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Citation 1994 Investment Limited  
Partnership

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF WYOMING

\_\_\_\_\_  
UNITED STATES OF AMERICA,  
  
Plaintiff,  
  
v.  
  
CITATION OIL & GAS CORP., and  
CITATION 1994 INVESTMENT LIMITED  
PARTNERSHIP,  
  
Defendants.  
\_\_\_\_\_

Civil Action No. 09-CV-03

**CONSENT DECREE**

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**WHEREAS**, Plaintiff United States of America, on behalf of the United States Environmental Protection Agency (“EPA”), has filed a Complaint in this action concurrently with this Consent Decree against related Defendants, Citation Oil & Gas Corp., and Citation 1994 Investment Limited Partnership (hereinafter collectively, “Defendants”). The Complaint alleges that Defendants are liable for civil penalties and injunctive relief pursuant to the Clean Water Act (“CWA”), 33 U.S.C. § 1251 - 1387, arising from Defendants’ June 19, 2004 discharge of oil into the North Fork Powder River and adjoining shorelines from Defendants’ Oil Production Facility (“Facility”) in Johnson County, Wyoming and for Defendants’ failure to prepare and fully implement an adequate Spill Prevention Control and Countermeasures Plan (“SPCC Plan”) for the Facility as required by Section 311(j) of the CWA, 33 U.S.C. § 1321(j), and 40 C.F.R. Part 112;

**WHEREAS**, on or about June 19, 2004, approximately 597 barrels of oil, including crude and produced water, were discharged from Defendants’ Facility as a result of a rupture in a buried flow line. The discharge resulted from corrosion that caused the failure of a victaulic coupling on the buried flow line. Some of the discharged oil, in amounts which may be “harmful,” 40 C.F.R. § 110.3, flowed into the North Fork Powder River and onto adjoining shorelines.

**WHEREAS**, Plaintiff alleges that Defendants’ SPCC Plan for the Facility was inadequate;

**WHEREAS**, in addition to the work to be undertaken pursuant to this Consent Decree, Defendants represent that they have taken the following steps to decrease the likelihood of other such discharges: installed Murphy Switches on all operating wells in the Cellers Ranch Field; and enlarged two preexisting catch basins located in the area down gradient from Defendants' pipelines and up gradient from the North Fork Powder River;

**WHEREAS**, with respect to the discharge, Defendants have paid removal costs billed to date by the United States Coast Guard;

**WHEREAS**, this Consent Decree does not constitute an admission of either any facts or liability by Defendants; and

**WHEREAS**, the Parties recognize, and the Court by entering this Consent Decree finds, that this Consent Decree has been negotiated by the Parties in good faith, will avoid litigation between the Parties, and that this Consent Decree is fair, reasonable, and in the public interest.

**THEREFORE**, before taking testimony and without the adjudication or admission of any issue of fact or law, and with the consent of the Parties, **IT IS HEREBY ORDERED, ADJUDGED, AND DECREED** as follows:

**I. JURISDICTION AND VENUE**

1. This Court has jurisdiction over this action under Sections 309(b) and 311(b)(7)(E) of the CWA, 33 U.S.C. §§ 1319(b) and 1321(b)(7)(E), and 28 U.S.C. §§ 1331, 1345, and 1355. Venue is proper in the District of Wyoming pursuant to Sections 309(b) and 311(b)(7)(E) of the CWA, 33 U.S.C. §§ 1319(b) and 1321(b)(7)(E), and 28 U.S.C. §§ 1391 and

1395(a), because the acts or omissions giving rise to the claims alleged herein occurred in this district and because Defendants do business in this district. This Court also has personal jurisdiction over Defendants. Defendants consent to and shall not challenge entry of this Consent Decree or this Court's jurisdiction to enter, enforce, modify, or terminate this Consent Decree.

2. Notice of the commencement of this action has been given to the State of Wyoming concurrently with the filing of the Complaint and lodging of this Consent Decree, as required by CWA Section 309(b), 33 U.S.C. § 1319(b).

## **II. PARTIES BOUND**

3. The obligations of this Consent Decree apply to and are binding upon Defendants and any of their successors and assigns, or other entities or persons otherwise bound by law, and on the United States.

4. No transfer of ownership or operation of any Facility, whether in compliance with the procedures of this Paragraph or otherwise, shall relieve Defendants of their obligations to ensure that the terms of the Consent Decree are implemented. Defendants' transfer of ownership or operation of any portion of the Facility to any other person must be conditioned on the transferee's written agreement to undertake the obligations required by this Consent Decree, and such agreement shall be enforceable by the United States as third-party beneficiary.

a. At least thirty (30) days prior to such transfer, Defendants shall provide a copy of this Consent Decree to the proposed transferee and shall simultaneously provide written notice of the prospective transfer, together with a copy of the proposed written agreement, to EPA Region 8 and to the United States Department of Justice in accordance with Section XIII of this Consent Decree (Notification).

b. Any attempt to transfer ownership or operation of all or a portion of the Facility without complying with Paragraph 4 of this Consent Decree constitutes a violation of this Consent Decree.

5. Defendants shall provide a copy of this Consent Decree to all officers, employees, and agents, including Defendants' contractors and consultants, whose duties might reasonably include compliance with any provision of this Consent Decree, including any contractor retained to perform work required under this Consent Decree. Defendants shall condition performance of all work required by this Consent Decree on compliance with all terms of this Consent Decree.

6. In any action to enforce this Consent Decree, Defendants shall not raise as a defense the failure by any of their officers, directors, employees, agents, consultants, or contractors to take any actions necessary to comply with the provisions of this Consent Decree.

### **III. OBJECTIVE**

7. It is the express goal of the Parties in entering into this Consent Decree to have Defendants achieve compliance with the CWA at the Facility. All obligations under this Consent Decree shall be interpreted in a manner consistent with this goal.

### **IV. DEFINITIONS**

8. Except as specifically provided in this Paragraph, the definition of terms in the CWA and in 40 C.F.R. Parts 110 and 112 shall apply to this Consent Decree:

a. **"Day"** or **"Days"** shall mean a calendar day or days unless provided otherwise in this Consent Decree;

b. **"Document"** or **"Documents"** shall include all materials described in the Federal Rule of Civil Procedure, Rule 34(a)(1)(A);

c. **“Facility”** shall mean Defendants’ Cellers Ranch Unit and Cellers Well Nos. 12-24, 22-24 and 25-24 located in Johnson County, near Kaycee, Wyoming;

d. **“Interest”** shall mean interest at the rate specified in 28 U.S.C. § 1961;

e. **“In Use”** shall mean all buried Facility piping and other components and equipment referenced in Paragraph 19 of this Consent Decree used continuously, intermittently, or periodically in the operation of the Facility on or after the Effective Date of this Consent Decree;

f. **“Paragraph”** shall mean a portion of this Consent Decree identified by an Arabic numeral;

g. **“Parties”** shall mean the United States of America, Citation Oil & Gas Corp., and Citation 1994 Investment Limited Partnership; and

h. **“Section”** shall mean a portion of this Consent Decree identified by a Roman numeral.

#### V. CIVIL PENALTY

9. Within thirty (30) days of the Effective Date of this Consent Decree, Defendants shall pay to the United States a civil penalty of \$280,000, plus Interest accruing from the date that this decree was lodged with the Court for public comment pursuant to Paragraph 88. Defendants shall not deduct any civil penalties paid under this Section in calculating federal income tax.

10. If all or any part of the penalty specified in Paragraph 9 is not paid within thirty (30) days of the Effective Date, Defendants, in addition to the amount specified in Paragraph 9, shall pay Interest on any unpaid balance and be subject to stipulated penalties as provided in Section IX of this Consent Decree.

