API RP576 "Inspection of Pressure Relieving Devices."

15. On October 31, 2013, the EPA notified Respondent by email of a planned visit and inspection of the Facility by the EPA on Wednesday, November 6, 2013, and requested that Respondent make certain records and documents available at the Facility for the inspection (or, if unavailable for the inspection, submit such records and documents to the EPA within 30 days). The list included, in addition to other information, supporting documentation demonstrating compliance with the General Duty Clause at the Facility.

16. On November 6, 2013, the EPA conducted an inspection of the Facility to evaluate compliance with the requirements of Section 112(r) of the CAA, 42 U.S.C. § 7412(r). The EPA inspectors observed the petroleum crude and natural gas pumping and separation processes and reviewed information and documents concerning the Facility, including documents provided by Respondent during and subsequent to the Facility inspection.

17. With respect to atmospheric storage tanks, the inspection produced the findings in subparagraphs a-c, below.

a. API 653 pertains to atmospheric storage tanks and requires, in summary, the following types and frequencies of inspections:

1. Routine In-service, monthly;

2. External, not to exceed once every five (5) years;

3. Thickness, not to exceed once every fifteen (15) years; and

4. Internal, not to exceed once every ten (10) years.

b. Respondent has atmospheric crude tanks at its Facility including, at least, three atmospheric crude tanks and three atmospheric brine tanks.

c. During the EPA's investigation, Respondent provided documentation that it had performed thickness testing of its three crude tanks and three brine tanks in December 2012. However, during the November 6, 2013 inspection and the EPA's investigation, Respondent was neither able to document nor confirm the performance of routine in-service, external, or internal inspections conforming with API 653 on its atmospheric tanks.

18. With respect to pressure vessels, the inspection produced the findings in subparagraphs a-d, below.

a. API 510 pertains to pressure vessels and requires, in summary, the following types and frequencies of inspections:

1. External, not to exceed once every five (5) years; and

2. Internal, not to exceed once every ten (10) years.

b. API 510 and API RP576 pertain to pressure relief devices ("PRDs") and specify, in summary, that such devices should be inspected and tested at least once every ten (10) years.

c. Respondent has pressure vessels at its Facility including the Free Water Knock Out ("FWKO") and the separator units. Each of its pressure vessels has at least one PRD.

d. During the November 6, 2013 inspection and the EPA's investigation, Respondent was neither able to document nor confirm the performance of any external or internal vessel or PRD inspections conforming with API 510 or API RP576.

19. With respect to process piping, the inspection produced the findings in subparagraphs a-b, below.

a. Respondent has a process piping system at its Facility. API 570 pertains to piping systems and requires for piping such as that located at Respondent's Facility, in summary, the following types and frequencies of inspections:

1. Visual external, not to exceed once every five (5) years; and

2. Thickness measurements, not to exceed once every ten (10) years.

b. During the November 6 2013 inspection and the EPA's investigation, Respondent was neither able to document nor confirm the performance of visual external or thickness measurements conforming with API 570.

20. As safety measures, Respondent utilizes flame detectors and methane gas detectors at its Facility. The manufacturers of those devices specify recommended practices and intervals for their testing and calibration.

21. During the November 6, 2013 inspection and the EPA's investigation, Respondent had no information on or records of any testing or calibration of either the Facility's flame or methane gas detectors, and was unable to confirm that such testing or calibration was performed.

22. The November 6, 2013 inspection documented inadequate testing of tanks, pipes, and pressure vessels. Because the age of these components may be approaching fifty (50) years, the integrity and remaining useful life of these components was unknown until Respondent tested these facilities as described in a report dated December 12, 2012. Without such information on useful life, potential releases due to failed components could neither be anticipated nor prevented.

23. Due to the inadequate testing of the Facility's flame detector and methane gas detector, during the November 6, 2013 inspection and the EPA's investigation, the functionality of each of these components could not be determined. Under these conditions, a lack of functionality could remain unaddressed, which would prevent the facility from minimizing the consequences of a release or fire.

B. <u>Related to Sections 311(c) and (e) of the Clean Water Act</u>

24. The Facility produces, stores, and distributes petroleum products.

25. The Facility contains at least 1,320 gallons of above ground oil-storage capacity.

26. The Facility is located approximately three (3) miles from the Los Angeles River, a "navigable water" of the United States as defined in Section 502(7) of the CWA, U.S.C. 42

U.S.C. §1362(7) and 40 C.F.R. §110.1, and storm drains in the area of the Facility drain directly to the Los Angeles River.

