Ohio Environmental Protection Agency

John R. Kasich, Governor
Mary Taylor, Lt. Governor
Craig W. Butler, Director

11/6/2015

Statoil USA Onshore Properties Inc.
2103 City West Boulevard, Suite 800
Houston, Texas 77042

RE: Directors Final Findings & Orders
NPDES
Monroe County
8OU00013

Ladies and Gentlemen:

Transmitted herewith is one copy of the Director's Final Findings and Orders in the referenced matter.

Sincerely,

Ed Swindall, Supervisor
Permit Processing Unit
Division of Surface Water

ERS/dks

Enclosure

CERTIFIED MAIL

cc: M. Mann, DSW
R. DeMuth, DSW
B. Schuch, DSW
L. Reeder, DSW
J. Martin, DSW
Fiscal
J. Witte, SEDO/DSW
Compliance Section
M. McCarron, PIC
H. Griesmer, PIC
B. Fischbein, Legal
P. Fallah, DEFA
Journal Room
File

Ohio EPA Invoice/Receipt

Date Printed: November 06, 2015

Revenue ID: 1060135

Please include this Revenue ID with all correspondence.

Organization ID: 118357

Information: StatOil USA Onshore Properties Inc
2103 City West Blvd Ste 800
Houston, TX 77042-

Due Date: **December 06, 2015**

Amount Due: **$56,805.00**

Effective Date: November 06, 2015

Revenue Description: DSW- Findings and Orders-Civil Penalties (FOSW)

Program Name: Surface Water Programs

Reason: FO for Statoil USA Onshore Properties unpermitted location ID #8OU00013

For some Revenues, Interest and/or Penalties may be charged for late payment.

Next Interest Date (if applicable):

Next Penalty Date (if applicable):

Remittance Advice **Detach Here - Please Return This Portion With Your Payment**

Organization ID: 118357

Information: StatOil USA Onshore Properties Inc
2103 City West Blvd Ste 800
Houston, TX 77042-

Due Date: **Dec 06, 2015**

Amount Due: **$56,805.00**

Secondary Type/Id: /

Revenue Type: FOSW

Amount Enclosed: $_____

Please write this number on your check. Revenue ID: 1060135
Make check or money order payable to "Treasurer, State of Ohio"

Remit to: **Ohio Environmental Protection Agency - OFA**
Department L-2711
Columbus, OH 43260-2711

For Ohio EPA use only

Check ID: _____

Check Date: _____

Check Number: _____

Check Amount: $_____

118357	StatOil USA Onshore Properties Inc	5680500	FOSW	1060135

Ohio EPA Invoice/Receipt

Date Printed: November 06, 2015

Revenue ID: 1060136

Please include this Revenue ID with all correspondence.

Organization ID: 118357

Information: StatOil USA Onshore Properties Inc
2103 City West Blvd Ste 800
Houston, TX 77042-

Due Date: **December 06, 2015**

Amount Due: **$75,000.00**

Effective Date: November 06, 2015

Revenue Description: DSW- Findings and Orders-Civil Penalties (FOSW)

Program Name: Surface Water Programs

Reason: FO for Statoil USA Onshore Properties unpermitted ID 8OU00013 - SEP Fund

For some Revenues, Interest and/or Penalties may be charged for late payment.

Next Interest Date (if applicable):

Next Penalty Date (if applicable):

Remittance Advice **Detach Here - Please Return This Portion With Your Payment**

Organization ID: 118357

Information: StatOil USA Onshore Properties Inc
2103 City West Blvd Ste 800
Houston, TX 77042-

Due Date: **Dec 06, 2015**

Amount Due: **$75,000.00**

Secondary Type/Id: /

Revenue Type: FOSW

Amount Enclosed: $_____

Please write this number on your check. Revenue ID: 1060136
Make check or money order payable to "Treasurer, State of Ohio"

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Columbus, OH 43260-2711

For Ohio EPA use only

Check ID: _____

Check Date: _____

Check Number: _____

Check Amount: $_____

118357	StatOil USA Onshore Properties Inc	7500000	FOSW	1060136

BEFORE THE

OHIO ENVIRONMENTAL PROTECTION AGENCY

In the Matter of:

Statoil USA Onshore Properties, Inc. 2103 City West Boulevard, Suite 800 Houston, TX 77042	:	**Director's Final Findings and Orders**

I certify this to be a true and accurate copy of the official documents as filed in the records of the Ohio Environmental Protection Agency.