11. Payments under this Section shall be made by Fedwire Electronic Fund Transfer (“EFT”) in accordance with instructions provided by the Financial Litigation Unit of the U. S. Attorney’s Office for the District of Wyoming. Such monies are to be deposited in the Oil Spill Liability Trust Fund. The payment shall reference the Civil Action Number assigned to this case and DOJ Number, 90-5-1-1-08867, and shall specify that the payments are made toward CWA civil penalties to be deposited into the Oil Spill Liability Trust Fund pursuant to 33 U.S.C. § 1321(s), and 26 U.S.C. § 9509(b)(8). Any funds received after 11:00 a.m. Eastern Time shall be credited on the next business day. Defendants shall simultaneously provide notice of payment in writing, together with a copy of any transmittal documentation, in accordance with Section XIII of this Consent Decree (Notification) to EPA and the Department of Justice, and to the Coast Guard at the following address:

Lt. Commander, Michelle C. Bos, Legal Counsel  
National Pollution Funds Center  
United States Coast Guard  
4200 Wilson Boulevard , Suite 1000  
Arlington, Virginia 22203  
FPN: E04804

## **VI. INJUNCTIVE RELIEF**

### **A. Facility Inventory**

12. Within ninety (90) days of the Effective Date of this Consent Decree, Defendants shall prepare and submit to EPA, in accordance with Section VII (Review and Approval) and Section XIII (Notification), a written inventory for the Facility which identifies:

- a. all above-ground Facility components and equipment including, but not

limited to, tanks (including content and capacity), pipes, valves, pumps, emergency equipment, response kits and firefighting equipment, secondary containment structures, oil transfer areas, oil pits or ponds, storm drain inlets, transformers, mobile portable containers, treaters, couplings, free water knockouts, and wells and, to the extent that the information is readily available to Defendants, all other below-ground components and equipment; and

b. all below-ground Facility components and equipment including, but not limited to, pipes, valves, and couplings, that have been replaced by Defendants during the time Defendants have owned or operated the Facility and, to the extent that the information is readily available to Defendants, all other below-ground components and equipment.

13. For the components and equipment identified in Paragraph 12 of this Consent Decree, including below-ground components and equipment to the extent that the information is readily available to Defendants, the written inventory shall include:

a. For each pipe or pipe segment:

- (1) the material of which the pipe or segment is made, such as metal or fiberglass;
- (2) the location of segment couplings
- (3) the diameter, length, and age of each pipe or segment; and
- (4) the depth of cover for buried pipes.

b. The location and type of all alarms, pressure sensing devices, check meters, and flow volume meters.

14. Within sixty (60) days of completion of the Facility Line Survey required by

Section VI.C. of this Consent Decree, Defendants shall update the Facility Inventory to include all information obtained in the Facility Line Survey and submit the revised Facility Inventory to EPA in accordance with Section VII (Review and Approval) and Section XIII (Notification). Thereafter, within sixty (60) days of any change in the capacity, composition, or configuration of the Facility, Defendants shall update the Facility Inventory.

15. Defendants shall include the Facility Inventory, as updated or corrected in accordance with this Section, as an appendix to the Facility's SPCC Plan.

B. Facility Diagram

16. Within one hundred and eighty (180) days of the Effective Date of this Consent Decree, Defendants shall prepare and submit to EPA, in accordance with Section VIII (Review and Approval) and Section XIII (Notification), a Facility Diagram for the Facility which represents in map form all components and equipment identified in the Facility Inventory conducted pursuant to Section VI.A. of this Consent Decree, information on the topography of the area, and the location of water bodies, man-made features such as roads, bridges and buildings, and any other existing environmental features identified in Exhibit C. Defendants may include additional environmental or other features on the Facility Diagram. The Facility Diagram shall also include compass directions and a legend that indicates scale and identifies symbols used in the diagram. Defendants shall submit the map both in hard copy and AutoCAD in the .dwg format (AutoCAD drawing format).

17. Within sixty (60) days of completion of the Facility Line Survey required by Section VI.C. of this Consent Decree, Defendants shall update the Facility Diagram to include all

information obtained in the Facility Line Survey and submit the revised Facility Diagram to EPA in accordance with Section VII (Review and Approval) and Section XIII (Notification).

Thereafter, within sixty (60) days of any change in the capacity, composition, or configuration of the Facility, or of learning of any significant changes to topography, man-made features, or other environmental features, Defendants shall update the Facility Diagram.

18. Defendants shall include the Facility Diagram, as updated or corrected in accordance with this Section, as an appendix to the Facility's SPCC Plan.

C. Facility Line Survey

19. Within one hundred and eighty (180) days of the Effective Date of this Consent Decree, Defendants shall complete a line survey of all buried pipeline ("Facility Line Survey") at the Facility in accordance with Exhibit A. At a minimum, the Facility Line Survey shall identify the location of all buried metal and fiberglass piping In Use at the Facility. To the extent practicable and technologically feasible, the Facility Line Survey shall also locate other below ground Facility components and equipment In Use at the Facility and shall include the depth and Global Positioning System ("GPS") coordinates of any identified below ground pipe or other below ground components, and equipment. The Facility Line Survey shall employ radio frequency technology to locate below ground pipe In Use at the Facility and, to the extent practicable and technologically feasible, other below ground Facility components and equipment In Use at the Facility. A scope of work for the Facility Line Survey is attached hereto as Exhibit A. Should radio frequency surveying or such other measures described by Defendants in the attached scope of work be inadequate to locate all buried In Use metal and fiberglass piping,

Defendants shall employ other practicable technology capable of locating all In Use buried metal and fiberglass piping to complete the Facility Line Survey. Defendants may use an alternative technology if it is first approved in writing by EPA.

20. Information collected during the Facility Line Survey shall be compiled in a Facility Line Survey Report. The Facility Line Survey Report shall summarize all information specified in Paragraph 19 and in Exhibit A and shall also include an informative description of the work performed in conjunction with the Facility Line Survey. In accordance with Section VII (Review and Approval) and Section XIII (Notification) of this Consent Decree, Defendants shall submit a copy of the Facility Line Survey Report to EPA within sixty (60) days from completion of the field work for the survey. Defendants shall, upon request, make available to EPA for review all Documents underlying the Facility Line Survey Report.

D. Facility Inspection, Maintenance, and Replacement Plan

21. Within one hundred and eighty (180) days of the Effective Date of this Consent Decree, Defendants shall submit to EPA in accordance with Section VII (Review and Approval) and Section XIII (Notification) of this Consent Decree, a Facility Inspection, Maintenance, and Replacement Plan. The Facility Inspection, Maintenance, and Replacement Plan shall be designed to prevent or minimize discharges from all components and equipment identified in the Facility Inventory and to provide for the timely inspection, maintenance, and replacement of the foregoing components and equipment. Notwithstanding the review and approval provisions of Section VII (Review and Approval) of this Consent Decree, Defendants shall implement the Facility Inspection, Maintenance, and Replacement Plan immediately upon submission of the

plan to EPA pursuant to this Paragraph. If any portion of the plan is disapproved by EPA pursuant to Section VII (Review and Approval) of this Consent Decree, Defendants shall make modifications to address EPA's objections and shall subsequently implement the plan as modified.

