



June 9, 2010

Mr. Lance Reynolds
Lancer Energy Services
P.O. Box 447
Quitman, AR 72131

RE: AFIN: 23-01008

Permit No.: 5029-WR-1

Dear Mr. Reynolds:

On May 26, 2010, I performed a routine compliance inspection of your facility in accordance with the provisions of the Arkansas Water and Air Pollution Control Act and the regulations promulgated thereunder. The inspection was conducted as the result of a complaint received reporting application of fluids the day after a rain event with ponding of fluids. This inspection revealed the following violations:

1. No signs displaying the identification number were posted at each application field and storage pond. This is a violation of Part II. 24, of the permit. The facility does keep a map in the office which displays the identification numbers of each field and storage pond.

Also, an unknown material was observed in a containment area for the pumps located between the two storage ponds. The facility could not identify the material. The material should be removed and properly disposed so that it does not escape the containment area.

The above items require your immediate attention. Please submit a written response to these findings to Ms. Cindy Garner, Water Division Enforcement Branch Manager. The response should be mailed to the address below.

Your response should contain detailed documentation, including photographs, describing the course of action taken to correct the items noted. This corrective action should be completed as soon as possible, and the written response is due by June 19, 2010.

For additional information you may contact the Enforcement Branch by telephone at 501-682-0639 or by fax at 501-682-0910.

If I can be of any assistance, please contact me at harmont@adeq.state.ar.us or 479-968-7339 ext 14.

Lance Reynolds, Lancer Energy Services
June 9, 2010
Page 2

Sincerely,

A handwritten signature in cursive script that reads "Travis Harmon".

Travis Harmon
District 5 Field Inspector
Water Division

cc: Enforcement Branch
Permits Branch

ARKANSAS DEPARTMENT OF ENVIRONMENTAL QUALITY
DRILLING FLUID LAND APPLICATION PERMIT INSPECTION FORM

AFIN: **23-01008** Log No.: _____

Permit No.: **5029-WR-1** Inspection Date: **5/26/2010**

Media: **Water** Inspector: **Travis Harmon**

Compliance Status: ☐ IN / ☒ OUT

1A. Name of Facility: **Lancer Energy Services**
Mortar Creek Road in Faulkner County (off of Hwy 107 between Enders
 Address: **and Quitman.**
 County: **Faulkner**

2A. Name of On-Site Representative: **Daniel Butkovick and Lance Reynolds**

3A. Name of Responsible Official: **Lance Reynolds**
 Address: **P.O. Box 447, Quitman, AR 72131** Telephone: **501-589-5800**

4A. Parent Company: **N/A**
 Address: _____ Telephone: _____

5A. Is the facility posted in accordance with the permit? ☒ Yes ☐ No

5A. Description of Land Application Process:
Trucks carrying water based drilling fluids are visually inspected for sheen and chlorides and pH are measured. If acceptable, trucks unload into one of two 250,000 bbl ponds. With submittal of sample results and Department approval, fluids are applied to fields via irrigation reels.

6A. Any complaints registered against this permitted facility? ☒ Yes ☐ No
 If yes, give date and description of complaint: **10/22/2009 not validated. 5/26/10 not validated.**

7A. Are there any additions, modifications, or corrections to the facility since the last inspection? ☐ Yes ☒ No

If yes, explain: _____

1B. Furnish a simplified flow diagram of the facility's operations.

Truck fluid inspection and sampling

Trucks un-load to two 250,000 bbl ponds

Application by spraying from irrigation reels (with compliant sampling results and ADEQ approval)

2B. Nearest Stream: **Mortar Creek**

3B. At the time of the inspection was there evidence that drilling fluids had entered waters of the State:

☐ Yes ☒ No

If yes, describe: _____

4B. Has any discharge of drilling fluids/solids occurred from the holding pits or the land application sites? ☐ Yes ☐ No ☐ N/A

If yes, explain: _____

No evidence of pond leakage at time of inspection.

