

CRM ENERGY PARTNERS

16540 Ranchland Road

Skiatook, OK 74070

918/706-7982

October 24, 2007

Lorena Vaughn
Regional Hearing Clerk
US EPA, Region 6
1445 Ross Avenue, Ste 1200
Dallas, TX 75202-2750

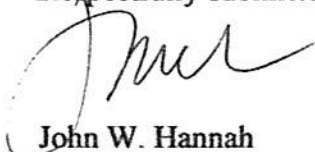
RE: Docket No. CWA-06-2007-1923
Respondent's Answer to Complaint

Dear Ms. Vaughn:

Please find enclosed an original and one (1) copy of Respondent's Answer to Administrative Complaint, filed in accordance with 40 CFR §22. I believe we have copied all parties necessary according to the information provided your office. A copy was also faxed to your offices this date.

If you have any questions or if anything is procedurally incorrect, I would appreciate you contacting my wife and assistant, Traci, at 918-706-8741.

Respectfully submitted,



John W. Hannah
CRM Energy Partners

JWH:th
Enclosures as noted.

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION 6

FILED

07 OCT 25 PM 2:47

REGIONAL HEARING CLERK

In the Matter of

John William Hannah
d/b/a CRM Energy Partners
Osage County, Oklahoma

Respondent

Facility NO. OKU000332

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Docket No. CWA-06-2007-1923

Proceeding to Assess a
Civil Penalty Under §309(g)
of the Clean Water Act

**RESPONDENT'S ANSWER TO
ADMINISTRATIVE COMPLAINT**

Respondent, JOHN WILLIAM HANNAH, d/b/a CRM Energy Partners, Osage County, Oklahoma hereby provides his Answer to Administrative Complaint served upon Respondent September 14, 2007 and responds as follows:

1. Respondent admits the allegations contained in Paragraph 1 of the Administrative Complaint.
2. Respondent admits ownership and/or operation of the oil field facilities listed in the legal locations as indicated.
3. Respondent denies that the each and every indicated facility was a "point source" of a "discharge" of "pollutants", namely oil field brine, to the receiving waters and tributaries of Lost Creek and a tributary of Bull Creek during his ownership and/or operation of said facilities. Respondent admits that the named waters are "waters of the United States" and/or properties of "The Osage Nation."
4. Respondent has no knowledge of; therefore cannot confirm nor deny that the facilities were subject to the Act and the National Pollutant Discharge Elimination System.

5. Respondent has no knowledge of; therefore cannot confirm nor deny that the facilities were subject to the Act.
6. Respondent is without knowledge as to date and manner of the inspection as the inspector never contacted Respondent or his employees regarding such inspection, Respondent admits to a spill at the “elbow” pipefitting at the tank battery that was repaired immediately upon Respondent’s employees’ inspection. Respondent categorically denies the spill ran into Bull Creek. If the oil had left the secondary containment unit (berm) and continued to the creek, oil stains would have been evident in the picture provided with the inspection report. To the contrary, there is no staining of any oil that exited the secondary containment area (hereinafter referred to as “berm”), which is specifically built to contain oil as a result of any spill. The land adjacent to the tank battery has been in its condition for 35-40 years or more and there was no new staining evident.
7. Respondent is without knowledge as to date and manner of the inspection as the inspector never contacted Respondent or his employees regarding such inspection. Respondent admits there would be oil staining in the secondary containment area as that is the purpose of the berm. Respondent assumes the tributary in question is Lost Creek. The distance from the tank battery to Lost Creek could be as much as one-half mile or more and Respondent has no knowledge of any spills that have gone one-half mile or longer from the tank battery during Respondent’s ownership. To the contrary, when Respondent purchased the lease from Little River Energy and Yahala Energy, he was advised that those companies were cited by the EPA for spills in this general area. Respondent believes any observed “flow path” would have been historical and was not new. Respondent admits that salt staining on the

rocks exist, but this tank battery has been in its location for over 50 years and historic salt staining does not get washed away by freshwater. Respondent has not seen any evidence to support allegations of salt staining on “soil located inside the tributary” or the flow path. The manifold shown in pictures attached to the Inspection Report was repaired immediately upon employees’ inspection and was totally replaced April 11, 2006, and not the result of inspectors report or direction.

8. Respondent is without knowledge as to date and manner of the inspection as the inspector never contacted Respondent or his employees regarding such inspection. Again, this tank battery has been in existence for over 50 years and there have been many oil and saltwater spills during that period. Respondent has picture evidence showing vegetation growing well in the areas of dispute as a result of Respondent’s efforts. Further, there is an existing ditch as evidenced by Respondent’s pictures that also shows growing vegetation as a result of Respondent’s efforts. Our experience is that with a saltwater spill, no vegetation could grow for a number of years. Respondent assumes what the Inspector is stating is a “flow path” is actually a solid rock natural drainage ditch. Using the pictures taken by the Inspector regarding this incident and attached to his report that is the subject of this paragraph, no evidence is shown of oil or salt water being siphoned. Respondent vehemently denies allegations listed in the inspection report that Respondent and/or his employees used a siphoning hose to siphon brine and other TB fluids “down the hill and into the creek”. The hose shown in the Inspector’s photo is from Respondent’s vacuum truck that is used to clean the pits of brine and oil. Respondent has no knowledge regarding the alleged fluid measurements.