22. The inspection component of the Facility Inspection, Maintenance, and Replacement Plan shall meet the requirements of 40 C.F.R. §§ 112.7 and 112.9 and shall at a minimum include:

a. A schedule for inspecting the following on at least a daily basis:

(1) all above-ground Facility components and equipment, to determine whether such components are functioning properly and are not leaking;

(2) the ground surface immediately above and adjacent to all buried Facility components and equipment, including flowlines and gathering lines, to look for any indication that the integrity of the buried components or equipment is compromised;

(3) all nearby water bodies, to look for evidence of spills, including spills from underground pipes and piping; and

b. A schedule to conduct testing, at least once every one hundred and eighty (180) days, of pressure sensing devices and shut-in devices to ensure proper operation of those devices.

23. The Facility Inspection, Maintenance, and Replacement Plan shall also include:

a. Standardized inspection elements and reporting and record keeping forms and procedures;

b. A facility notification protocol to ensure that Defendants immediately notify the National Response Center (“NRC”) as soon as either Defendant, or either Defendant’s contractors, agents, or employees, have knowledge of a spill that might be in violation of section 311(b)(3) of the Act, 33 U.S.C. § 1321(b)(3);

c. Procedures to ensure that problems identified during inspections are promptly and appropriately addressed;

d. Procedures to evaluate and document component and equipment malfunctions, including Murphy switch malfunctions, and actions taken in response to the malfunction; and

e. Procedures to investigate whether discrepancies in Lease Automatic Custody Transfer (“LACT”) system volumes might indicate a leak or spill and a procedure to document the investigation and actions taken.

24. The maintenance component of the Facility Inspection, Maintenance, and Replacement Plan shall at a minimum meet the requirements of 40 C.F.R. §§ 112.7 and 112.9 and shall at a minimum include:

a. A schedule for routine maintenance and component and equipment replacement;

b. Standard operating procedures;

c. Written repair and replacement criteria for all Facility components that affect the potential for a discharge and a process to ensure timely repair or replacement in accordance with the written criteria;

d. Methods to verify that facility components and equipment (including facility sensors and alarms) are functioning properly and reliably;

e. Methods to prevent and/or mitigate internal and external corrosion in above and below ground facility components and equipment; and

f. Documentation of all maintenance activities in a log book and forms with entries for each maintenance activity that includes the name of the person who performed the activity and contact information, date and time of activity, description of activity, any problems that are identified and actions taken to remedy them.

25. The Facility Inspection, Maintenance, and Replacement Plan shall also include a process to evaluate the root cause(s) of any failure of any above-ground or below-ground Facility component or equipment, including flow lines, gathering lines, valves and couplings, that results in a discharge in excess of one (1) barrel of oil, including crude and/or produced water or a mixture thereof. The root cause failure analysis shall include an evaluation of the cause(s) of the failure (using analytical methodologies and technical analyses, including an evaluation of the effectiveness of engineering, management, and operating practices, that are appropriate in light of the nature and complexity of the failure), recommendations to prevent a similar failure from recurring, and a schedule to implement the recommendations.

26. The Facility Inspection, Maintenance, and Replacement Plan shall also include a process to integrate the information gathered about the condition of Facility components and equipment from inspections, integrity tests, risk management analysis, and other sources, into a database that will assist Defendants in identifying potential risks of failures and to schedule and

track inspection, maintenance, repair and replacement requirements.

27. Defendants shall update the Facility Inspection, Maintenance, and Replacement Plan within sixty (60) days of any change in the capacity, composition, or configuration of the Facility. Defendants shall include the Facility Inspection, Maintenance, and Replacement Plan, as updated or corrected in accordance with this Section, as an appendix to the Facility's SPCC Plan.

E. Buried Line Integrity Testing

28. The objective of the Buried Line Integrity Test shall be to determine, for all buried Facility components and equipment identified in the Facility Inventory, as updated by the Facility Line Survey, whether there are leaks from any of the components and equipment and, to the extent practicable and technologically feasible, to identify conditions in buried Facility components or equipment that, if not rectified, may result in leaks from the buried components or equipment, and then to propose and implement solutions for any identified leaks or threats of leaks.

29. Within one hundred and eighty (180) days of the Effective Date of this Consent Decree, Defendants shall submit to EPA, in accordance with Section VII (Review and Approval) and Section XIII (Notification) of this Consent Decree, a Buried Line Integrity Test proposal (using non-destructive evaluation methods of all buried components and equipment at Defendants' Facility) sufficient to satisfy the objective in Paragraph 28. The proposal shall include a schedule for commencing implementation of the integrity testing within sixty (60) days of approval by EPA and shall provide for test completion within one hundred and eighty (180) days of the commencement of integrity testing.

30. Within sixty (60) days of the completion of the Buried Line Integrity Test field work, Defendants shall:

a. submit, in accordance with Section XIII (Notification) of this Consent Decree, the results of the Buried Line Integrity Test;

b. develop and submit, in accordance with Section VII (Review and Approval) and Section XIII (Notification) of this Consent Decree, all test findings and recommendations for corrective action; and

c. submit, in accordance with Section VII (Review and Approval) and Section XIII (Notification) of this Consent Decree, a plan and schedule to address and implement the findings and recommendations for corrective action. Where a discharge is or may be imminent, notwithstanding the requirement of this subparagraph that the plan and schedule must be submitted pursuant to Section VII of this Consent Decree for review and approval by EPA, Defendants shall implement the findings and recommendations for corrective action without delay.

31. Defendants shall select the method of integrity testing in accordance with sound engineering judgment and applicable or analogous industry standards and practices.

32. Defendants shall perform repeated integrity testing of all buried Facility components or equipment at five (5) year intervals commencing from the date of completion of the first Buried Line Integrity Test. Such testing shall be consistent in all respects with the initial Buried Line Integrity Test.

F. Risk Management Analysis

33. Within one hundred and eighty (180) days of the Effective Date of this Consent Decree, Defendants shall develop and implement a Risk Management Analysis Plan. As part of this plan, Defendants shall once every twelve (12) months conduct a risk management analysis using information gathered from the inspection, maintenance, and integrity testing programs required under this Consent Decree as well as any other information in Defendants' possession, in order to:

- a. evaluate the effectiveness of current inspection and maintenance procedures and identify changes or improvements to those procedures which would likely minimize the chance of a leak or other discharge or mitigate the magnitude or impact of such a leak or other discharge;
- b. evaluate the performance of the Facility operator and the Facility operator's compliance with written methods and procedures; and
- c. in the event of a discharge in excess of one (1) barrel, perform a root cause analysis pursuant to Paragraph 25 of this Consent Decree of the cause of the discharge and, where appropriate, implement corrective action to prevent discharges that may occur from the same or similar root cause(s). Defendants shall perform the root cause analysis within sixty (60) days of the discharge, and implement appropriate corrective action immediately.

34. Within sixty (60) days of implementation of the Risk Management Analysis Plan required pursuant to Paragraph 33 of this Consent Decree, Defendants shall submit to EPA, in accordance with Section XIII (Notification) of this Consent Decree, a report containing the

findings and recommendations of the Risk Management Analysis Plan. The report shall also identify the corrective measures implemented by Defendants to address the findings and recommendations of the Risk Management Analysis Plan.

G. Training Program

35. Within ninety (90) days of the Effective Date of this Consent Decree, Defendants shall develop and implement procedures to ensure that all facility personnel, contractors, and consultants are familiar with operation, inspection, maintenance, repair/replacement, record keeping, reporting, and spill notification procedures, and the location of all facility components and equipment, including above ground and buried flow lines and gathering lines, and are familiar with all other procedures required pursuant to this Consent Decree.

36. A copy of the procedures shall be provided to EPA, in accordance with Section XIII (Notification) of this Consent Decree, along with the annual report required pursuant to Paragraph 43 of this Consent Decree.