27. On November 6, 2013, EPA Region IX inspected the Facility to evaluate compliance with the requirements of 40 C.F.R. Part 112. Based on that inspection and the review of documentation provided by Respondent, EPA determined that Respondent had not created or implemented an adequate SPCC Plan in compliance with 40 C.F.R. Part 112.

IV. CONCLUSIONS OF LAW

A. Pursuant to Section 112(r)(1) of the Clean Air Act

28. Respondent is, and at all times referred to herein was, a "person" within the meaning of Section 302(e) of the CAA, 42 U.S.C. § 7602(e).

29. The Facility is a "stationary source" within the meaning of Section 112(r)(2)(C) of the CAA, 42 U.S.C. § 7412(r)(2)(C), and 40 C.F.R. § 68.3.

30. At all times referred to herein, Respondent was the "owner or operator" of the Facility, as defined in Section 112(a)(9) of the CAA, 42 U.S.C. § 7412(a)(9).

31. Methane is a regulated substance within the meaning of Sections 112(r)(2) and (3) of the CAA, 42 U.S.C. §§ 7412(r)(2) and (3) ,and 40 C.F.R. § 68.130.

32. When crude oil is produced, handled, and stored in close proximity to other flammable substances, crude oil is a regulated substance within the meaning of Sections 112(r)(1) and (3) of the CAA, 42 U.S.C. §§ 7412(r)(1) and (3).

33. Respondent's use, handling and storage of crude oil and use and handling of natural gas at the Facility are subject to the General Duty Clause requirements of Section 112(r)(1) of the CAA, 42 U.S.C. § 112(r)(1).

34. Based on information available to the EPA, including information gathered during the inspection performed by the EPA at the Facility, and the Findings of Fact set forth above, the EPA has determined that Respondent failed to satisfy the general duty referred to in Paragraph 2 above. Therefore, Respondent violated the provisions of Section 112(r)(1) of the CAA, 42 U.S.C. § 7412(r)(1).

B. Pursuant to Sections 311(c) and (e) of the Clean Water Act

35. The Facility is an "onshore facility" as defined in Section 311(a)(10) of the CWA, 33 U.S.C. § 1321(a)(10), and 40 C.F.R. §112.2.

36. Respondent is a "person" as defined by Section 502(5) of the CWA, 33 U.S.C. § 1362(5).

37. Based on current conditions at the Facility, the EPA has determined that there exists a substantial threat of a "discharge" as defined in Section 311(a)(2) of the CWA, 33 U.S.C. § 1321(a)(2), and 40 C.F.R. § 112.2, into navigable waters of the United States in violation of Section 311(b)(3) of the CWA, 33 U.S.C. § 1321(b)(3).

38. Based on the storage capacity of the Facility, the quantity of oil that the Facility may discharge is a harmful quantity within the meaning of Section 311(b)(3) of the CWA, 33 U.S.C. § 1321(b)(3), and 40 C.F.R. § 110.3(b).

39. The EPA has determined that current conditions at the Facility may present an imminent and substantial threat to public health or welfare of the United States, including fish and other wildlife, public and private property, shorelines, habitat, and other living and nonliving natural resources under the jurisdiction and control of the United States.

40. The actions required by this Order are necessary to protect the public health and welfare of the United States.

41. The actions required by this Order are in accordance with the National Oil and Hazardous Substances Pollution Contingency Plan ("NCP") and are authorized by the EPA pursuant to the authority granted in Sections 311(c) and (e) of the CWA, 33 U.S.C. §§ 1321(c) and (e).

42. Respondent neither admits nor denies the factual allegations and legal conclusions set forth in this Order, except to the extent that those allegations provide the EPA with a jurisdictional basis for bringing the claims alleged herein.

V. ORDER

43. Based upon the foregoing Findings of Fact, Conclusions of Law, and other information available to the EPA, it is agreed that Respondent shall comply with the requirements set forth below. All actions specified below shall be initiated and completed as soon as feasible, but in no event longer than the maximum time periods specified herein.

