

U. S. ENVIRONMENTAL PROTECTION AGENCY-REGION 6
ADMINISTRATIVE ORDER

In the Matter of Chaparral Energy, LLC, Respondent
Docket No. SDWA-06-2015-1121

FILED
2014 SEP 25 PM 1:02
EPA REGION 6
DALLAS, TEXAS

STATUTORY AUTHORITY

The following findings are made and Order issued under the authority vested in the Administrator of the U.S. Environmental Protection Agency ("EPA") by Section 1423(c) of the Safe Drinking Water Act ("the Act"), 42 U.S.C. § 300h-2(c). The authority to issue this Order has been delegated by the Administrator to the Regional Administrator of EPA Region 6 who further delegated such authority to the Director of the Compliance Assurance and Enforcement Division. The EPA has primary enforcement responsibility for underground injection within the meaning of Section 1422(c) of the Act, 42 U.S.C. § 300h-1(c), to ensure that owners or operators of Class II injection wells within Osage County, Oklahoma, comply with the requirements of the Act.

FINDINGS

1. Respondent, Chaparral Energy, is a "person," within the meaning of Section 1401(12) of the Act, 42 U.S.C. § 300f(12).

2. On April 3, 2012, Respondent was issued underground injection control ("UIC") Final Area Permit No. 06S1264P6273 ("the permit").

3. At all times relevant to the violation alleged herein, Respondent operated the following permitted injection wells located in Osage County, Oklahoma and designated by the EPA Inventory Numbers listed below:

| <u>WELL ID</u> | <u>WELL NO.</u> | <u>LOCATION</u> |
|----------------|-----------------|----------------------------|
| OS6273.005 | 23-W41 | NW/4, Sec. 14, T 27N, R 5E |
| OS6273.004 | 23-W28 | NW/4, Sec. 14, T 27N, R 5E |
| OS6273.009 | 24-W41 | NW/4, Sec. 14, T 27N, R 5E |
| OS6273.002 | 23-W23 | NW/4, Sec. 14, T 27N, R 5E |
| OS6273.006 | 24-W41 | NE/4, Sec. 14, T 27N, R 5E |
| OS6273.019 | 31-W42 | SW/4, Sec. 14, T 27N, R 5E |
| OS6273.039 | 32-W25 | SE/4, Sec. 14, T 27N, R 5E |

4. Respondent is subject to UIC program requirements set forth at 40 C.F.R. Part 147, Subpart GGG, which are authorized under Section 1421 of the Act, 42 U.S.C. § 300h.

5. EPA regulations require the operator of an "injection well," as defined at 40 C.F.R. § 147.2902, to prevent contaminants from moving through underground sources of drinking water, pursuant to 40 C.F.R. § 144.12 and Part LC.4 of the permit.

6. On or about October 31, 2014, EPA field inspectors found evidence that two improperly plugged wells, identified as Well Number 23-08 and Well Number 24-05, were contributing to the migration of contaminants through underground sources of drinking water.

7. On October 31, 2014, EPA required Respondent to cease injection through Well Numbers 23-08 and 24-05. A November 4, 2014 inspection report documented the upward migration and surfacing of produced water, oil and carbon dioxide through the two improperly plugged wells. Well Nos. 23-08 and 24-05 are within the area of the injection wells referenced in paragraph 3.

8. Respondent's November 11, 2014 plugging report and correspondence dated November 10, 2014, indicate that attempts to plug the compromised wells (24-05 and 23-08) failed and additional remedial action was proposed. Well No. 24.05 is in the area of the following Well IDs: OS6273.006, OS6273.039, OS6273.009 and Well No. 23-08 is in the area of the following Well IDs: OS6273.019, OS6273.022, OS6273.005, OS6273.04.

9. Therefore, Respondent violated the regulations set forth at 40 C.F.R. 144.12 and Part LC.4 of the area permit.

SECTION 1423(c) COMPLIANCE ORDER

10. Based on the foregoing findings and under the authority of Section 1423(c) of the Act, it is hereby ordered that a) Respondent shall plug and abandon Well Numbers 23-08 and 24-05; and b) Respondent shall complete any other corrective action necessary to prevent contaminants from moving through zones of underground sources of drinking water in the vicinity of the permitted wells pursuant to 40 C.F.R. § 147.2905.