H. SPCC Plan

37. Within ninety (90) days of the Effective Date of this Consent Decree, Defendants shall submit to EPA, in accordance with Section VII (Review and Approval) and Section XIII (Notification) of this Consent Decree, a revised Facility SPCC Plan which addresses those plan deficiencies listed in Exhibit B of this Consent Decree.

**VII. REVIEW AND APPROVAL**

38. For any plan, test, protocol, or other Document required under this Consent Decree to be submitted to EPA in accordance with this Section, Defendants shall follow the procedures set forth in this Section.

39. Defendants shall submit the Document to EPA for review. EPA may, in its discretion: (a) approve, in whole or in part, the submission; (b) approve the submission upon specified conditions; (c) disapprove, in whole or in part, the submission, directing Defendants to modify the submission; or (d) any combination of the above. A disapproval under (c) or (d) of this Paragraph will set forth the reasons for the deficiencies in sufficient detail for Defendants to correct the deficiencies.

40. Upon receipt of a notice of disapproval, in whole or in part, of a submission made pursuant to this Consent Decree, Defendants shall, within forty five (45) days, or such longer time as specified by EPA in such notice or agreed to in writing by EPA, revise the submission to address EPA's objections and resubmit the submission to EPA for approval, subject to Defendants' right to invoke Dispute Resolution pursuant to Section XII (Dispute Resolution).

41. Any portion of the submission that is not specifically disapproved by EPA in a notice of disapproval shall be considered approved and Defendants shall proceed to implement the approved portion of the Document, provided that implementation of the approved portion of the Document is not dependent upon implementation of the disapproved portion, and provided further that any submission approved upon conditions shall be subject to Defendants' right to invoke Dispute Resolution pursuant to Section XII (Dispute Resolution). Implementation of the approved portion of the Document shall not relieve Defendants of liability for stipulated penalties under Section IX (Stipulated Penalties).

42. In the event that a resubmitted Document, or portion thereof, is again disapproved by EPA, EPA may again require Defendants to implement changes to address EPA's concerns, in

accordance with the preceding paragraphs. EPA may also modify the resubmitted Document to cure the specific deficiencies identified by EPA, subject to Defendants' right to invoke Dispute Resolution pursuant to Section XII (Dispute Resolution).

43. The United States does not, by its consent to entry of this Consent Decree, warrant in any manner that the Defendants' compliance with this Consent Decree will result in compliance with the provisions of applicable federal, state or local laws, regulations or permit conditions. Notwithstanding the United States' review and approval of any data, reports or plans formulated pursuant to this Consent Decree, the Defendants shall remain solely responsible for compliance with such provisions.

#### **VIII. COMPLIANCE, REPORTING AND RECORD KEEPING**

##### **A. Annual Reports.**

44. Defendants shall report to EPA annually on the status of all actions required under Section VI (Injunctive Relief) of this Consent Decree. The Annual Report shall be provided to EPA on or before February 15<sup>th</sup> each year for the previous calendar year, starting on February 15, 2009 and continuing until the Termination of this Consent Decree. If Defendants are not in compliance with any requirement of Section VI of this Consent Decree, the annual report shall identify the area(s) of non-compliance, the circumstances which have led to non-compliance and a plan and schedule under which Defendants propose to correct the non-compliance.

45. The Annual Report shall include a report of any oil spill (including spills of produced water) at or from Defendants' Facility of one (1) or more barrels, or any oil spill (including spills of produced water) that reaches any waters of the United States or adjoining

shorelines. This portion of the report shall be in a form agreed to by the Parties and shall list:

- a. spill date;
- b. National Response Center identification number (if applicable);
- c. narrative description of spill location;
- d. from what piece of equipment the spill occurred;
- e. spill material and quantity spilled;
- f. quantity recovered;
- g. distance spill traveled;
- h. when observed and name of observer;
- i. name of flowing water spill entered (if applicable);
- j. cause of spill;
- k. descriptions of actions taken or planned to address spill cause and prevent future spills from similar causes; and
- l. description of any environmental impacts from spill.

B. Record Keeping.

46. Defendants shall maintain at the Facility copies of all plans and reports required pursuant to this Consent Decree, including the Facility inspection documents compiled pursuant to Section VI.D. of this Consent Decree. Further, Defendants shall retain and shall instruct their contractors and agents to preserve all underlying Documents from which they have compiled any report or other submission required by this Consent Decree, any other Documents related to Decree implementation, and all non-identical copies of all such Documents, within their or their contractors' or agents' possession or control, or that come into their or their contractors' or agents' possession or control, that relate to Defendants' performance of their obligations under this Consent Decree. All of the foregoing Documents shall be retained until five (5) years after Termination of this Consent Decree in accordance with Paragraph 85. At the conclusion of the information-retention period, Defendants shall notify EPA at least ninety (90) days prior to the destruction of any Documents subject to the requirements of this Paragraph. At any time during

this information-retention period, upon request by EPA, Defendants shall deliver any such Documents, or copies thereof, to EPA that are not otherwise subject to legal privileges or attorney work product protections. Defendants shall identify to EPA any document(s) withheld pursuant to the preceding sentence and shall provide to EPA a statement of the legal and factual basis upon which the document(s) is/are being withheld.

47. The reporting requirements of this Consent Decree do not relieve Defendants of any reporting obligations required by the CWA, its implementing regulations, or any other local, state, or federal law or requirement.

48. Any information provided pursuant to this Consent Decree may be used by the United States in a proceeding to enforce the provisions of this Consent Decree, or as otherwise permitted by law.

#### **IX. STIPULATED PENALTIES**

49. Defendants shall be liable for stipulated penalties for all violations of this Consent Decree, unless excused under Section XI (Force Majeure). A violation includes failure to perform any obligation required by the terms of this Consent Decree, including any injunctive relief, according to all applicable requirements of this Consent Decree and within the specified time schedules established by the Consent Decree. Stipulated Penalties under this Section shall be paid in accordance with Paragraph 57 of this Consent Decree. Except for the Stipulated Penalty in Paragraph 50 of this Consent Decree that relates to the late payment of the Civil Penalty, the stipulated penalty per violation, per day of noncompliance shall be:

<u>Period of Delay or Non-Compliance</u>	<u>Penalty per day</u>
1 <sup>st</sup> through 14 <sup>th</sup> day after deadline	\$ 500
15 <sup>th</sup> through 30 <sup>th</sup> day after deadline	\$1,000
31 <sup>st</sup> through 60 <sup>th</sup> day after deadline	\$1,500
Beyond 60 <sup>th</sup> day after deadline	\$2,500

50. Late Payment of Civil Penalty. Defendant shall pay stipulated penalties of \$1,500 for each day the payment is late for failure to timely pay the civil penalty, and Interest, as required by Paragraph 9. Late payment of the obligations stated in Section V (Civil Penalties) shall be made in accordance with payment instructions in that Section. Stipulated Penalties under this Paragraph shall be paid as stated in this Section.

51. Stipulated Penalties under this Section shall accrue simultaneously for separate violations of this Consent Decree, shall begin to accrue on the day after performance is due, and shall continue to accrue until performance is satisfactorily completed. Nothing in this Section shall be construed to limit the United States from seeking any remedy otherwise provided by law for Defendants' failure to pay any stipulated penalties.

52. Defendants shall pay any Stipulated Penalty within thirty (30) days of receiving a written demand from EPA.

53. The United States may, in the unreviewable exercise of its discretion, reduce or waive Stipulated Penalties otherwise due to it under this Consent Decree.