A. Parties Bound

44. The provisions of this Order shall apply to and be binding upon the Respondent, including but not limited to its officers, agents, employees successors and assigns, and to all persons, firms and corporations acting under, through or for Respondent. Respondent shall give notice of this Order to any successors.

45. No change in the ownership or legal status of Respondent, or of any property to which access is required for performance of any obligations under this Order, will in any way alter Respondent's obligations and responsibilities under this Order. In the event that Respondent, or its successors and assigns, is prohibited from conducting operations at the Facility for any reason or, in the event that Respondent, or its successors and assigns, permanently ceases operations at the Facility for any reason, this Order shall be null and void except to the extent that Respondent,

or its successors or assigns, have any remaining legal obligations related to the shutdown and ongoing maintenance of the Facility.

46. Respondent shall provide a copy of this Order and all other documents approved under or pursuant to this Order that are relevant to compliance with this Order to each contractor, sub-contractor, laboratory, or consultant retained to perform any Work to be performed under this Order, within five (5) days after the Effective Date of this Order or on the date such services are retained, whichever date occurs later. Notwithstanding the terms of any contract, Respondent is responsible for compliance with this Order and for ensuring that its contractors, subcontractors and agents comply with this Order.

47. At all times after service of this Order, Respondent shall provide a copy of this Order to any prospective purchasers, assignees or successors before a controlling interest in Respondent's assets, property rights or stock are transferred to the prospective owner or successor. Respondent shall notify the EPA at least seven (7) days prior to such transfer.

B. Access and Recordkeeping

48. Respondent shall provide the EPA and its representatives, including contractors, with reasonable access to the Facility for the purpose of assessing Respondent's compliance with this Order, the CAA, the CWA, and 40 C.F.R. Part 112, and other applicable laws and regulations. Respondent shall also provide the EPA and its representatives, including contractors, with access to all records relating to Respondent's implementation of this Order.

49. Respondent may assert a business confidentiality claim covering all or part of any information submitted to the EPA pursuant to the terms of this Order in the manner prescribed by 40 C.F.R. Section 2.203(b) to the extent such claim is not inconsistent with any other provisions of law. Business confidentiality includes the concept of trade secrecy and other related legal concepts. Any assertion of confidentiality shall be adequately substantiated by Respondent when the assertion is made. Information subject to a confidentiality claim shall be disclosed only to the extent and by means of the procedures set forth in 40 C.F.R. Part 2, Subpart B. If no such confidentiality claim accompanies the information when it is submitted to the EPA, it may be made available to the public by the EPA without further notice to Respondent.

50. Respondent shall preserve all documents and information relating to the activities carried out pursuant to this Order for six years after completion of the work required by this Order. At the end of the six-year period, Respondent shall notify the EPA at least thirty (30) days before any such document or information is destroyed that such documents and information are available for inspection. Upon request, Respondent shall provide the EPA with the originals or copies of such documents and information.

C. Order Relating to CAA Section 112(r) Requirements

i. Work to be Performed

51. As soon as practicable, but in no event later than fifteen (15) days prior to the planned re-start of the Facility, Respondent shall certify to the EPA that it has inspected, tested and completed any required preventative maintenance on (a) all flame and combustible gas detectors installed or in use, and (b) all elements of the fire suppression system at the Facility such that the Facility is in conformance with all applicable recognized and generally accepted good engineering practices, codes, and standards, including the original equipment manufacturers' ("OEM's") recommendations, as well as any requirements imposed by the City of Los Angeles Fire Department under the local Fire Code.

52. As soon as practicable, but in no event later than fifteen days (15) prior to the planned re-start of the Facility, Respondent shall certify to the EPA that it has developed and implemented ITPM procedures and intervals for the Facility's flame and combustible gas detectors and fire suppression system. The ITPM procedures and intervals shall conform to applicable recognized and generally accepted good engineering practices, codes, and standards, including the OEM's recommendations and any requirements imposed by the City of Los Angeles Fire Department under the local Fire Code.

53. As soon as practicable, but in no event later than fifteen (15) days prior to the planned re-start of the Facility, Respondent shall certify that it has inspected, tested, and completed any required preventative maintenance on:

a. All of its atmospheric tanks, in accordance with API 653;

b. All of its pressure vessels and PRDs, in accordance with API 510 and API RP576; and

c. All of its process piping, in accordance with API 570.

Each inspection shall be conducted by a qualified party, as specified in the applicable API standard.