5B. Is the facility maintaining adequate freeboard in the holding pits as specified in the permit? ☒ Yes ☐ No ☐ N/A

If no, explain: _____

6B. Are the holding pit and liner structurally sound? ☒ Yes ☐ No ☐ N/A

All punctures repaired since previous inspection. No punctures

If no, explain: **observed during current inspection.**

7B. Are any fluids present in the facility's holding pit other than those specified in the permit?

☐ Yes ☒ No ☐ N/A

If yes, explain: _____

I saw no visual indication of un-approved fluids.

1C. Have all drilling fluids/solids been properly applied according to the permit and/or the site management plan? ☒ Yes ☐ No ☐ N/A

If no, explain: _____

Were not applying at time of inspection. Had been applying that morning. Observed no ponding of fluids in field (20A). Chance of rain was 40% (permit limit is 50% chance during next 24 hours).

2C. Have all soils, drilling fluids and groundwater been sampled and analyzed as required and specified in the permit? ☒ Yes ☐ No ☐ N/A

If no explain: _____

3C. Are records of these analyses being kept on site as specified in the permit?
☒ Yes ☐ No ☐ N/A

4C. Are records of drilling fluid amounts received, applied or removed being kept on site?
☒ Yes ☐ No ☐ N/A

5C. Are annual reports and all other reports specified in the permit being performed, submitted and kept on site as required by the permit? ☐ Yes ☐ No ☒ N/A
 If no, explain _____

SUMMARY OF FINDINGS/COMMENTS

Received a complaint concerning application. Caller reported that there was rain the previous day and Lancer was applying with ponding present.

The facility was not applying at the time I arrived. They reported applying on field 20A that morning. During the inspection, I did not observe any ponding of any fluids at field 20A and the soil did not appear saturated. Predicted chance of rain was 40% that day.

During the inspection I found the following:

No signs displaying the identification number were posted at each application field and storage pond as specified in Part II. 24. The facility does keep a map in the office which displays the identification numbers of each field and storage pond.

Also, an unknown material was observed in a containment area for the pumps located between the two storage ponds. The facility could not identify the material. The material should be removed so that it does not escape the containment area.

Inspector Signature: Travis Harmon *Travis Harmon*

Date of Report: 6/4/10

Signature of Reviewer: *Dale D. Washburn*

Date of Review: June 7, 2010

Water Division No Discharge Industrial Photographic Evidence Sheet							
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Location:	Lancer Energy Services						
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Photographer:	Travis Harmon			Witness:	Lance Reynolds		
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Photo #	1	Of	4	Date:	5/26/10	Time:	1238
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Description:	Field 20A where fluids had been applied that morning. No ponding or puddles observed.						
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Photographer:	Travis Harmon			Witness:	Lance Reynolds		
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Photo #	2	Of	4	Date:	5/26/2010	Time:	1150
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Description:	Yellow material in secondary containment for pond pumps.						
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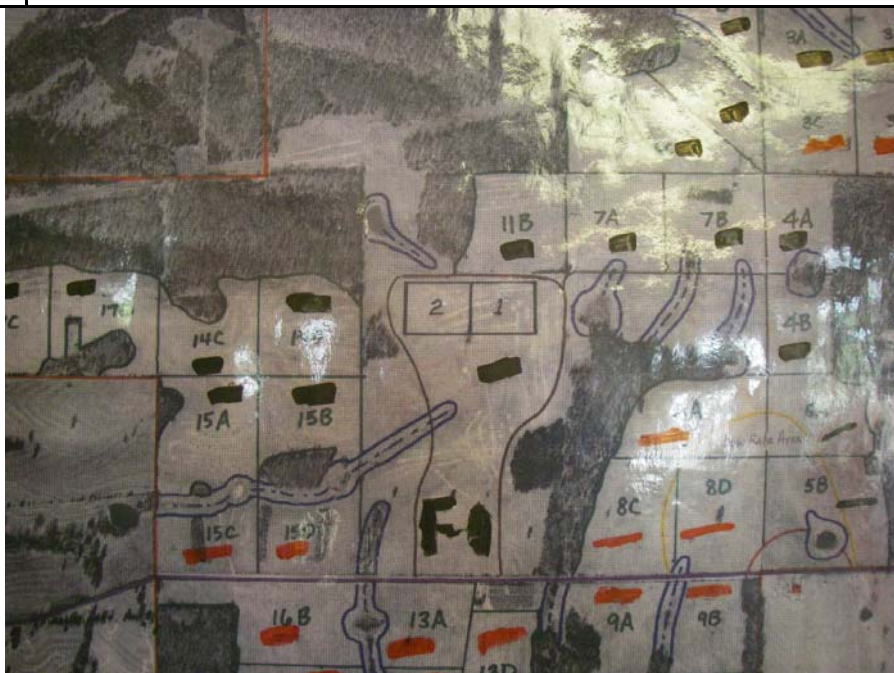


