

EXHIBIT A

**BEFORE THE ARKANSAS POLLUTION CONTROL
AND ECOLOGY COMMISSION**

IN THE MATTER OF REQUEST BY)
HALLIBURTON ENERGY SERVICES, INC.)
TO INITIATE RULEMAKING TO AMEND) **DOCKET NO. 16-003-R**
REGULATION NO. 2)

**HALLIBURTON ENERGY SERVICES, INC.’S
STATEMENT OF BASIS AND PURPOSE**

Petitioner Halliburton Energy Services, Inc. (“HESI”), for its Statement of Basis and Purpose, states as follows:

1. HESI is currently implementing an Environmental Improvement Project (“EIP”) at the Dresser Industries Magcobar (“DIM”) Site. The EIP has been approved by the Arkansas Department of Environmental Quality (“ADEQ”).

2. The Arkansas Pollution Control and Ecology Commission (“APCEC” or “the Commission”) has the power and duty to promulgate rules and regulations prescribing water quality standards (“WQS”). Ark. Code Ann. § 8-4-202.

3. Arkansas Code Annotated Section 8-4-202(c) provides that any person has the right to petition APCEC for an amendment to any rule or regulation. In order to implement the EIP at the DIM Site, HESI filed on July 22, 2016, its petition to Initiate Third-Party Rulemaking to Amend APCEC Regulation No. 2. HESI’s Petition was submitted pursuant to, and in compliance with, APCEC Regulation No. 2, §§ 2.303 and 2.308, and APCEC Regulation No. 8, § 8.809. On July 22, 2016, the APCEC entered Minute Order 16-11 granting HESI’s Petition and initiated a rulemaking – Docket No. 16-003-R – on the changes proposed by HESI to Regulation No. 2.

4. Through the Petition, HESI seeks a temporary modification of the water quality standards in APCEC Regulation No. 2 for chloride, sulfate, and total dissolved solids (“TDS”) for

the following waterbodies: (1) Chamberlain Creek from headwaters to confluence with Cove Creek (1,384 mg/L sulfates; 2,261 mg/L TDS; 68 mg/L chlorides); (2) Cove Creek from the confluence with Chamberlain Creek to the Ouachita River (250 mg/L sulfates; 500 mg/L TDS); (3) Lucinda Creek from the confluence of Rusher Creek to the confluence with Cove Creek (250 mg/L sulfates; 500 mg/L TDS); (4) Reyburn Creek from headwaters to confluence of Francois Creek (250 mg/L sulfates; 500 mg/L TDS); (5) Rusher Creek from the confluence of East and West Forks to confluence with Lucinda Creek (250 mg/L sulfates; 500 mg/L TDS); and (6) Scull Creek from a point approximately 350 feet upstream of Clearwater Lake to Clearwater Lake (including Clearwater Lake) and from Clearwater Lake dam to confluence of Reyburn Creek (250 mg/L sulfates; 500 mg/L TDS).

5. HESI's Petition for site-specific modifications is supported by the following:
 - HESI is not seeking a change from historical water quality conditions in the relevant waterbodies. Rather, HESI seeks temporary water quality standards that allow HESI to implement an EIP approved by the ADEQ in compliance with applicable requirements, which is expected to improve water quality especially in Chamberlin Creek, while protecting the designated uses for these waterbodies.
 - There is no current economically feasible treatment for the removal of the minerals. Reverse osmosis treatment technology exists; but, it is not cost effective and generates a concentrated brine that is environmentally difficult to dispose of. It is not required to meet the designated uses and thus would produce no significant additional environmental protection.
 - 40 C.F.R. § 131.11(b)(1)(ii) authorizes states to adopt water quality standards that are "modified to reflect site-specific conditions."

- The proposed standards for Chamberlin Creek have been found to be not toxic based on approximately 34 whole effluent toxicity tests conducted on the treated water between June 2003 and June 2012.
- According to Arkansas Code Section 8-5-901 *et seq.*, the General Assembly has found that mineral extraction sites such as the one at issue would benefit from long-term environmental remediation projects, and ADEQ has concluded the EIP for the DIM Site qualifies.
- ADEQ sent a revised Remedial Action Decision Document proposing the EIP out for public comment in 2014. There were no adverse public comments to the performance of the EIP apart from two proposals from firms encouraging the use of their alternative, proprietary cleanup technology that ADEQ concluded were not proven.
- HESI and ADEQ will provide the Commission with annual reports regarding this project. Once the remedy is complete, HESI will conduct a Use Attainability Analysis (“UAA”) on the effected waterbodies that reflect the improvements resulting from the EIP and will request from the Commission a permanent change in WQS in the relevant waterbodies as supported by the results of the UAA.

Respectfully submitted


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CERTIFICATE OF SERVICE

I hereby certify that on this 9th day of August, 2017, I served a copy of the foregoing Statement of Basis and Purpose on the following by United States Mail, first class postage prepaid:

Michael McAlister
Acting Chief Counsel, Legal Division
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Michael B. Heister