54. As soon as practicable, but in no event later than fifteen (15) days prior to the planned re-start of the Facility, Respondent shall certify that it has re-engineered the open trench located in the Facility's production pit so that no produced fluids can be exposed to the atmosphere as part of normal operations.

55. As soon as practicable, but in no event later than fifteen (15) days prior to the planned re-start of the Facility, Respondent shall certify to the EPA that it has developed and implemented ITPM procedures and intervals for the Facility's

a. Atmospheric tanks in accordance with API 653;

b. Pressure vessels and associated PRDs in accordance with API 510; and

c. Process piping in accordance with API 570.

56. As soon as practicable, but in no event later than fifteen (15) days prior to the planned re-start of the Facility, Respondent shall certify to the EPA that it has developed a leak detection and repair ("LDAR") program on all of its process equipment, piping, pumps, compressors, PRDs, valves, and connectors. Respondent shall use the EPA's "Leak Detection and Repair, a Best Practices Guide" (http://www.epa.gov/compliance/resources/publications/assistance/ldarguide.pdf) as guidance in developing the LDAR program. The program shall specify that all applicable monitoring locations will be sampled at least quarterly for the first year, and then semi-annually thereafter.

57. As soon as practicable, but in no event later than fifteen days (15) prior to the planned re-start of the Facility, Respondent shall certify that it has completed its initial round of inspections under its LDAR program.

58. Within fifteen (15) days of completing each required work element under paragraphs 51-57 above, Respondent shall submit to the EPA substantiating documentation, including compliance cost information, and a certification verifying that the work element is complete. Substantiating documentation may include, but is not limited to, purchase orders, contracts, photos, and reports.

59. Respondent shall submit status reports on performance of work required by Section V.C. of this Order to the EPA. The first status report is due to the EPA no later than fifteen days (15) prior to the planned re-start of the Facility, with subsequent status reports due every thirty (30) days thereafter until all required work is complete.

ii. Project Coordinator for CAA Section 112(r) Requirements

60. Respondent has designated Timothy Parker at its Project Coordinator for the Work to be performed. Mr. Parker may be reached at (562) 989-6100 or Tparker@allencoca.com, Respondent's Project Coordinator shall be responsible for overseeing Respondent's implementation of this Order. If Respondent wishes to change its Project Coordinator, Respondent shall provide written notice to the EPA, five (5) days prior to changing the Project Coordinator, of the name and qualifications of the new Project Coordinator for review and approval.

61. The EPA has designated Jeremy Johnstone as the EPA Project Coordinator. Mr. Johnstone may be reached at telephone number (415) 972-3499, facsimile number (415) 947-3520 and email johnstone.jeremy@epa.gov. The EPA has the unreviewable right to change its Project Coordinator. If the EPA changes its Project Coordinator, the EPA will inform Respondent in writing of the name and contact information of the new Project Coordinator.

62. The Project Coordinators will be responsible for overseeing the implementation of the Work to be performed under Section V.C. of this Order. The EPA Project Coordinator will be

the EPA's primary designated representative for this purpose. To the maximum extent possible, all communications, whether written or oral, between Respondent and the EPA concerning the Work to be performed pursuant to Section V.C. of this Order shall be directed through the Project Coordinators.

iii. Notification Relating to CAA Section 112(r) Requirements

63. All submittals made under Section V.C. of this Order shall include the following certification, signed by an officer of Respondent:

> "I certify under penalty of law that I have examined and am familiar with the information submitted in this document and all attachments and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fines and imprisonment."

64. All notices or submissions to the EPA required by Section V.C. of this Order shall be made to:

Jeremy Johnstone
U.S. Environmental Protection Agency, Region IX
Superfund Division
Emergency Prevention and Preparedness Section (SFD-9-3)
75 Hawthorne St.
San Francisco, CA 94105
Email: johnstone.jeremy@epa.gov
Phone: 415-972-3499

with the preference that all communications be made via email in lieu of hard copies.

iv. Modification and Revocation of Section V.C.

65. If the EPA determines that any element of Section V.C. of this Order, including work to be performed or schedules, warrants modification or revocation, including after a conference is held or relevant and material information is submitted, the EPA will modify or revoke the Order in writing and issue a copy of the modification or revocation to the Respondent.