Water Division No Discharge Industrial Photographic Evidence Sheet									
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Location:	Lancer Energy Services								
Photographer:	Travis Harmon				Witness:	Lance Reynolds			
Photo #	3	Of	4		Date:	5/26/2010	Time:	1152	
Description:	Floating solids from the secondary containment area as shown in photo #2.								



Photographer:	Travis Harmon				Witness:	Lance Reynolds			
Photo #	4	Of	4		Date:	5/26/10	Time:	1246	
Description:	Map located in office showing id number for each field and storage pond.								



WATER DIVISION NO DISCHARGE INDUSTRIAL COMPLAINT REPORT

GPS LOCATION:

AFIN: 23-01008

PERMIT#: 5029-WR-1

DATE RECEIVED: 5/26/10

COUNTY: Faulkner

COMPLAINANT NAME: Anonymous

COMPLAINT AGAINST: Lancer Energy Services

ADDRESS:

ADDRESS: P.O. Box 447, Quitman, AR 72131

PHONE:

PHONE: 501-589-5601

TRACKING & REFERRAL INFORMATION

PERSON RECEIVING REPORT:

Amy Beck

DATE:

5/26/10

SUPERVISOR REFERRAL:

DATE:

INSPECTOR REFERRAL:

DATE:

MEDIA SUPERVISOR REFERRAL:

DATE:

PHONE REFERRAL CONTACT:

DATE:

RECEIVING INSPECTOR:

Travis Harmon

DATE:

5/26/10

COMPLAINT RECEIVED BY: ☒PHONE ☐LETTER ☐VERBAL ☐INTERNET ☐EMAIL**DETAILED DESCRIPTION**

Received a complaint concerning application. Caller reported that there was rain the previous day and Lancer was applying with puddles present.

LOCATION

Mortar Creek Rd off of Highway 107 north of Enders in Faulkner County.

PREVIOUS COMPLAINT: ☒YES ☐NO DATES: 10/29/09DISCHARGE TO STREAM: ☐YES ☒NO NAME OF STREAM:**INVESTIGATION**

INSPECTOR:

Travis Harmon

DATE:

5/26/10

ACTION TAKEN: On-site investigation

PHOTOS TAKEN: ☒YES ☐NO

Conducted facility inspection. Facility elected to stop applying. They reported applying on field 20A that morning. During the inspection, I did not observe any ponding of any fluids at field 20A and the soil did not appear saturated. Predicted chance of rain was 40% that day.

FURTHER ACTION:

Letter concerning violations/issues found which were not related to the complaint.

No signs displaying the identification number were posted at each application field and storage pond as specified in Part II. 24. The facility does keep a map in the office which displays the identification numbers of each field and storage pond.

Also, an unknown material was observed in a containment area for the pumps located between the two storage ponds. The facility could not identify the material. The material should be removed so that it does not escape the containment area.