By: [signature] Date: 11-9-15

Respondent

PREAMBLE

The parties shall proceed hereto as follows:

I. JURISDICTION

These Director's Final Findings and Orders ("Orders") are issued to Statoil USA Onshore Properties, Inc. ("Respondent"), pursuant to the authority vested in the Director of the Ohio Environmental Protection Agency ("Ohio EPA") under Ohio Revised Code ("ORC") §6111.03 and 3745.01.

II. PARTIES BOUND

These Orders shall apply to and be binding upon Respondent and successors in interest liable under Ohio law. No change in ownership of Respondent or the Eisenbarth Well Pad shall in any way alter Respondent's obligations under these Orders.

III. DEFINITIONS

Unless otherwise stated, all terms used in these Orders shall have the same meaning as defined in ORC Chapter 6111 and the rules promulgated thereunder

IV. FINDINGS

The Director of Ohio EPA has determined the following findings:

Background

1. Statoil USA Onshore Properties, Inc. (Respondent) is a Delaware corporation licensed to do business in the State of Ohio.

2. Respondent owns the Eisenbarth Well Pad which is a crude petroleum and natural gas extraction facility located at 42240 Long Ridge Road, Clarington, Monroe County, Ohio (Facility).

3. Drainage from the Eisenbarth Well Pad enters a tributary to Opossum Creek via surface flow and through catch basins and drainage tiles and ultimately flows into the Ohio River approximately 5.5 miles from the Eisenbarth Well Pad.

4. The Ohio River, Opossum Creek and the unnamed tributaries of Opossum Creek are all "waters of the state" as that term is defined in ORC Section 6111.01.

5. The Ohio River has the following designated uses in Ohio's water quality standards pursuant to Ohio Administrative Code 3745-1-32: aquatic life use of warmwater habitat; agricultural water supply, industrial water supply and bathing water supply.

6. Opossum Creek has the following designated uses in Ohio's water quality standards pursuant to Ohio Administrative Code 3745-1-13: aquatic life use of warmwater habitat; agricultural water supply, industrial water supply and primary contact recreation.

7. Opossum Creek is also categorized as a Superior High Quality Water under Ohio's antidegradation rule, as defined in Ohio Administrative Code (OAC) Rule 3745-1-05.

8. Pursuant to OAC Rule 3745-1-07(A)(4)(a), the "Inside Mixing Zone Maximum" and "Outside Mixing Zone Maximum" water quality criteria identified for the warmwater habitat use designation apply to water bodies not assigned an aquatic life use designation. These standards apply to the unnamed tributaries of Opossum Creek.

June 28, 2014 Explosion and Fire

9. On June 28, 2014, over 40 tanks, trucks, totes and drums were located on the Eisenbarth Well Pad related to hydraulic fracturing operations. These tanks, trucks, totes and drums held a number of materials, which included but are not limited to: diesel fuel, motor oil, hydraulic oil, mineral oil, hydrochloric acid (28% by volume), ethylene glycol, hydrotreated light petroleum distillate, terpenes, terpenoids, isopropanol, polyoxyalkylenes, paraffinic solvents, and a chemical used as a biocide that contained tributyl tetradecyl phosphonium chloride.

10. At approximately 9:00 am on June 28, 2014, a fire, followed by an explosion, occurred at the Eisenbarth Well Pad. Most of tanks, trucks, totes and drums were compromised in the fire, and the contents, which included the materials listed in Finding 9, were released.

11. On June 28, 2014, subsequent to the explosions and the fire that engulfed the crane on the well pad, fluid that had been located above the surface of the Eisenbarth Well Pad and that had been pumped down the well as part of hydraulic fracturing operations flowed back up the well and onto the well pad uncontained.

12. Local firefighters arrived at the Eisenbarth Well Pad at approximately 9:40 am EDT on June 28, 2014 and began efforts to contain the fire. In addition, a water curtain was utilized to prevent the fire from compromising a trailer containing compressed gas cylinders and the oxidizer located underneath the trailer.