SECTION 1445 INFORMATION DEMAND

11. Based on these findings and pursuant to the authority of Section 1445 of the Act and Part LC.5 of the permit, Respondent is required to submit a completed plugging plan to the following addresses with thirty (30) days from the effective date of this Order.

Water Resources Section (6EN-WR)
U.S. EPA, Region 6
1445 Ross Avenue, Suite 1200
Dallas, TX 74202

and

Bureau of Indian Affairs, Osage Agency
Subsurface Leasing
813 Grandview Ave.
Pawhuska, OK 74056

NOTICE OF OPPORTUNITY TO REQUEST A
HEARING

12. Respondent may request a hearing to contest the issuance of this Section 1423(c) Compliance Order, pursuant to Section 1423(c)(3)(A) of the Act, 42 U.S.C. § 300h-2(c)(3)(A). Submit the hearing request to the Regional Hearing Clerk (6RC-D); U.S. EPA Region 6; 1445 Ross Avenue, Suite 1200; Dallas, Texas 75202 within thirty (30) days of the date of receipt of this Proposed Administrative Order.

13. A request for hearing should be included in any response to this Order. Respondent must file a response in order to preserve the right to a hearing or to pursue other relief.

14. Should a hearing be requested, members of the public who commented on the issuance of this Order during the public comment period would have a right to be heard and present evidence at a hearing under Section 1423(c)(3)(C) of the Act, 42 U.S.C. § 300h-2(c)(3)(C).

GENERAL PROVISIONS

15. This Section 1423(c) Compliance Order and the Section 1445 Information Demand do not constitute a waiver, suspension, or modification of the requirements of 40 C.F.R. Part 147, Subpart GGG which remain in full force and effect.

16. Issuance of this Section 1423(c) Compliance Order and the Section 1445 Information Demand is not an election by EPA to forego any civil or criminal action otherwise authorized under the Act.

17. Violation of the terms of this Section 1423(c) Compliance Order after its effective date or date of final judgment as described in Section 1423(c)(6) of the Act, 42 U.S.C. § 300h-2(c)(6), may subject Respondent to further enforcement action, including a civil action for enforcement of this Order under Section 1423(b) of the Act, 42 U.S.C. § 300h-2(b), and civil and criminal penalties for violations of the compliance terms of this Order under Section 1423(b)(1) and (2) of the Act, 42 U.S.C. § 300h-2(b)(1) and (2).

SETTLEMENT

18. EPA encourages all parties against whom an administrative order is proposed to pursue the possibility of settlement through informal meetings with EPA. Regardless of whether a formal hearing is requested, Respondent may confer informally with EPA about the alleged violations. Respondent may wish to appear at any informal conference or formal hearing personally, by counsel or other representative, or both. To request an informal conference on the matters described in this Order, please contact Mr. David Aguinaga, of my staff, at (214) 665-6439.

19. If this action is settled without a formal hearing, it will be concluded by issuance of a Final Order.

EFFECTIVE DATE

20. This Order becomes effective thirty (30) days after issuance unless an appeal is taken pursuant to Section 1423(c)(6) of the Act, 42 U.S.C. § 300h-2(c)(6).

12.3.14

Date


John Blevins
Director
Compliance Assurance and
Enforcement Division

CERTIFICATE OF SERVICE

I certify that the foregoing Proposed Administrative Order was sent to the following persons, in the manner specified, on the date below:

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

Copy by certified mail
return receipt requested: Mr. Lincoln McElroy
Chaparral Energy, LLC
701 Cedar Lake Boulevard
Oklahoma City, OK 73114

Copy: Bureau of Indian Affairs, Osage Agency
P.O. Box 1539
Pawhuska, OK 74056

Osage Nation Environmental and Natural Resources Department
P.O. Box 1495
Pawhuska, OK 74056

Dated: _____

12/5/2014