SIGNATURE: Travis Harmon



DATE: 6/4/10

FIELD 5 - 60 ACRES

FIELD 1 - 90 ACRES

FIELD 2 - 45 ACRES

RND 2 (WEST)

BOUNDARY

FIELD 4 - 105 ACRES

FIELD 3 - 270 ACRES



PIT

EAST

1

PIT
WEST **2**



FIELD
1



A photograph of a rustic wooden fence in a rural setting. The fence is constructed from two horizontal wooden rails and a vertical post, with several strands of barbed wire running across it. A small, white rectangular sign with red text is attached to the vertical post. The sign reads "FIELD" in a bold, sans-serif font, with the number "2" below it in a larger, bold font. The background is filled with dense green foliage, including bushes and trees. A large, dark tree trunk is visible on the right side of the frame. The ground in the foreground is covered with dry grass and some small yellow flowers.

FIELD
2

A photograph of a metal gate, likely made of rusted steel, with a sign attached to it. The sign is white with the words "FIELD" and the number "3" in red, bold, sans-serif font. The gate is partially open, revealing a green field behind it. In the foreground, there are tall, dry grasses and some green plants. The background is a dense line of dark green trees.

FIELD
3

A photograph of a metal gate, likely made of galvanized steel, with a sign attached to it. The sign is white with red text that reads "FIELD 4". The gate is partially open, and the background shows a field of tall grass and a line of trees under a cloudy sky. The gate has a latch on the left side. The sign is hanging from the top rail of the gate.

**FIELD
4**

A photograph of a metal gate in a rural setting. The gate is constructed from silver-colored metal posts and horizontal rails. A white rectangular sign with red text is attached to the gate. To the right of the gate, an orange metal gate is partially visible. The background consists of a dense line of green trees. The foreground is filled with tall, dry grass and some green weeds.

**FIELD
5**









LANCER ENERGY

PO BOX 447 QUITMAN AR 72131

JULY 5, 2010

ADEQ

ATTN: Ms. Cindy Garner

5301 Northshore Drive

North Little Rock AR 72118-5317

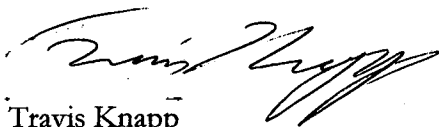
RE: AFIN: 23-01008

Permit No: 5029-WR-1

Dear Ms. Garner,

As per the letter received in our office, the violations that were brought to our attention have been resolved. All fields and ponds are properly marked. The containment area for the pumps between the ponds has been cleaned and the unknown materials have been removed and properly disposed of. Also I have included updated photos.

Thank you



Travis Knapp

Lancer Energy

501-206-7178

From:

Lancer Energy

PO Box 447

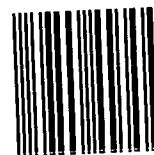
Quitman AR

72131



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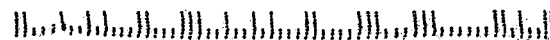
ADEQ

ATTN: Ms. Cindy Garner

5301 North Shore Dr.

North Little Rock AR

72118



ADEQ

ARKANSAS
Department of Environmental Quality

August 16, 2010

Lance Reynolds
Lancer Energy Services
P.O. Box 447
Quitman, AR 72131

RE: State Permit No.: 5029-WR-1 AFIN: 23-01008
Response to Inspection

Dear Mr. Reynolds:

The Department has received your response to the May 26, 2010 routine compliance inspection of your facility by our District Field Inspector, Travis Harmon. Your letter appears to adequately address the discrepancies identified during the visit. The Department assumes the corrective actions taken will be maintained to ensure consistent compliance with the requirements of the permit. Acceptance of this response by the Department does not preclude any future enforcement action deemed necessary at this site or any other site.

The Department will keep the inspection and response on file. If future violations occur that require enforcement action, the Department will consider the inspection and response as required by the Pollution Control and Ecology Commission Regulation No. 7, Civil Penalties. This regulation requires the Department to consider the past history of your site and how expeditiously the violations were addressed in determining any civil penalty that may be necessary for any future violations.

If we need further information concerning this matter, we will contact you. Thank you for your attention to this matter. Should you have any questions, feel free to contact me at 501-682-0649 or you may e-mail me at sawyer@adeq.state.ar.us.

Sincerely,



Sam Sawyer
Enforcement Coordinator
Water Division Enforcement Branch