54. If Defendants fails to pay Stipulated Penalties owed pursuant to this Consent Decree when due, Defendants shall pay Interest on the late payment for each day of late payment.

55. If Defendants dispute their obligation to pay part or all of a stipulated penalty, they shall initiate the dispute resolution procedures under Section XII (Dispute Resolution). If

Defendants invoke dispute resolution, Defendants shall pay to the United States any amount not in dispute.

56. Stipulated Penalties and Interest shall continue to accrue during any Dispute Resolution. If the dispute is resolved by agreement, Defendant shall pay accrued penalties determined to be owing, together with Interest, to the United States within thirty (30) days of the effective date of that agreement. If the dispute is submitted to the Court for resolution and the United States prevails, Defendant shall pay all accrued penalties determined by the Court to be owing, together with Interest, within thirty (30) days of entry of the Court's decision or order.

57. Defendants shall pay stipulated penalties and Interest to the United States by EFT in accordance with the instructions to be provided by the Financial Litigation Unit of the U.S. Attorney's Office for the District of Wyoming.

58. Payment of stipulated penalties shall be accompanied by transmittal correspondence that specifies that the payment is for stipulated penalties due under this Consent Decree and shall reference DOJ No.90-5-1-1-08867 and the case name and number. Defendants shall send a copy of the transmittal correspondence to the United States as provided in Section XIII (Notification).

59. Defendants shall not deduct any stipulated penalties paid under this Section in calculating federal income tax.

60. The Stipulated Penalties provided for in this Consent Decree shall be in addition to any other rights, remedies, or sanctions available to the United States for Citation's violation of this Consent Decree, the CWA, or any other applicable law. Where a violation of this Consent

Decree is also a violation of the CWA, Defendant shall be allowed a credit, for any stipulated penalties paid, against any statutory penalties imposed for the same violation.

#### **X. RIGHT OF ENTRY**

61. The United States and its representatives, including attorneys, contractors, consultants, and other agents shall have, upon presentation of credentials, authority to enter the Facility covered by this Consent Decree, at all reasonable times to:

- a. monitor the progress of activities required under this Consent Decree;
- b. verify any data or information submitted to the United States in accordance with the terms of this Consent Decree;
- c. obtain evidence, including photographs, samples, or other data; and
- d. assess Defendants' compliance with this Consent Decree.

62. This Consent Decree in no way limits or otherwise affects any right of entry or inspection or any right to obtain information, held by EPA pursuant to applicable federal, state, or local laws, regulations, or permits.

#### **XI. FORCE MAJEURE**

63. Defendants shall perform the actions required under this Decree within the time limits set forth or approved herein, unless the performance is prevented or delayed solely by events which constitute a Force Majeure event. A Force Majeure event is defined as any event arising from causes beyond the control of Defendants, including their employees, agents, consultants and contractors, which could not be overcome by due diligence and which delays or prevents the performance of an action required by this Consent Decree within the specified time

period. "Due diligence" includes anticipating any potential force majeure event and addressing the effects of any such event (a) as it is occurring and (b) after it has occurred, to prevent or minimize any resulting delay to the greatest extent possible. A Force Majeure event does not include, inter alia, increased costs of performance, changed economic circumstances, changed labor relations, normal precipitation or climate events, changed circumstances arising out of the sale, lease or other transfer or conveyance of title or ownership or possession of a site, or failure to obtain federal, state or local permits.

64. Defendant shall provide notice verbally or by electronic or facsimile transmission to EPA as soon as possible pursuant to Section XIII (Notification) of this Consent Decree, but not later than seventy-two (72) hours after the time Defendants first learned of, or by the exercise of due diligence should have known of, a claimed force majeure event. Defendants shall also provide written notice, as provided in Section XIII of this Consent Decree (Notification), within seven (7) business days of the time Defendants first knew of, or by the exercise of due diligence should have known of, the event. The notice shall state what action has been impacted by the delay, the anticipated duration of any delay, its cause(s), Defendants' past and proposed actions to prevent or minimize any delay, a schedule for carrying out those actions, and Defendants' rationale for attributing any delay to a force majeure event. Defendants shall include with any notice all available documentation supporting the claim that the delay was attributable to a force majeure event. Failure to provide verbal and written notice as required by this Paragraph shall preclude Defendants from asserting any claim of force majeure as to the event in question.

65. If EPA agrees that a force majeure event has occurred, EPA may agree to extend

the time for Defendants to perform the affected requirements for the time necessary to complete those obligations. An extension of time to perform the obligations affected by a force majeure event shall not, by itself, extend the time to perform any other obligation unless EPA determines that dependent activities will be delayed by the force majeure and that the time period should be extended for performance of such activities.

66. If EPA does not agree that a force majeure event has occurred, or does not agree to the extension of time sought by Defendants, then EPA's position shall be binding, unless Defendants invoke Dispute Resolution under Section XII of this Consent Decree, which Defendants must do no later than ten (10) business days after receipt of notice of EPA's decision. In any such dispute, Defendants bear the burden of proving that each claimed event is a force majeure event, that Defendants gave the timely verbal and written notices required by this Section, that the force majeure event caused any delay Defendants claim was attributable to that event, that Defendants exercised due diligence to prevent or minimize any delay caused by the event, and that Defendants complied with the requirements of this Section.

## **XII. DISPUTE RESOLUTION**

67. Unless otherwise expressly provided for in this Consent Decree, the dispute resolution procedures of this Section shall be the exclusive mechanism to resolve disputes arising under or with respect to this Consent Decree. However, such procedures shall not apply to actions by the United States to enforce obligations of Defendants under this Consent Decree that have not been disputed in accordance with this Section.

68. Any dispute subject to dispute resolution under this Consent Decree shall first be

the subject of informal negotiations between the United States and Defendants. The dispute shall be considered to have arisen when Defendants send a written notice of dispute to the United States, as provided in Section XIII of this Consent Decree (Notification). Such notice of dispute shall state clearly the matter in dispute. The period of informal negotiations shall not exceed thirty (30) days from the date of the written notice, unless that period is modified by written agreement. If informal negotiations are unsuccessful, then the United States' position shall control unless Defendants file with the Court within thirty (30) days after the conclusion of the informal negotiation period, a petition to resolve the dispute. In any dispute under this Section, Defendants shall bear the burden of demonstrating that their position complies with this Consent Decree, the CWA, and any other applicable law, and that Defendants are entitled to relief.

69. The invocation of dispute resolution under this Section shall not extend, postpone, or affect in any way any obligation of Defendants under this Consent Decree not directly in dispute. Stipulated Penalties together with Interest shall continue to accrue with respect to the disputed matter from the first day of non-compliance, but payment shall be stayed pending resolution of the dispute. If Defendants do not prevail on the disputed issue, Stipulated Penalties plus Interest shall be assessed and paid as provided in Section IX (Stipulated Penalties).

