

Exhibit C to Lion Oil Petition

Financial Impact Statement

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY

DEPARTMENT ARKANSAS DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION WATER DIVISION
PERSON COMPLETING THIS STATEMENT CHUCK NESTRUD
TELEPHONE NO. 501.372.5800 FAX NO. 501.372.4941 EMAIL: CNestrud@cnjlaw.com

To comply with Act 1104 of 1995, please complete the following Financial Impact Statement and file two copies with the questionnaire and proposed rules.

SHORT TITLE OF THIS RULE

Revisions to Arkansas Pollution Control & Ecology Commission Regulation No. 2 (Establishing Water Quality Standards for Surface Waters of the State of Arkansas)

1. Does this proposed, amended, or repealed rule have a financial impact?
Yes X No _____

2. Does this proposed, amended, or repealed rule affect small businesses?
Yes _____ No X

If yes, please attach a copy of the economic impact statement required to be filed with the Arkansas Economic Development Commission under Arkansas Code § 25-15-301 et seq.

3. If you believe that the development of a financial impact statement is so speculative as to be cost prohibited, please explain.
4. If the purpose of this rule is to implement a federal rule or regulation, please give the incremental cost for implementing the rule. Please indicate if the cost provided is the cost of the program.

Current Fiscal Year

General Revenue \$0
Federal Funds \$0
Cash Funds \$0
Special Revenue \$0
Other (Identify) \$0
Total \$0

Next Fiscal Year

General Revenue \$0
Federal Funds \$0
Cash Funds \$0
Special Revenue \$0
Other (Identify) \$0
Total \$0

5. What is the total estimated cost by fiscal year to any party subject to the proposed, amended, or repealed rule? Identify the party subject to the proposed rule and explain how they are affected.

Current Fiscal Year

\$ _____ \$0*

Next Fiscal Year

\$ _____ \$0*

**The proposed rule will revise the chloride, sulfate, total dissolved solids (“TDS”), and selenium water quality criteria in Loutre Creek (a small waterbody in Union County), and change the fishery use designation for Loutre Creek to a new sub-category of fishery referred to as a Limited Gulf Coastal Fishery. The proposed rule will also revise the chloride, sulfate, and TDS criteria for one downstream segment in Bayou de Loutre, the sulfate and TDS criteria for the next downstream segment in Bayou de Loutre, and the sulfate criteria for the remaining downstream segments of Bayou de Loutre to the Louisiana State line.*

Assuming the proposed rule is approved by the Commission and the U.S. Environmental Protection Agency (“EPA”), the Arkansas Department of Environmental Quality (“ADEQ”) will be able to rely on the revised criteria to amend Lion Oil’s National Pollutant Discharge Elimination System (“NPDES”) permit limits for sulfate, TDS, and selenium. Lion Oil will therefore be positively impacted by the proposal. No entities would suffer negative economic impact as a result of the proposed rule. The total estimated cost for Lion Oil to implement the proposed rule through permitting is unknown, but is unlikely to be significant.

6. What is the total estimated cost by fiscal year to the agency to implement this rule? Is this the cost of the program or grant? Please explain.

Current Fiscal Year

\$ _____ \$0*

Next Fiscal Year

\$ _____ \$0*

**Lion Oil anticipates that ADEQ will administer and enforce the proposed rule with the same number of staff and resources it currently relies on to implement the permitting program.*
