
UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY

IN THE MATTER OF:

Citation Oil & Gas Corp.
14077 Cutten Road
Houston, TX 77069-2212

STIPULATION AND CONSENT ORDER

Docket No. I23-08

This Stipulation and Consent Order (“Order”) is entered into voluntarily by and between the Director (“Director”) of the Utah Division of Water Quality (“Division”) and Citation Oil & Gas Corp. (“Citation”) in its capacity as the operator legally responsible for the operation of Upper Valley Unit Satellite Tank Battery (“Facility”) located in Garfield County near Escalante, Utah, jointly referred to hereafter as “the Parties.”

By entering into this Order, the Parties wish, without further administrative or judicial proceedings, to establish compliance requirements and stipulate to civil penalties arising out of alleged violations of the Utah Water Quality Act, Utah Code §§ 19-5-101 *et seq.* (the “Act”), and corresponding regulations in Utah Admin. Code R317-1-1 *et seq.* (the “Water Quality Rules”).

I. STATUTORY AND REGULATORY AUTHORITY

1. The Director has authority to administer the Act pursuant to Utah Code § 19-1-105(1)(e), and to enforce the Water Quality Rules in Utah Admin. Code R317 through the issuance of orders, as specified in Utah Code §§ 19-5-106(2)(d) and -111. The Director also has authority to settle any civil action initiated to compel compliance with the Act and implementing regulations pursuant to Utah Code § 19-5-106(2)(k).

II. FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Citation is a “person” as that term is defined in Utah Code § 19-1-103(4).
2. For the purposes of this Order, the Parties agree to and stipulate to the findings and violations identified in the October 10, 2023 Notice of Violation and Compliance Order (“NOV/CO”), Docket No. I23-08 and to the findings described below.
3. In response to the NOV/CO, Citation submitted to the Division: 1) weekly reports of cleanup efforts, totaling 15 reports; 2) a Contamination Investigation Report; and 3) responses to various ad-hoc requests for information made by the Division. In the weekly reports, Citation reported that by December 4, 2023, waste within Alvey Wash and tributaries had been removed based on visual observations. Citation stockpiled all impacted material in large helicopter bags outside of the potential flow path and removed these helicopter bags on December 18, 2024 with the contracted helicopter company as approved by the U.S. Forest Service and BLM. Additionally, Mr. Doug Rowles, Assistant Monument Manager, Grand Staircase-Escalante National Monument, was present to witness the airlift operation.

4. In email communication dated December 7, 2023, Citation reported that cleanup operations were complete for Alvey Wash, BLM and National Monument property, U.S. Forest Service property and at the UVU Satellite Tank Battery (release source site).

III. STIPULATION AND CONSENT ORDER

Based upon the foregoing Findings of Fact and Conclusions of Law, the agreement of Citation, and good cause appearing, the Director orders as follows:

1. Based on the application of the Division's penalty policy, contained in Utah Admin. Code R317-1-8, to the violations specified in the NOV/CO, Citation agrees to pay a civil penalty of **\$416,783.00**:
 - a. The Director agrees to hold \$150,000 in abeyance as described in paragraph III.3 below.
2. Payment in the amount of \$266,783.00 is to be made **within thirty (30) calendar days** of the effective date of this Order, using one of the following options:
 - a. CHECK – Payable to the Division of Water Quality. The payment shall be sent to:

Division of Water Quality PO Box 144870
Salt Lake City, Utah 84114-4870
 - b. OTHER – For other available payment options, please contact the Division of Water Quality Finance staff at eqwqfinance@utah.gov.
3. The Director agrees to hold in abeyance \$150,000.00 in civil penalties, so long as Citation:
 - a. Meets all payment terms outlined in paragraph III.2;
 - b. Does not violate the Act and Water Quality Rules for a period of thirty-six (36) months from the Effective Date of this Order;
 - c. Meets all terms outlined in the confirmation soil sampling plan in paragraph III.6; and
 - d. Meets all terms outlined in the groundwater monitoring plan in paragraph III.7.
4. If Citation fails to comply with any of the terms in paragraph III.3 of this Order, the \$150,000.00 penalty amount will no longer be held in abeyance and shall become due and payable to the State of Utah within thirty (30) calendar days of written notification by the Division.
5. All sampling described in the confirmation soil sampling plan in paragraph III.6 and the groundwater monitoring plan in paragraph III.7 shall be collected using U.S. Environmental Protection Agency ("EPA") approved analytical method(s), including adhering to proper holding times allowable by each respective analytical method(s), and shall utilize a laboratory accredited under the National Environmental Laboratory Accreditation Program. Citation shall submit all laboratory analytical reports, including any