13. Runoff from the Eisenbarth Well Pad at and after 9:00 am EDT on June 28, 2014 included materials that had been located on the Eisenbarth Well Pad, fluid from the well head as described, and water from the firefighting processes.

14. Upon establishing unified command of the incident, two tactical objectives were established: extinguishing the fire and controlling the ongoing release of flow back water. To that end, unified command determined that constructing a berm around the well pad would serve to accomplish both objectives.

15. The berm was completed on or around June 30, 2014. Additionally, two drain pipes were plugged to prevent releases of runoff from the well pad and a catch basin was converted to a collection sump for all pad fluids.

16. Until the berm was completed, water from the firefighting efforts and hydraulic fracturing water from the well were not contained on the well pad and were discharged to an unnamed tributary of Opossum Creek.

17. In conjunction with the incident response, extensive water quality sampling occurred to determine potential impacts on water quality.

18. The Table below sets forth results of water quality sampling conducted subsequent to the fire.

Sample ID	Client Sample ID	Collection Date	Parameter	Limit (ug/l)	Value (ug/l)	Basis for Standard
HAOH0629SW002	SW002	6/29/14	Barium	220	637	OEPA Aquatic Life OMZA
HAOH0629SW002	SW002	6/29/14	Lithium	440	503	OEPA Aquatic Life OMZA
HAOH0629SW002	SW002	6/29/14	2-Methyl naphthalene		974	OEPA Aquatic Life
				340		IMZM
				170		OMZM
				19		OMZA
HAOH0629SW002	SW002	6/29/14	Naphthalene		313	OEPA Aquatic Life
				170		OMZM
				21		OMZA
HAOH0629SW002	SW002	6/29/14	Phenanthrene		157	OEPA Aquatic Life
				61		IMZM

				31 2.3		OMZM OMZA
HAOH0629SW002	SW002	6/29/14	Pyrene		152	OEPA Aquatic Life
				83		IMZM
				42		OMZM
				4.6		OMZA
HAOH0629SW002	SW002	6/29/14	Ethylbenzene	61	65.5	OEPA Aquatic Life OMZA
HAOH0629SW002	SW002	6/29/14	Toluene	62	93.3	OEPA Aquatic Life OMZA
HAOH0629SW002	SW002	6/29/14	Xylene (total)		394	OEPA Aquatic Life
				240		OMZM
				27		OMZA
HAOH0629SW002	SW002	6/29/14	TPH	10 mg/l	730 mg/l	OEPA Aesthetics OMZM from Table 7-11

HAOH0629SW003	SW003	6/29/14	Barium	220	594	OEPA Aquatic Life OMZA
HAOH0629SW003	SW003	6/29/14	Lithium	910 440	1120	OEPA Aquatic Life OMZM OMZA
HAOH0629SW003	SW003	6/29/14	Acetone	1700	5770	OEPA Aquatic Life OMZA
HAOH0629SW003	SW003	6/29/14	Copper	10.9	14	OEPA Aquatic Life OMZA
1406874-02	WTR-01	6/28/14	Naphthalene	21	180	OEPA Aquatic Life OMZA
1406874-02	WTR-01	6/28/14	p-Isopropyltoluene	300 150 16	5,000	IMZM OMZM OMZA (All are OEPA Aquatic Life)

1406874-02	WTR-01	6/28/14	Toluene	62	100	OEPA Aquatic Life OMZA
1406874-02	WTR-01	6/28/14	Xylenes (Total)	27	89	OEPA Aquatic Life OMZA for Total Xylenes

19. OAC Rule 3745-1-04 provides, in part, that the following general water quality criteria shall apply to all surface waters of the state including mixing zones: To every extent practical and possible as determined by the Director, these waters shall be: (A) Free from suspended solids or other substances that enter the waters as a result of human activity and that will settle to form putrescent or otherwise objectionable sludge deposits, or that will adversely affect aquatic life; and (C) Free from materials entering the waters as a result of human activity producing color, odor or other conditions in such a degree as to create a nuisance.