### **XIII. NOTIFICATION**

70. Notifications, certifications, reports, Documents or other communications required pursuant to this Consent Decree shall be deemed submitted on the date they are either postmarked and sent by certified mail, return receipt requested, sent by facsimile transmission with confirmation of receipt, or sent by overnight delivery service. If a notification, certification, report, Documents or other communication required by this Consent Decree is sent by first class

mail, it shall be deemed submitted on the date it is actually received. Except as otherwise specified, when written notification to or communication with a party is required by the terms of this Consent Decree, it shall be addressed as follows, provided, however, that all notices and communications specified to be provided to the United States shall be provided both to the United States Department of Justice and to EPA while those specified to be provided to EPA shall only be provided to EPA:

As to the United States Department of Justice:  
Chief, Environmental Enforcement Section  
Environment and Natural Resources Division  
U.S. Department of Justice  
Post Office Box 7611 - Ben Franklin Station  
Washington, D.C. 20044  
Reference Case No. 90-5-1-1- 08867

As to EPA:  
Director of Technical Enforcement Program  
Office of Enforcement, Compliance and Environmental Justice  
U.S. EPA, Region 8  
1595 Wynkoop Street  
Denver, CO 80202-1129  
Attn: Jane Nakad (8ENF-UFO)

As to Citation:  
Citation Oil and Gas Corp.  
8223 Willow Place Dr. South  
Houston, Texas 77070-4631  
Attention: General Counsel

copy to:

Citation Oil and Gas Corp.  
8223 Willow Place Dr. South  
Houston, Texas 77070-4631  
Attention: Regulatory Compliance Manager

71. All submissions made by Defendants pursuant to this Consent Decree shall be signed and affirmed by a responsible official of the Defendants using the following certification statement:

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 this document and its attachments were prepared either by me personally or under my direction or supervision in a manner designed to ensure that qualified and knowledgeable personnel properly gather and present the information contained therein. I further certify, based on personal knowledge or on my inquiry of those individuals immediately responsible for obtaining the information, that the information contained in or accompanying this (submission/document) is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fines and imprisonment.

72. Any Party may, by written notice to the other Parties in accordance with this Section, change its designated notice recipient or notice address provided above.

#### **XIV. RESOLUTION OF UNITED STATES' CLAIMS**

73. Entry of this Consent Decree and full and satisfactory compliance with all the requirements herein resolves the civil claims of the United States against Defendants for the violations alleged in the Complaint filed in this action thru the date of lodging, pursuant to Paragraph 87 of this Consent Decree.

74. Except as specifically provided herein, the United States does not waive any rights or remedies available to it for violation by Defendants of federal or state laws or regulations. This Consent Decree shall in no way affect the United States' ability to bring future actions for any matters not specifically alleged in the Complaint filed in this action. Nothing in this Consent Decree is intended to nor shall be construed to operate in any way to resolve any criminal liability, if any, of the Defendants.

75. This Consent Decree shall not be construed to limit the rights of the United States to obtain penalties or injunctive relief under the CWA, or under other federal or state laws, regulations, or permit conditions, except as expressly specified herein. The United States reserves all legal and equitable remedies available to enforce the provisions of this Consent Decree.

76. In any subsequent administrative or judicial proceeding initiated by the United States for unreimbursed costs, damages, cleanup, remediation, or other appropriate relief, Defendants shall not assert, and may not maintain, any defense or claim based upon the principles of waiver, res judicata, collateral estoppel, issue preclusion, claim-splitting, or any other defenses based on contention that the claims raised by the United States in the subsequent proceeding were or should have been brought in the instant case.

77. This Consent Decree in no way affects Defendants' responsibilities to comply with all federal, state, or local laws, regulations or permits. This Consent Decree is not, and shall not be construed as, a permit or a modification of a permit. Nothing in this Consent Decree shall diminish EPA's ability to request information from Defendants under applicable laws or regulations.

78. Defendants are responsible for achieving and maintaining complete compliance with all applicable federal, state, and local laws, regulations, orders, contracts, and permits. Defendants' compliance with this Consent Decree shall be no defense to any action commenced pursuant to said laws, regulations, orders, contracts, or permits. The United States does not, by its consent to the entry of this Consent Decree, warrant or aver in any manner that Defendants'

compliance with any aspect of this Consent Decree will result in compliance with provisions of the CWA, or with any other provisions of federal, state, or local laws, regulations, orders, contracts, or permits.

79. This Consent Decree does not limit or affect the rights of the Plaintiff or Defendants against any third parties (parties not specifically part of this Consent Decree), nor does it limit the rights of such third parties against Defendants except as provided by law.

80. This Consent Decree shall not be construed to create rights in, or grant any cause of action to, any third party that is not party to this Consent Decree.

81. Defendants hereby covenant not to sue and agree not to assert any claim against the United States pursuant to the CWA or any other federal law, state law, or regulation, including, but not limited to, any direct or indirect claim for reimbursement from the Oil Spill Liability Trust Fund for any matter related to the Cellers Ranch June 19, 2004 spill, NRC Report No. 725518, or any matter related to response activities undertaken by the United States or any other party in connection with that spill.

82. This Consent Decree is without prejudice to the rights of the United States against Defendants with respect to all matters other than those expressly specified in Paragraph 73 above, including, but not limited to, the following:

- a. claims based on a failure of Citation to meet a requirement of this Consent Decree;
- b. criminal liability;
- c. liability for past, present, or future discharges of oil other than the spill alleged in the Complaint;

d. reimbursement to the federal Oil Spill Liability Trust Fund for any disbursements arising from the Spill or any other related incident, including claims for subrogated claims pursuant to Section 1015 of the Oil Pollution Act, 33 U.S.C. § 2715; and

e. liability for damages for injury to, or loss of natural resources, and for the cost of any natural resource damage assessments.

#### **XV. COSTS**

83. Each Party shall bear its own costs in this action, including attorneys fees; except that the United States shall be entitled to collect the costs of an action brought to enforce this Consent Decree, including attorney's fees, if the United States prevails in that action.

#### **XVI. MISCELLANEOUS**

84. Integration and Modifications. This Consent Decree (including its exhibits) contains the entire agreement between the Parties with respect to the settlement embodied herein. The reporting and scheduling requirements of this Consent Decree may be modified only if such modifications are made in writing and approved by all Parties. In all other respects, this Consent Decree may not be enlarged, modified, or altered unless such modifications are made in writing and approved by all Parties and the Court. In the event of a conflict between the provisions of this Consent Decree and any of its Exhibits, the terms of the Consent Decree shall prevail.

85. Termination. After Defendants have completed performance of all obligations imposed on Defendants by this Decree but no sooner than four (4) years after the Effective Date, Defendants may submit to the United States in writing a request for termination of their obligations under this Consent Decree, except for the obligations set forth in Paragraph 32 to

perform repeated integrity testing at five (5) year intervals after completion of the first Buried Line Integrity Test, the related obligations in Paragraph 30, and all obligations relevant to enforcement of these requirements, including stipulated penalties and certification. That request shall contain a statement indicating that Defendants have satisfied all of their obligations under this Consent Decree, except for the repeated Buried Line Integrity Test required by Paragraph 32 and related obligations in Paragraph 30, and shall be accompanied by all documentation necessary to substantiate Defendants' request. If the United States agrees that the Defendants have performed their obligations under this Consent Decree, except Paragraphs 30 and 32, the United States shall file a motion or a joint stipulation for termination of Defendants' obligations under the Consent Decree, except for the repeated Buried Line Integrity Tests required by Paragraph 32, related obligations in Paragraph 30, continuing record retention obligations in Paragraph 46, and obligations in the event of noncompliance with this consent decree, including stipulated penalties. If the United States does not agree, Citation may invoke dispute resolution under Section XII of this Consent Decree. However, Citation may not seek Dispute Resolution of any dispute until ninety (90) days after service of Defendants' request for termination. The United States may, upon notice to Defendants, move sua sponte to terminate the Consent Decree after Citation has completed the obligations required by this Consent Decree.

a. As to the requirements of Paragraph 32 of this Consent Decree, no sooner than three (3) months after completion of all the requirements in Paragraphs 30 and 31 related to the second Buried Line Integrity Test performed pursuant to Paragraph 32 of this Consent Decree, Defendants may, in accordance with the provisions of this Paragraph 85, submit a

request in writing to the United States requesting the termination of the remaining provisions of this Consent Decree, except the continuing obligations in Paragraphs 32 and 46. Defendants must maintain all Documents pursuant to Paragraph 46 until five (5) years after the first Termination executed under this section, except Documents related to Buried Line Integrity Tests, which the Defendants must maintain until five (5) years after the second Termination executed under this Section.