data obtained for constituents not specifically listed in the following Corrective Action Concentration Limits (“CACLs”), to the Division within thirty (30) calendar days of receipt, with certification statement that all samples were collected and handled properly in accordance with EPA and laboratory methods. Included with the analytical reports, Citation shall submit a map and/or geolocations that clearly identifies the location of each sample pulled as well as photographic documentation utilizing geotags and time stamps for each sample pulled.

6. Citation shall adhere to the following **confirmation soil sampling plan**:

- a. Within sixty (60) calendar days from the effective date of this Order, Citation shall collect grab soil samples at every one (1)-mile interval within the length of private property located in between sample 18 (“SS-18”) and sample 17 (“SS-17”); approximately 37.75182, -111.61897 and 37.75945, -111.60427 respectively. If frozen conditions are demonstrated to exist during this sixty (60) day period, an extension shall be granted at the written request from Citation.
 - i. All soil samples shall be collected from material capable of passing a No. 14 sieve.
 - ii. Soil samples shall be collected from 0 to 12 inches below grade or to bedrock refusal whichever comes first.
- b. For each soil sample described in III.6.a., Citation shall complete laboratory analysis for the following constituents with associated CACLs (“Soil CACLs”):
 - i. Polycyclic Aromatic Hydrocarbons shall be at or below EPA Regional Screening Levels for Composite Workers.
 - ii. If analytical results of soil samples demonstrate any constituent is detected at levels higher than the respective Soil CACL, then Citation will complete additional clean up and proper disposal of contaminated soils within the 1-mile interval in which the elevated contaminant(s) were detected, following which the 1-mile interval will be resampled/analyzed for the constituents exceeded.
 - iii. If analytical results of soil samples demonstrate no constituents are detected at levels higher than the Soil CACLs, then no additional clean up and disposal of contaminated soils are required.

7. Citation shall adhere to the following **groundwater monitoring and sampling plan**:

- a. Within sixty (60) calendar days of the effective date of this Order, Citation shall initiate the following groundwater monitoring and sampling plan. If frozen conditions are demonstrated to exist during this sixty (60) day period, an extension shall be granted at the written request from Citation.

- b. Groundwater monitoring events, which include advancement of groundwater monitoring points at each groundwater monitoring location, shall be separated by at least seventy-two (72) hours and shall occur within seven (7) calendar days following a non-frozen precipitation event of 0.25 inches or greater. Precipitation shall be measured by the weather station located at Citation's UVU Field Office located at coordinates 37.682728, -111.748278.
- c. During development of any groundwater monitoring locations, Citation shall, under the direction of a professional geologist or engineer, log the groundwater, soil, sediment, and bedrock encountered along with specific depths. Sediment and soil samples shall be collected from unconsolidated sections at regular intervals and analyzed for TPH (oil and grease), Chloride and Electrical Conductivity (mmho/cm).
- d. Three (3) groundwater monitoring points shall be placed at the following locations: 1) near the center line of the Willow Creek drainage downstream from the location of the former filter fence barrier number 3 and upgradient from the confluence of Willow Creek and Alvey Wash; 2) near the center line of Alvey Wash below the confluence with Willow Creek; and 3) near the center line of Alvey Wash above the confluence with Willow Creek, which will serve as a background monitoring point. The approximate locations of each groundwater monitoring point must be submitted for Director approval at least fifteen (15) calendar days prior to a monitoring event.
- e. At each location, ground water monitoring points will be advanced to any of the following, whichever comes first: 10 feet below ground surface; the shallowest occurrence of appreciable groundwater; or the point of refusal. If groundwater is not encountered at a monitoring location during the first advancement of a monitoring point, Citation will advance a new monitoring point to either of the following, whichever comes first: 10 feet below ground surface; the shallowest occurrence of appreciable groundwater; or the point of refusal. Any new advancement shall be at least 10 feet away from the previous point. Citation shall advance a new monitoring point up to two (2) additional times per groundwater monitoring event (or more at Citation's discretion) within 12 calendar months.
- f. Citation shall document (including data and time stamped photographs) all groundwater monitoring events and submit a report to the Division within thirty (30) calendar days after the monitoring event. All reports shall include a certification statement from a duly authorized official that, to the best of Citation's knowledge and belief, the included information is true, accurate and complete.
- g. If groundwater is present at a monitoring point, Citation shall collect groundwater samples and analyze all samples for the following constituents with the associated CACLs ("Groundwater CACLs") listed below:
 - i. Oil & Grease shall be at or below 10 mg/L;
 - ii. Propylbenzene and Trimethylbenzene shall be at or below a site- specific standard of 5.0 μ g/L;

