

MICHIGAN DEPARTMENT OF ENVIRONMENT, GREAT LAKES AND ENERGY

In the Matter of Administrative
Proceedings Against:

Armada Oil & Gas Co.
Formerly doing business at
Speedway #2287
7139 North Wayne Road
Westland, Michigan 48185
Wayne County, Michigan

AOC-RRD-18-003

Respondent

**MODIFICATION OF JUNE 1, 2018 ADMINISTRATIVE AGREEMENT FOR THE
RESOLUTION OF LATE REPORT PENALTIES**

This Modification of the Administrative Agreement for the Resolution of Late Report Penalties (Modification) is entered into voluntarily by the Michigan Department of Environment, Great Lakes, and Energy (EGLE), Remediation and Redevelopment Division (RRD) and Armada Oil & Gas Co. (Respondent). By execution of this Modification, EGLE and Armada, collectively referred to as the "Parties", stipulate and agree to be bound by all of its terms and conditions herein. Unless otherwise defined herein, all terms used in this Modification shall have the same meaning as defined in the Administrative Agreement for the Resolution of Late Report Penalties, EGLE Reference No. AOC-RRD-18-003, effective June 1, 2018 (Agreement). This Modification is authorized by, and is pursuant to, Section VIII, Modifications, Paragraph 8.2 of the Agreement.

I. RECITALS

The Parties acknowledge the accuracy of the following facts and circumstances surrounding this Modification:

1.1 On June 1, 2018, the Parties entered the Agreement to resolve the violations identified and penalties assessed in the in the Late Report Penalty Assessment Letter dated July 8, 2016. In that letter, EGLE¹ notified Respondent of the assessment of administrative penalties in the amount \$95,200.00 for failure to conduct required corrective actions and for failure to submit required reports pursuant to Section 21313 of Part 213. Respondent paid EGLE \$15,000.00 to resolve the Late Report Penalties assessed and pursuant to Section IV (Compliance with this Agreement), \$80,200.00 was held in abeyance subject to Respondent's compliance

¹ Then the Michigan Department of Environmental Quality.

with Section II (Compliance Program) and Section III (Late Report Penalties & Past Costs). Respondent was required to submit a Final Assessment Report (FAR) that includes a Corrective Action Plan (CAP) that complies with Section 21309a of Part 213 within one hundred and eighty (180) days of the effective date of the Agreement. The FAR was therefore due on November 28, 2018.

1.2 EGLE granted Respondent an extension to submit its FAR by March 28, 2019, that complies with Section 21309a of Part 213. On March 29, 2019, Respondent submitted a FAR to EGLE. However, on September 23, 2019, EGLE informed Respondent that its FAR was inadequate under Part 213 and the Agreement, and requested Respondent provide a written commitment within 21 days to revise and resubmit the report.

1.3 EGLE made additional attempts to contact Respondent, but Respondent did not and has not submitted a FAR that complies with Part 213 to EGLE.

1.4 On March 10, 2021, EGLE sent Respondent a Violation Notice and demanded that Respondent pay the \$80,200.00 of administrative penalties held in abeyance because of Respondent's failure to comply with Section II of the Agreement.

1.5 On March 19, 2021, Respondent requested that EGLE withdraw its March 10, 2021, demand that Respondent pay \$80,200.00 of administrative penalties.

1.6 On May 27, 2021, EGLE met with Respondent regarding Respondent's progress toward submitting a FAR that includes a corrective action plan that complies with Section 21309a of Part 213. Respondent has begun to perform some corrective actions but has not paid the outstanding demand for administrative penalties under the Agreement and has not submitted a FAR that complies with Part 213 to EGLE.

II. TERMS OF AGREEMENT

Accordingly, in consideration of the recitals set forth above, the Parties agree to the following Modification:

1.7 Respondent's FAR that includes a corrective action plan that complies with Section 21309a of Part 213 remains late.

1.8 Based on Respondent's on-going performance of corrective actions, EGLE agrees to forego immediate collection of the full \$80,200.00 for administrative penalties held in abeyance and owed under the Agreement.

1.9 Respondent shall pay \$10,000 of the administrative penalties held in abeyance (\$80,200.00) and the remainder of the administrative penalties, \$70,200.00, shall remain held in abeyance subject to Respondent making progress toward and submitting a FAR that includes a corrective action plan that complies with Section 21309a of Part 213.

1.10 Respondent shall submit quarterly progress reports. The first progress report is due 30 days after the execution of this Modification and quarterly thereafter and until a FAR that complies with Section 21309a of Part 213 is submitted. Each quarterly progress report shall include:

- (a) A description of the activities that have been taken toward achieving compliance with the Agreement and/or this Modification during the specified reporting period.
- (b) All results of sampling and tests and other data that relate to the corrective actions performed pursuant to the Agreement and/or this Modification received by Respondent, its employees, or authorized representatives during the specified reporting period.
- (c) The status of any access issues that have arisen, which affect or may affect the performance of corrective actions, and a description of how Respondent proposes to resolve those issues and the schedule for resolving the issues.
- (d) A description of the nature and amount of waste materials that were generated and the name and location of the facilities that were used for the off-site transfer, storage, and treatment or disposal of those waste materials.
- (e) A description of data collection and other activities scheduled for the next reporting period.
- (f) Any other relevant information regarding other activities or matters at the Property that affect or may affect the implementation of the requirements of the Agreement and/or this Modification.

1.11 EGLE shall assess upon receipt of each quarterly progress report the progress Armada has made toward submitting a FAR that includes a corrective action plan that complies with Section 21309a of Part 213. If EGLE determines that Armada has not made adequate progress toward a FAR that includes a corrective action plan that complies with Section 21309a of Part 213, EGLE may demand the additional \$70,200 held in abeyance.

1.12 Any payments made under this Modification shall be made in accordance with Paragraph 3.3 of the Agreement.

1.13 Except as specifically modified as provided for herein, all other provisions of the Agreement shall remain in full force and effect, including, without limitation, that nothing in this Modification affects the accrual of late report penalties starting on March 28, 2019, and reserved under Paragraph 7.4 of the Agreement.

1.14 This Modification shall be effective upon the signature of the Director or Acting Director of the RRD.


IT IS SO STIPULATED AND AGREED:

MICHIGAN DEPARTMENT OF ENVIRONMENT, GREAT LAKES, AND ENERGY

By: 
Mike Neller, Director
Remediation and Redevelopment Division

Date: 3/7/2022

ARMADA OIL & GAS CO.

By: 
Allie Berry
Vice President

Date: 3/4/22