66. The EPA Project Coordinator or the EPA Superfund Division managers, in consultation with the Respondent's Project Coordinator, may agree to changes in the scheduling of work to be performed. Any such changes must be requested in writing by Respondent and be approved in writing by the EPA Project Coordinator or an EPA Superfund Division manager.

67. Except as otherwise provided in this Order, no modification to or revocation of this Order shall be effective unless and until it is issued in writing by the EPA.

D. Order Relating to CWA Sections 311(c) and (e) Requirements

i. Work to be Performed

68. As soon as practicable, but in no event later than fifteen days (15) prior to the planned re-start of the Facility, Respondent shall certify to the EPA that it has revised the SPCC Plan to:

a. Address the requirements of 40 C.F.R. § 112.9 rather than § 112.8;

b. Ensure the diagram meets the requirements of 40 C.F.R. § 112.7(a)(3);

c. Include a complete contact list for response and discharge reporting per 40 C.F.R. § 112.7(a)(3)(vi); and

d. Adequately address inspection procedures and records in accordance with 40 C.F.R. § 112.7(e).

69. As soon as practicable, but in no event later than fifteen days (15) prior to the planned re-start of the Facility, Respondent shall certify to the EPA that it has completed training as required by 40 C.F.R. §§ 112.7(f)(1) and (3).

ii. Notification for CWA Sections 311(c) and (e) Requirements

70. All certifications to the EPA required by Section V.D. of this Order shall be made to

Janice Witul
U.S. Environmental Protection Agency, Region IX
Oil Program (ENF-3-2)
75 Hawthorne St.
San Francisco, CA 94105
Email: witul.janice@epa.gov
Phone: 415-972-3089

with the preference that all communications be made via email in lieu of hard copies.

iii. Modification of Section V.D.

71. If Respondent seeks permission to deviate from Section V.D. of this Order, Respondent shall submit a written request to the EPA for approval, outlining the proposed modification and its basis and how the deviation proposed will affect the schedule for work to be performed agreed to with the EPA. Such written requests will be submitted to Janice Witul.

E. Delay in Performance

72. Any delay in performance of this Order that, in the EPA's judgment, is not properly justified by Respondent under the terms of this paragraph shall be considered a violation of this

Order. Any delay in performance of this Order shall not affect Respondent's obligations to fully perform all obligations under the terms and conditions of this Order.

73. Respondent shall notify the EPA of any delay or anticipated delay in performing any requirement of this Order. Such notification shall be made by telephone to Jeremy Johnstone for delays on the work related to CAA Section 112(r) requirements and to Janice Witul for delays on the work related to CWA Sections 311(c) and (e) requirements within twenty-four (24) hours after Respondent first knew or should have known that a delay might occur. Respondent shall adopt all reasonable measures to avoid or minimize any such delay. Within two (2) business days after notifying the EPA by telephone, Respondent shall provide to the EPA written notification fully describing the nature of the delay, any justification for the delay, any reason why Respondent should not be held strictly accountable for failing to comply with any relevant requirements of this Order, the measures planned and taken to minimize the delay, and a schedule for implementing the measures that will be taken to mitigate the effects of the delay. Increased costs or expenses associated with implementation of the activities called for in this Order are not a justification for any delay in performance.

F. Reservation of Rights, Waiver and Compliance with Laws

74. This Order represents the final form of the agreement between the EPA and Respondent. By its consent to entry of this Order, Respondent does not admit any liability under or violation of the CAA, the CWA, or their implementing regulations. Respondent reserves any rights or defenses it may have, except that Respondent will not contest the allegations in this Order to the extent that those allegations provide the EPA with a jurisdictional basis for bringing the claims alleged herein.

75. The EPA hereby reserves all of its statutory and regulatory powers, authorities, rights, remedies and defenses, both legal and equitable, including the right to disapprove work performed by Respondent pursuant to this Order and to require that Respondent perform tasks in addition to those required by this Order. The EPA reserves its right to seek reimbursement from Respondent for costs incurred by the United States to the full extent allowed by law. This Order shall not be construed as a covenant not to sue, release, waiver or limitation of any rights, remedies, powers or authorities, civil or criminal, which the EPA has under any statutory, regulatory or common law enforcement authority of the United States.