20. On June 29 and 30, 2014, the Ohio Department of Natural Resources Division of Wildlife investigated and reported dead aquatic life, including, but not limited to, fish, salamanders, and crayfish in the unnamed tributary of Opossum Creek downstream of the Eisenbarth Well Pad and in Opossum Creek downstream of the Eisenbarth Well Pad until approximately one-half mile upstream of its confluence with the Ohio River. The fish kill was estimated to involve more than 60,000 fish over approximately five miles of stream.

21. Pursuant to ORC § 6111.07(A), no person shall violate or fail to perform any duty imposed by sections 6111.01 to 6111.08 of the Revised Code or violate any order, rule, or term or condition of a permit issued or adopted by the director of environmental protection pursuant to those sections. Each day of violation is a separate offense.

22. As set forth in findings 18 through 20, Respondent violated Ohio's water quality standards established in Ohio Administrative Code Chapter 3745-1and thereby violated ORC 6111.07(A).

Well Pad Slope Failure

23. Construction of the Eisenbarth well pad began in December of 2010 by the site's former owner, Protégé Energy.

24. An inspection by Ohio EPA and the Ohio Department of Natural Resources on March 15, 2011, documented a slope failure had occurred at the Eisenbarth well pad site that resulted in impacts to a unnamed tributary to Opossum Creek. At the time of that inspection it was estimated that 170 feet of stream had been impacted.

25. A Notice of Violation (NOV) dated March 25, 2011 was issued to the owner at the time, Protégé Energy.

26. Subsequent inspections by the United States Army Corps of Engineers, and Ohio EPA revealed additional impacts due to the installation of a rock toe buttress to stabilize the slope. In total, approximately 635 feet of stream had been impacted with fill material. An NOV citing these additional impacts was issued on September 24, 2012.

27. On May 5, 2015, Ohio EPA issued Respondent a 401 Water Quality Certification that officially authorized these impacts. As a condition of the certification, Respondent was required to purchase 1,905 feet of stream mitigation credit for the Nature Conservancy's In Lieu Fee Program.

28. In accordance with ORC § 6111.04, no person may discharge any pollutant or cause, permit, or allow a discharge of any pollutant to waters of the state without applying for and obtaining a valid permit.

29. Pursuant to ORC § 6111.07(A), no person shall violate or fail to perform any duty imposed by sections 6111.01 to 6111.08 of the Revised Code or violate any order, rule, or term or condition of a permit issued or adopted by the director of environmental protection pursuant to those sections. Each day of violation is a separate offense.

30. Each day that fill material remained in the unnamed stream without a valid certification is a violation of ORC § 6111.04.

31. Compliance with ORC Chapter 6111 is not contingent upon the availability or receipt of financial assistance.

32. The Director has given consideration to and based his determination on, evidence relating to the technical feasibility and economic reasonableness of complying with these Orders and to evidence relating to conditions calculated to result from compliance with these Orders, and its relation to the benefits to the people of the State to be derived from such compliance in accomplishing the purposes of ORC Chapter 6111.

V. ORDERS

1. Within thirty days (30) after the effective date of these Orders, Respondent shall submit to Ohio EPA, Division of Surface Water, Southeast District Office a copy of its Emergency Response Plan required under the ODNR, Division of Oil and Gas Resource Management Compliance Agreement. If Ohio EPA provides written comments to Respondent's Emergency Response Plan, Respondent shall submit to Ohio EPA a revised plan or other written response to comments within one (1) month after receipt. The Emergency Response Plan shall be reviewed annually by the Respondent and updated if needed until drilling and completion operations are concluded.

2. Respondent is hereby assessed a civil penalty of $131,805.00 pursuant to ORC Chapter 6111. Within thirty (30) days after the effective date of these Orders, payment to Ohio EPA shall be made by an official check made payable to "Treasurer, State of Ohio" for the total amount of $56,805.00. The official check shall be submitted to Carol Butler, or her successor, together with a letter identifying the Respondent, to:

   Office of Fiscal Administration
   Ohio Environmental Protection Agency
   P.O. Box 1049
   Columbus, Ohio 43216-1049

   A Photocopy of the check shall be sent to:

   Mark Mann
   Ohio EPA
   Division of Surface Water
   P.O. Box 1049
   Columbus, Ohio 43216-1049

3. In lieu of paying $75,000.00 of the civil penalty, Respondent shall, within thirty (30) days of being directed in writing by Ohio EPA, remit $75,000.00 to a recipient designated by Ohio EPA to fund a supplemental environmental project

(SEP). The SEP will provide funding for equipment and training needs for local first responders in Monroe County that will aid them in future emergency incidents in the county.