86. Retention of Jurisdiction. The Court shall retain jurisdiction to resolve any disputes that arise under this Consent Decree pursuant to Section XII (Dispute Resolution) or to enter orders necessary to modify, effectuate or enforce compliance with this Consent Decree.

87. Public Comment. The Parties acknowledge that after the lodging and before the entry of this Consent Decree, final approval by the United States is subject to the requirements of 28 C.F.R. § 50.7, which provides for public notice and comment. The United States reserves the right to withhold or withdraw its consent to entry of this Consent Decree without further notice if the comments received disclose facts which lead the United States to conclude that the proposed judgment is inappropriate, improper, or inadequate. Defendants agree not to withdraw from, oppose entry of, or to challenge any provision of this Consent Decree, unless the United States has notified Defendants in writing that it no longer supports entry of the Consent Decree.

88. Final Judgment. Upon entry by this Court, this Consent Decree shall constitute a final judgment for purposes of Fed. R. Civ. P. 54 and 58.

89. Effective Date. The Effective Date of this Consent Decree shall be the date on which this Consent Decree is entered by the Court or a motion to enter the Consent Decree is granted, whichever occurs first.

**XVII. SIGNATORIES/SERVICE**

90. The Assistant Attorney General for the Environment and Natural Resources Division of the Department of Justice, on behalf of the United States, and each undersigned representative of Citation certifies that he or she is fully authorized to enter into the terms and conditions of this Consent Decree and to execute and legally bind the Party he or she represents to the terms of this Consent Decree.

91. This Consent Decree may be signed in counterparts, and such counterpart signature pages shall be given full force and effect.

92. Citation agrees to accept service of process by mail with respect to all matters arising under or relating to this Consent Decree and to waive the formal service requirements set forth in Rule 4 of the Federal Rules of Civil Procedure and any applicable Local Rules of this Court including, but not limited to service of a summons.

**IT IS SO ORDERED**, this \_\_\_\_ day of \_\_\_\_\_, 2008.

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United States District Judge

The Undersigned party enters into this Consent Decree in the matter of United States v. Citation Oil & Gas Corp., and Citation 1994 Investment Limited Partnership, subject to the public notice and comment requirements of 28 C.F.R. § 50.7.

**FOR PLAINTIFF UNITED STATES OF AMERICA**

Date: December 17, 2008



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W. BENJAMIN FISHEROW  
Deputy Chief  
Environmental Enforcement Section  
Environment and Natural Resources Division  
U.S. Department of Justice



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JOHN N. MOSCATO  
Senior Counsel  
Environmental Enforcement Section  
Environment and Natural Resources Division  
United States Department of Justice  
1961 Stout Street, 8th Floor  
Denver, CO 80294  
Phone: (303) 844-1380  
Email: [John.Moscato@USDOJ.GOV](mailto:John.Moscato@USDOJ.GOV)

The Undersigned party enters into this Consent Decree in the matter of United States v. Citation Oil & Gas Corp., and Citation 1994 Investment Limited Partnership, subject to the public notice and comment requirements of 28 C.F.R. § 50.7.

**FOR PLAINTIFF UNITED STATES OF AMERICA**

A handwritten signature in cursive script, appearing to read "Carol Statkus", written over a horizontal line.

CAROL STATKUS  
Assistant United States Attorney  
United States Attorneys Office for the  
District of Wyoming  
2120 Capitol Avenue - 4th Floor  
Cheyenne, Wyoming 82001  
Telephone: (307) 772-2124  
Email: Carol.Statkus@USDOJ.GOV

The Undersigned party enters into this Consent Decree in the matter of United States v. Citation Oil & Gas Corp., and Citation 1994 Investment Limited Partnership, subject to the public notice and comment requirements of 28 C.F.R. § 50.7.

**FOR ENVIRONMENTAL PROTECTION AGENCY**

*Michael T. Bisner*

*for*

ANDREW MICHAEL GAYDOSH

Assistant Regional Administrator

Office of Enforcement, Compliance and Environmental Justice.

U.S. Environmental Protection Agency, Region 8

1595 Wynkoop Street

Denver, CO 80202-1129

*Sheldon H. Muller*

SHELDON H. MULLER

Enforcement Attorney

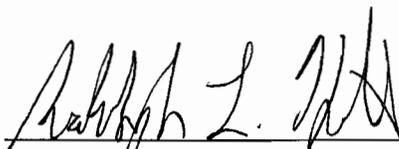
U.S. Environmental Protection Agency, Region 8

1595 Wynkoop Street

Denver, CO 80202-1129

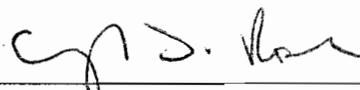
The Undersigned party enters into this Consent Decree in the matter of United States v. Citation Oil & Gas Corp., and Citation 1994 Investment Limited Partnership, subject to the public notice and comment requirements of 28 C.F.R. § 50.7.

**FOR ENVIRONMENTAL PROTECTION AGENCY**



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RANDOLPH L. HILL, Acting Director  
Office of Civil Enforcement  
Office of Enforcement and Compliance Assurance  
U.S. Environmental Protection Agency  
Ariel Rios Building  
1200 Pennsylvania Avenue, N. W.  
Mail Code: 2241A  
Washington, DC 20460



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CHERYL T. ROSE  
Senior Attorney  
Water Enforcement Division  
Office of Civil Enforcement  
Office of Enforcement and Compliance Assurance  
U.S. Environmental Protection Agency  
Mail Code 2243A  
1200 Pennsylvania Ave., NW  
Washington, D.C. 20460

The Undersigned party enters into this Consent Decree in the matter of United States v. Citation Oil & Gas Corp., and Citation 1994 Investment Limited Partnership, subject to the public notice and comment requirements of 28 C.F.R. § 50.7.

**FOR SETTLING DEFENDANTS CITATION OIL &  
GAS CORP., AND CITATION 1994 INVESTMENT  
LIMITED PARTNERSHIP:**

Date: 2 December, 2008



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LARRY W. NETTLES  
Vinson & Elkins LLP  
1001 Fannin Street, Suite 2500  
Houston, Texas 77002  
Telephone: (713) 758-4586  
Email: [lnettles@velaw.com](mailto:lnettles@velaw.com)