76. Nothing herein shall limit the power and authority of the EPA or the United States to take, direct, or order all actions necessary to protect public health, welfare, or the environment or to prevent, abate, or minimize an actual or threatened release of a regulated substance, other extremely hazardous substance, or other substance on, at, or from the Facility. The EPA reserves the right to bring an action against Respondent assessing or seeking penalties and/or other relief for any violations, including, without limitation, the violations referred to in the Findings of Fact and Conclusions of Law set forth above. This Order shall not constitute or be construed as a release of any liability that the Respondent or any other person has under the CAA, the CWA or any other law. The EPA also reserves all of its rights to obtain access to the Facility and require Respondent's submission of information to the EPA.

77. This Order shall not relieve Respondent of its obligation to comply with all applicable federal, State, and local laws, regulations and other legal requirements, including but not limited to Section 112(r) of the CAA, 42 U.S.C. § 7412(r), and Sections 311(c) and (e) of the CWA, 33 U.S.C. §§ 1321(c) and (e), nor shall it be construed to be a ruling on, or determination of, any issue related to any federal, state or local permit.

78. The EPA further reserves all of its statutory and regulatory powers, authorities, rights and remedies, both legal and equitable, which may pertain to Respondent's failure to comply with any of the requirements of this Order, including without limitation, the assessment of penalties under Section 113 of the CAA, 42 U.S.C. § 7413, or Section 311(b)(7) of the CWA, 33 U.S.C. § 1321(b)(7).

79. All activities by Respondent pursuant to this Order shall be performed in accordance with the requirements of all applicable federal, state or local laws and regulations.

80. Notwithstanding any provision of this Order, the United States hereby retains all of its information gathering, inspection and enforcement authorities and rights under Section 114 of the CAA, 42 U.S.C. § 7414, and any other applicable statutes or regulations.

81. Nothing in this Order shall constitute or be construed as a release from any claim, cause of action or demand in law or equity against any person, firm, partnership, entity or corporation for any liability such person, firm, partnership, entity or corporation may have arising out of or relating in any way to the regulated activities at the Facility.

82. If a court issues an order that invalidates or stays any provision of this Order or finds that Respondent has sufficient cause not to comply with one or more provisions of this Order, Respondent shall remain bound to comply with all provisions of this Order not invalidated by the court's order.

G. Enforcement

83. Section 113(a)(3) of the CAA provides that, upon failure to comply with an order issued under Section 113(a)(3)(B) of the CAA, 42 U.S.C § 7413(a)(3)(B), the EPA Administrator may, *inter alia*: issue an administrative penalty order pursuant to Section 113(d) for civil administrative penalties of up to $37,500 per day of violation; or bring a civil action pursuant to Section 113(b) of the CAA for injunctive relief and/or civil penalties of not more than $37,500 per day for each violation. In addition, Respondent may be subject to an administrative or civil action for similar penalties and/or injunctive relief, pursuant to Sections 113(b) and (d) of the CAA, based on the violations addressed by this Order. Furthermore, any person who knowingly violates the provisions of the CAA, as set forth in Section 113(c), may be subject to criminal penalties or imprisonment, or both, pursuant to Section 113(c).

84. Pursuant to the CWA, a court may subject Respondent to civil penalties of up to $37,500 per day of violation or an amount up to three times the costs incurred by the Oil Spill Liability Trust Fund pursuant to Section 311(b)(7) of the CWA, 33 U.S.C. § 1321(b)(7) and 40 C.F.R. Part 19, for violation of, or failure to comply with, the provisions of the foregoing Order.

J. Computation of Time

85. Unless otherwise indicated, all times for performance of ordered activities shall be calculated from the Effective Date of this Order.

K. Administrative Record

86. The administrative record supporting this Order will be available for public review at the Superfund Records Center, U.S. Environmental Protection Agency, Region IX, 95 Hawthorne Street, San Francisco, CA 94105.

L. Effective Date

87. This Order shall be effective immediately after the Order is signed by the Superfund Division Director and the Enforcement Division Director.

VI. SIGNATORIES

For the Respondent:

ALLENCO ENERGY, INC.

Signature: Jim Parker Date: 4-16-14

Print Name: Jim Parker Title: Vice President

For US EPA:

Date: 21 APRIL 2014

Enrique Manzanilla
Director, Superfund Division
US EPA, Region IX

Date: 4/24/2014

Kathleen Johnson,
Director, Enforcement Division