9. Respondent is without knowledge as to date and manner of the inspection as the inspector never contacted Respondent or his employees regarding such inspection. Respondent has no knowledge of the alleged fluid measurements as neither Respondent nor his employees were contacted regarding this; however, it is within reason that levels would be high “inside” the berm as that is its purpose in containing any accidental spills or leaks that may have occurred during the years. Pictures provided Respondent attached to the Inspection Report regarding this paragraph, indicate a small amount of water but given the date of the pictures (2/28/06), it cannot be determined if this is rainwater, ice or salt water. Respondent has no knowledge of “brine seeping from the pits”, however the pits are checked daily and Respondent’s employees have no knowledge of such seepage. In the summer of 2006, the subject tank battery was totally rebuilt with clay, gravel and reseeded and Respondent has pictures of the rebuilt battery. To Respondent’s knowledge, no spills were witnessed during this time period but, again, if a spill were found it would be immediately repaired during the daily inspections.
10. Respondent is without knowledge as to date and manner of the inspection as the inspector never contacted Respondent or his employees regarding such inspection. Respondent admits the allegations in Paragraph 11. The site had been inspected earlier in the day and no leak was evident. The BIA contacted Steve Marlin, Field Supervisor, and informed him of the leak and Respondent and all employees were on site and at the leak within fifteen (15) minutes of the call from the BIA. The inspector alleges, “the operator could not be found so the BIA shut down the lease”. This is totally false as the Operator had received no calls and/or messages on the cell phone or office phone from the Inspector and the BIA did not shut down

the lease. However, the BIA had no trouble reaching the Field Supervisor immediately to inform him of the leak. Employees shut the "operation" down of their own volition and not as a result of a request by the BIA. As stated hereinabove, Respondent and employees were on site within 15 minutes and the inspector was nowhere to be found and to our knowledge never followed up to ensure contact was made. Within one hour of notification by the BIA, employees had Respondent's bulldozer, backhoe and vacuum/water truck at the site. The creek was dammed up immediately and initial clean up lasted through the night. Further clean up lasted days. The injection line was repaired immediately and the lease was not turned back on until a full inspection of the injection line was performed. In 2007, the entire injection line was replaced with a new high-pressure line and is felt by the Respondent that this type of accident will not occur in the future. Respondent has picture evidence of this repair. Respondent admits that in the 60-year (or more) history of the injection facility there has probably been more than one spill prior to his ownership; however, Respondent has cleaned up the site and seeded and has successful pictorial evidence of the same.

11. Respondent is without knowledge as to date and manner of the inspection as the inspector never contacted Respondent or his employees regarding such inspection. Respondent admits there was a leak and provides the following explanation. The normal employee inspections did not show evidence of a leak, as there had been several inches of snow during this time. Any oil and salt water flowing downhill was contained in an old ditch, from previous owner's spills, and was under the snow. Once the snow started to melt, the leak was sighted. Employees immediately dammed up the ditch at four (4) locations, all being downhill of the

break in the line which stopped further flowing into the creek. We did not determine that a significant amount actually got to the creek so we were able to contain seepage within our four (4) dammed areas. Employees used Respondent's bulldozers; backhoe and tank truck to thoroughly clean this area. SPAG and fresh water was used and vacuumed up by the vac truck to further clean the site.

12. Respondent is without knowledge as to date and manner of the inspection as the inspector never contacted Respondent or his employees regarding such inspection. Respondent is without knowledge regarding the allegations under this paragraph. Apparently, this report was from a re-inspection, but we have no evidence of this as we were not contacted about the inspection. There is no date on the pictures from the inspection report, however, the pictures look as though they were taken in the dead of winter and do not show the foliage of the rainy April such as we had in 2007. At any rate, this site has been restored and Respondent has satisfactory pictorial evidence to show the same.
13. Respondent has no knowledge regarding this paragraph, but would assert on every admitted occasion above, any leak found by employees was contained as soon as found and repaired immediately not when notice was received from the EPA.
14. Respondent has no knowledge, but would refer to the response to paragraph 13.
15. Respondent has no knowledge.
16. Respondent has no knowledge.
- 17-23. No response required by Respondent.

REQUEST FOR HEARING

24. Pursuant to §22.15(c), Respondent hereby requests a hearing to contest the material allegations contained in the Compliant, as well as the appropriateness of the proposed penalty, pursuant to §309(g) of the Act, 33 U.S.C. §1319(g).

CERTIFICATE OF SERVICE

I hereby certify Respondent's Answers to Administrative Complaint was served to the following parties:

Original and one (1) copy of Answer via Federal Express to:

Regional Hearing Clerk (6RC-D)
U.S. EPA, Region 6
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733

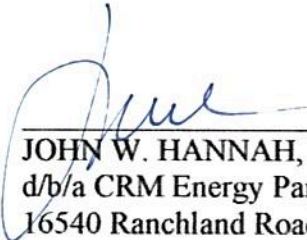
Copy of Answer via U.S.P.S. to:

Yerusha Beaver (6RC-EW)
U.S. EPA, Region 6
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733

Diane Daniels, Environmental Director
Osage Nation Natural Resources Dept.
PO Box 1495
Pawhuska, OK 74056

John Blevins, Director
Compliance Assurance and Enforcement Division
U.S. EPA, Region 6
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733

DATED: 10/24/07



JOHN W. HANNAH, Respondent
d/b/a CRM Energy Partners
16540 Ranchland Road
Skiatook, OK 74070
918/706-7982