- iii. Barium, Benzene, Ethylbenzene, Toluene, Xylenes (Total), Benzo(a)pyrene shall be at or below the Utah Groundwater Quality Standards in Utah Admin. Code R317-6-2; and
- iv. Total Dissolved Solids shall not exceed Ground Water Class Protection Levels in Utah Admin. Code R317-6-4 based on Ground Water Class designation in R317-6-3 using data collected from the background groundwater monitoring point.

h. If, after four (4) groundwater monitoring events where groundwater is encountered and sampled, Citation has demonstrated that the Groundwater CACLS have not been exceeded, Citation may cease groundwater monitoring following written approval from the Director.

i. If analytical results of any groundwater samples demonstrate any constituent is detected at levels higher than the Groundwater CACLS, the Director may require Citation submit a Corrective Action Plan, pursuant to Utah Admin. Code R317-6-6(6.15), for Director approval.

j. If no groundwater is encountered at any location described in paragraph III.7.d. during any two consecutive groundwater monitoring events, then:

- i. Within one hundred eighty (180) calendar days from the second monitoring event during which no groundwater is encountered, Citation shall construct three (3) groundwater monitoring wells within the following locations: 1) Federal lands within Section 18 T35S R3E, to serve as a background monitoring well; 2) Federal lands within Section 19 T35S R3E; and 3) State lands within Section 35 T35S R3E or as otherwise approved by the Director.
- ii. The specific locations for the groundwater monitoring wells and well designs must be submitted for Director approval at least thirty (30) calendar days prior to commencement of installation and construction.
- iii. During the development of any groundwater monitoring wells, Citation shall, under the direction of a professional geologist or engineer, log the groundwater, soil, sediment, and bedrock encountered along with specific depths. Sediment and soil samples shall be collected from unconsolidated sections at regular intervals and analyzed for TPH (oil and grease), Chloride and Electrical Conductivity (mmho/cm).
- iv. All groundwater monitoring wells shall be completed to at least 100 feet below ground surface elevation or to the nearest surface occurrence of appreciable groundwater whichever comes first.

v. Citation shall submit final, as-built, groundwater well construction schematics to the Director within sixty (60) calendar days from well installation completion dates.

- vi. Samples shall be collected from groundwater monitoring wells and shall be analyzed for the constituents included in the Groundwater CACLs listed above.
- vii. Groundwater monitoring, including depth to groundwater measurements and analysis of pollutant concentrations, shall be conducted quarterly for at least four (4) calendar quarters. If, after four (4) calendar quarters, Citation has demonstrated any of the following, Citation may cease groundwater monitoring and may properly abandon the groundwater wells following written approval by the Director: 1) that groundwater is present and that the Groundwater CACL(s) have not been exceeded; or 2) that groundwater is present and that background concentrations are higher than the Groundwater CACL(s) and the monitoring well samples are below background concentration(s). However, if after four (4) calendar quarters groundwater is not present then Citation shall conduct groundwater monitoring, including depth to groundwater measurements and analysis of pollutant concentrations, for an additional four (4) calendar quarters.
- viii. If, after a total of eight (8) calendar quarters, Citation has demonstrated any of the following, Citation may cease groundwater monitoring and may properly abandon the groundwater wells following written approval by the Director: 1) that no groundwater is present; 2) that groundwater is present and the Groundwater CACL(s) have not been exceeded; or 3) that groundwater is present and background concentrations are higher than the Groundwater CACL(s) and the monitoring well samples are below background concentration(s).
- ix. If analytical results of groundwater samples demonstrate any constituent is detected at levels higher than the respective Groundwater CACLs, the Director may require Citation to submit a Corrective Action Plan, pursuant to Utah Admin. Code R317-6-6(6.15), for Director approval.

