
**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. I23-11

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 who is legally responsible for the operation of the Upper Valley Unit Field (“Facility”) located in Garfield County to the west of Escalante, Utah, jointly referred to hereinafter 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 the 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 implement regulations pursuant to Utah Code § 19-5-106(2)(k).

II. FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Citation is a “person” as defined in Utah Code § 19-1-103(4) and is subject to all applicable provisions of the Act and the Water Quality Rules.
2. For the purposes of this Order, the Parties stipulate to the findings and violations identified in the January 11, 2024, Notice of Violation and Compliance Order (“NOV/CO”), Docket No. I23-11, and to the findings described below.
3. Following, and in response to, the issuance of the NOV/CO, Citation has submitted the following documents to the Division:
 - a) “Clean Up Plan and Report,” dated January 26, 2024;
 - b) 30-Day Report containing information detailed in Section E.5 of the NOV/CO, dated February 9, 2024;

- c) Proposed schedule for submittal of the completed groundwater Contamination Investigation Report (“CIR”) and Corrective Action Plan (“CAP”), dated February 10, 2024 and later updated on February 20, 2024;
 - d) Proposed Workplan for the CIR on April 30, 2024, later revised on September 5, 2024; and
 - e) Groundwater CIR on December 20, 2024, later revised on April 7, 2025.
4. The Director approved Citation’s proposed schedule for submittal of the groundwater CIR and CAP on March 16, 2024.
 5. The Director approved Citation’s CIR Workplan (revised per the Director’s June 10, 2024 comments) on October 21, 2024.
 6. Citation submitted the final groundwater CIR (revised per the Division’s January 7, 2025 comments) on April 7, 2025. In the CIR, Citation completed groundwater monitoring in two (2) consecutive quarters (July 17 and October 28, 2024) where groundwater was not encountered. This satisfied the groundwater monitoring plan approved by the Director on October 21, 2024.
 7. On February 29, 2024 and April 1, 2024, the Division requested Citation to demonstrate analyte concentrations less than or equal to the Initial Screening Levels (“ISLs”) found in Utah Admin. Code R311-211-6 for impacted soils left in place onsite. The Division received analytical results for benzene, toluene, ethylbenzene, xylenes and naphthalene (“BTEXN”) in a report submitted by Citation on December 15, 2025.
 8. On December 15, 2025, Citation submitted a report that also included analytical results for confirmation soil samples (“Soil and Water Sampling Summary”).

III. STIPULATION AND CONSENT ORDER

Based upon the foregoing Findings of Fact and Conclusions of Law, the Parties have negotiated this Order in good faith and wish to fully resolve NOV/CO No. I23-11 without additional administrative or judicial proceedings.

1. In accordance with Utah Admin. Code R317-1-8. Penalty Criteria for Civil Settlement Negotiations, Citation shall pay a penalty of **\$279,000.00**.
 - a. The Director agrees to hold \$100,000 in abeyance so long as Citation complies with the conditions described below. If Citation fails to comply with any of the terms in paragraph III.1.a., the \$100,000 penalty amount will no longer be held in abeyance and shall become due and payable to the Division within thirty (30) calendar days of written notification by the Director.
 - i. Does not violate the Act, Water Quality Rules, or Permits issued thereunder for a period of thirty-six (36) months from the Effective Date of this Agreement.
 - ii. Meets all payment terms outlined in Paragraph III.3 of this Order.
 - iii. Meets all terms outlined in the surface water monitoring plan outlined in paragraph III.2. of this Order.

2. Citation shall adhere to the following **surface water monitoring sampling plan**:
 - a. Within sixty (60) calendar days from the effective date of this Order, Citation shall initiate the work described in the CIR Workplan entitled, “*2024 09 05 NOV-CO Docket No. 123-11 Order E-7 Groundwater Investigation Work Plan SUBMITTAL*”, dated June 10, 2024, and submitted to the Division on September 5, 2024. This Workplan specifies procedures Citation will follow for the monitoring and sampling of surface water within the stock pond.
 - b. Citation shall submit to the Division reports for all completed surface water monitoring and sampling events, within 60 days after the monitoring and sampling occurred. All reports shall be signed by a duly authorized official, with a certification statement that all information contained within the report is true, accurate, and complete to the best of their knowledge.
3. Payment in the amount of \$179,000.00 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. The payment shall be sent to:

Division of Water Quality
P.O. Box 144870
Salt Lake City, Utah 84114-4870
 - b. ELECTRIC CHECK PAYMENT – Online Payment Portal:
<https://secured.utah.gov/dwq/Forms/Page/dwq-market/dwq-market/>
 - c. OTHER – For other available payment options, please contact the Division’s finance staff at eqwqfinance@utah.gov.
4. If, for any reason, Citation fails to pay the penalty within thirty (30) calendar days and thereby defaults, the Director reserves the right to request the Water Quality Board (“Board”) rescind its approval of this Order under Utah Code § 19-5-104(4)(a).
 - a. Prior to requesting that the Board rescind its approval of this Order, the Director shall provide written notice to Citation of its default and will provide fourteen (14) calendar days to cure the default by remitting payment. If payment is not received within the fourteen (14) calendar day cure period and, following Board action, the Director is authorized, without providing further written notice to Citation, to begin a civil action for all appropriate relief provided under the Act, including seeking the full penalty amount of \$10,000 per violation per day, as authorized under the Act.

IV. GENERAL PROVISIONS

1. The Parties recognize that this Order has been negotiated in good faith and nothing herein constitutes an admission by any Party. Citation does not admit to, 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 consideration of 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 public notice and comment period of at least thirty (30) days, in accordance with Utah Admin. Code R317-8-1.9. The Parties each reserve the right to withdraw from this Order if comments received during the notice and comment period render this Order inappropriate, improper, or inadequate.
5. 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 in accordance with Utah Code § 19-5-104(3)(h). Final execution of this Order by the Director 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.
6. The "Effective Date" shall be the date this Order is executed by the Director. The Director will not sign this Order until after the Division has provided public notice of the proposed Order, has solicited and reviewed any public comments received, and received the approval of the Board.
7. The dates set forth in the Stipulation and Consent Order section of this Order may be extended in writing by the Director, in the Director's sole discretion, based on 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 and prevent 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, including additional penalties against 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. 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.

11. 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. 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 court 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 he 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]

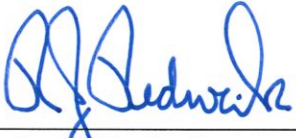
IT IS SO AGREED AND ORDERED:

For the State of Utah, Department of Environmental Quality, Division of Water Quality

John K. Mackey, P.E.
Director

Date: _____

For Citation Oil & Gas Corp.

By: 

Robert D. Redweik
VP – EHS and Regulatory

Date: December 17, 2025