## EXHIBIT A

### FACILITY LINE SURVEY SCOPE OF WORK

1. Defendants shall retain a third party consultant to perform a line survey of all subsurface piping, and to the extent practicable and technologically feasible, other subsurface components and equipment, at the Facility.
2. The consultant shall provide all necessary services to identify the location of all existing subsurface metal piping and fiberglass piping In Use at the Facility, and to the extent practicable and technologically feasible, other subsurface components and equipment In Use at the Facility.
3. The consultant will obtain all necessary permits or authorizations from the appropriate governmental entities for the purpose of marking, measuring, and recording the location of existing underground piping, and other identified subsurface components and equipment, at the Facility.
4. The consultant shall coordinate with the Defendants, utility companies, and the appropriate governmental entities (including using One Call of Wyoming) in researching the locations of existing subsurface pipelines, utility lines, and other subsurface equipment and components at the Facility. The consultant will obtain, as available, "as built" plans, plats, and other necessary data to assist in locating subsurface pipelines, utility lines, and other subsurface equipment and components at the Facility.
5. The consultant shall provide all necessary support equipment and personnel to secure the required data to the extent practicable and feasible.
6. The consultant shall use radio frequency technology that is capable of locating all subsurface piping that is In Use, and, if technologically feasible and practicable, locating utility lines, and other subsurface equipment and components at the Facility. For example, the consultant may use a Metrotech 810 locator in combination with an Aquatronics A 6 Silt/Box locator unit.
7. If radio frequency technology is inadequate to locate all subsurface metal and fiberglass pipelines, the consultant will utilize other technology capable of locating all such pipelines. Before utilizing such alternative technologies, the consultant shall consult with Defendants regarding the type of technologies to be utilized and must receive approval from Defendants prior to using these alternative technologies.
8. Location of the subsurface piping, and other components and equipment will be performed by commencing from the farthest points out at the Facility and moving toward the central tank battery, continuously sweeping with the radio frequency pipe locators for known and potential unknown subsurface pipelines and other equipment and components.
9. The consultant shall first use a broad swath radio frequency cable and pipe locator to make broad sweeps of the Facility to identify known and unknown subsurface piping and

other equipment and components. The consultant then shall use another radio frequency cable and pipe locator to pinpoint the location, direction, and termini of the subsurface piping, equipment, and components.

10. The consultant shall stake the location of all piping and other equipment and components identified by the radio frequency locators with color coded lath.
11. Immediately following the location and identification of the lines and other equipment and components, the consultant shall map the subsurface pipelines and other equipment and components using a survey grade global positioning system (GPS) (such as a Trimble RTK GPS). This mapping shall include the depth and GPS coordinates of the subsurface pipe and other components and equipment.
12. The consultant shall perform any additional surface survey or other work necessary to identify the location of water bodies and other environmental features, and man made features such as roads, bridges, and buildings, and provide information on the topography of the area.
13. The consultant shall clean up the Facility as necessary following its survey work and shall close out any permits as required.
14. The consultant shall post process all GPS data obtained during its survey utilizing differential correction from continuously operating reference stations.
15. The consultant shall translate the GPS data into AutoCAD. The consultant shall provide a copy of all GPS data to the Defendants and shall also provide the complete AutoCAD version of the GPS data to Defendants.
16. The consultant shall prepare a diagram of the Facility that includes the information obtained as part of its facility line survey. This diagram shall identify the location, depth, and GPS coordinates of all the subsurface piping, and any other identified subsurface equipment and components, at the Facility. The diagram also shall contain all components and equipment identified in the Facility Inventory as well as the location of water bodies and other environmental features identified in Exhibit C, man made features such as roads, bridges, and buildings, and information on the topography of the area. The diagram shall also include compass directions and a legend that indicates scale and identifies symbols used in the diagram. This diagram shall be prepared in AutoCAD and shall be submitted to the Defendants in hard copy format, AutoCAD format, and .dwg format.
17. The consultant shall prepare a Facility Line Survey Report that includes an informative description of the work performed as part of its facility line survey and that identifies the location, depth, and GPS coordinates of all the subsurface piping, and any other identified subsurface equipment and components, at the Facility.
18. The consultant shall provide all underlying documents and data to Defendant at completion of the project.

19. The consultant shall provide summaries and updates on its work as requested by Defendants.
20. Nothing in this Exhibit A alters the Defendants' obligation to implement all provisions of the Consent Decree or the Defendants' obligation to ensure that any work performed pursuant to the Consent Decree or this Exhibit A is performed in compliance with any local, state or federal law, regulation or permit requirement.

### **Exhibit B - SPCC Plan Deficiencies**

Pursuant to Paragraph 37 of the Consent Decree to which this Exhibit is a part, Defendants shall submit to EPA, in accordance with Section VII (Review and Approval) and Section XIII (Notification) of the Consent Decree, a revised Facility SPCC Plan which, in addition to complying with all other SPCC regulatory requirements, addresses the following deficiencies contained in Defendants' existing SPCC Plan:

1. Inadequate discharge prediction required pursuant to 40 C.F.R. § 112.7(b) due to lack of rate of flow for each type of potential equipment failure specified in the Plan.
2. Failure to provide, as required pursuant to 40 C.F.R. § 112.7(c) and (d), either: (1) secondary containment for flowlines and other piping; or (2) a statement and explanation regarding impracticability for such flowlines and piping, combined with an Oil Spill Contingency Plan per Part 109 and a written commitment of manpower, equipment and materials required to expeditiously control and remove any quantity of oil discharged that may be harmful. (Note: The containment dikes with T-siphons installed subsequent to the June 19, 2004 discharge are not considered adequate because any outflow from secondary containment dikes must be manually activated under supervision per 40 C.F.R. § 112.9(b) to ensure there will not be a harmful discharge of oil. Those containment dikes would also not be adequate to contain a spill from all portions of the flowlines.)
3. Failure to designate a person who is accountable for discharge prevention and who reports to Facility management, as required pursuant to 40 C.F.R. § 112.7(f)(2).
4. Inadequate information regarding how tanks are engineered to prevent discharges of oil, as required pursuant to 40 C.F.R. § 112.9(c)(4). (Note: Defendants' existing Plan only states that the Facility must have one of the rule requirements instead of describing what actually exists at the Facility.)
5. Failure to describe procedures to inspect saltwater disposal facilities to detect possible system upsets capable of causing a discharge, as required pursuant to 40 C.F.R. § 112.9(d)(2). (Note: Defendants' existing Plan does not specifically address saltwater disposal facility inspections nor inspection following a sudden change in atmospheric temperature changes which often may cause a discharge.)
6. Inadequate flowline maintenance program, as required pursuant to 40 C.F.R. § 112.9(d)(3). (Note: Defendants' existing Plan does not describe how the facility is maintaining the flowlines, preventing corrosion, repairing and replacing the flowlines, or otherwise preventing discharges from flowlines.)
7. Defendants' existing Plan lacks appropriate signatures.

## **EXHIBIT C**

List of environmental features which constitutes “other environmental features” to, Consent Decree ¶¶ 16 - 18.

The following environmental features are to be included in the Facility Diagram where they are designated or otherwise identified on publicly available federal, state and local maps and data sources, are readily visible at the Facility, or are otherwise known to Citation.

1. All watercourses (rivers, streams, etc.), ponds, and other water bodies
2. Protected bird nesting areas, including Federal and State endangered, threatened or otherwise listed species, migratory birds and waterfowl
3. Storm water and oil catchment areas
4. Critical biological resource areas
5. Critical habitats for endangered or threatened species
6. Conservation areas
7. Migratory routes
8. Seasonal habitats
9. Drinking water sources
10. Natural resource management areas
11. Surface water and shallow sub-surface flow patterns and geographic features that might inhibit flow
12. Groundwater resources and flow patterns
13. Heritage program areas or sites
14. Historical and archaeological sites and parks
15. Public land trust areas
16. Marine sanctuaries and estuarine reserves
17. National and State parks
18. National forests
19. Natural disaster area hazard rankings (earthquake, hurricane, flood, landslide)

20. Other Federal or State lands (BLM land, etc.)
21. Oil pits or ponds
22. Wildlife preserves, refuges and other Protected wildlife areas
23. Public recreational areas
24. Storm drain inlets
25. Unique habitats such as aquaculture sites and agricultural surface water intakes
26. USGS water monitoring stations
27. Wells
28. Wetland areas, including National Wetland Inventory (NWI) Mapped wetlands and state and local mapped wetlands
29. Wild and scenic rivers
30. Wilderness and natural resource areas