4. Should Respondent fail to fund the SEP within the required time frame set forth in Order No. 3, Respondent shall immediately pay to Ohio EPA the remaining $75,000.00 of the civil penalty in accordance with the procedures in Order No. 2.

VI. TERMINATION

Respondent's obligations under these Orders shall terminate when Respondent certifies in writing and demonstrates to the satisfaction of Ohio EPA that Respondent has performed all obligations under these Orders and the Chief of Ohio EPA's Division of Surface Water acknowledges, in writing, the termination of these Orders. If Ohio EPA does not agree that all obligations have been performed, then Ohio EPA will notify Respondent of the obligations that have not been performed, in which case Respondent shall have an opportunity to address any such deficiencies and seek termination as described above.

The certification shall contain the following attestation: "I certify that the information contained in or accompanying this certification is true, accurate and complete."

This certification shall be submitted by Respondent to Ohio EPA and shall be signed by a responsible official of Respondent. For purposes of these Orders, a responsible official is defined in OAC Rule 3745-33-03(F).

VII. OTHER CLAIMS

Nothing in these Orders 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 or corporation, not a party to these Orders, for any liability arising from, or related to activities occurring on or at the site.

VIII. OTHER APPLICABLE LAWS

All actions required to be taken pursuant to these Orders shall be undertaken in accordance with the requirements of all applicable local, state and federal laws and regulations. These Orders do not waive or compromise the applicability and enforcement of any other statutes or regulations applicable to Respondent.

IX. MODIFICATIONS

These Orders may be modified by agreement of the parties hereto. Modifications shall be in writing and shall be effective on the date entered in the journal of the Director of Ohio EPA.

X. RESERVATION OF RIGHTS

Ohio EPA and Respondent each reserve all rights, privileges and causes of action, except as specifically waived in Section XII of these Orders.

Respondent shall not invoke the fact that these Findings and Orders exist as a defense against any subsequent enforcement action under the Federal Water Pollution Control Act or any other federal environmental law by the United States Environmental Protection Agency related to the subject matter herein, except for those violations specifically alleged in Findings 22 and 30 of these Orders.

XI. NO ADMISSION OF FACT, VIOLATION, OR LIABILITY

Respondent does not admit or agree to any of the facts alleged herein, or any violations or liability allegedly arising from such factual allegations. Solely to resolve disputed claims, and in lieu of further enforcement action by Ohio EPA for only the violations specifically cited in these Orders, Respondent consents to the issuance of these Orders and agrees to comply with these Orders. Compliance with these Orders shall be a full accord and satisfaction for Respondent's liability for the violations specifically cited herein.

XII. WAIVER

Respondent hereby waives the right to appeal the issuance, terms and conditions, and service of these Orders and Respondent hereby waives any and all rights Respondent may have to seek administrative or judicial review of these Orders either in law or equity.

Notwithstanding the preceding, Ohio EPA and Respondent agree that if these Orders are appealed by any other party to the Environmental Review Appeals Commission, or any court, Respondent retains the right to intervene and participate in such appeal. In such an event, Respondent shall continue to comply with these Orders notwithstanding such appeal and intervention unless these Orders are stayed, vacated or modified.

XIII. EFFECTIVE DATE

The effective date of these Orders is the date these Orders are entered into the Ohio EPA Director's journal.

XIV. SIGNATORY AUTHORITY

Each undersigned representative or a party to these Orders certifies that he or she is fully authorized to enter into these Orders and to legally bind such party to these Orders.

IT IS SO ORDERED AND AGREED:

Ohio Environmental Protection Agency

Craig W. Butler, Director

11/4/15
Date

IT IS SO AGREED:

Statoil USA Onshore Properties, Inc.

Signature

10/16/15
Date

THOMAS E. GOTTSEGEN, CHIEF LEGAL COUNSEL
Printed or Typed Name and Title