IV. GENERAL PROVISIONS

- 1. The Parties recognize that this Order has been negotiated in good faith and nothing herein constitutes an admission of any liability. Citation does not admit, and retains the right to controvert in any subsequent proceedings other than proceedings to implement or enforce this Order, the validity of the facts and violations alleged in the NOV/CO. Citation further agrees it will not contest the basis or validity of this Order or its terms.
- 2. The violations described herein will constitute part of Citation's compliance history where such history is relevant, including any subsequent violations. Citation understands and agrees that this Order is not and cannot be raised as a defense to any other action to enforce any federal, state or local law.

3. Citation agrees to the terms, conditions and requirements of this Order. By signing this Order, Citation understands, acknowledges and agrees that it waives: (1) the opportunity for an administrative hearing pursuant to Utah Code § 19-1-301; (2) the right to contest the findings in the NOV/CO; and (3) the opportunity for judicial review.
4. This Order is subject to a thirty (30) day notice and comment period. The Parties each reserve the right to withdraw from this Order if comments received during the notice period result in a modification to the terms and conditions.
5. The “Effective Date” shall be the date this Order is executed by the Director. The Director will not sign the Order until after the Division has provided public notice of the proposed Order and has solicited and reviewed any public comments received.
6. This Order includes a civil penalty in excess of \$25,000 and therefore must be presented to, reviewed by, and approved or disapproved by the Board. (Utah Code § 19-5- 104(3)(h)). Final approval by the Director of this Order shall not occur until it is approved by the Board. The Order will be presented to the Board for final action after the Division has provided public notice of the proposed Order and has solicited and reviewed any public comments received. All public comments, and the Director’s responses, shall be provided to the Board in connection with the Director’s request for final action.
7. The dates set forth in the Order section of this Order may be extended in writing by the Director, in the Director’s sole discretion, based on the Citation’s showing of good cause. Good cause for an extension generally means events outside of the reasonable control of Citation, such as force majeure, inclement weather, contractor or supplier delays, and similar circumstances. However, the Director expects Citation to employ reasonable means to limit foreseeable causes of delay. The timeliness of Citation’s request for an extension shall constitute an important factor in the Director’s evaluation.
8. Nothing in this Order shall preclude the Director from taking actions to include additional penalties against the Citation for future violations of State or Federal law.
9. The Parties acknowledge that neither the Director nor the Board has jurisdiction regarding natural resource damage claims, causes of action, or demands. Therefore, such matters are outside the scope of this Order.
10. The person signing this Order on behalf of Citation represents to the Director that they have the full legal authorization to do so and agrees that the Director may rely on that representation.
11. This Order is binding upon each of the Parties and their respective heirs, successors, and assigns. Any change in ownership or corporate or legal status, including but not limited to, any transfer of assets or real or personal property, shall in no way alter the status or responsibilities of the parties under this Order.
12. This Order may be amended in writing if signed by both Parties.

V. COMPLIANCE AND PENALTY NOTICE

As of the Effective Date, this Order shall constitute a final administrative order. Compliance with the provisions of this Order is mandatory. All violations of the Act, the Water Quality Rules, and this Order will be strictly enforced during the time that this Order remains in effect. The Act, Utah Code § 19-5-115, provides that any person who violates a rule or order made or issued pursuant to the Act may be subject, in a civil proceeding, to a state district judge imposing a civil penalty per day of violation.

VI. SIGNATORY

The undersigned, signing this Order on behalf of Citation Oil & Gas Corp. represents and warrants that it is duly authorized and has legal capacity to legally bind Citation Oil & Gas Corp. and agrees that the Director may rely on that representation.

Pursuant to the Utah Water Quality Act, Utah Code § 19-5-101 *et seq.*, and Utah Admin. Code R317, the Parties hereto mutually agree and consent to this Stipulation and Consent Order, as evidenced below:

[SIGNATURE PAGE FOLLOWS]

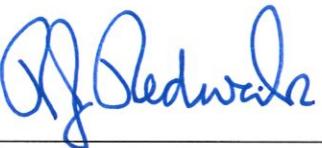
IT IS SO AGREED AND ORDERED:

FOR THE UTAH DIVISION OF WATER QUALITY

By: _____ John K. Mackey, P.E.
Director

Date: _____ (Effective Date)

FOR Citation Oil & Gas Corp.

By: 

Robert J. Redweik
Vice President – EHS and Regulatory
Date: December 14, 2025