



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 6  
1445 ROSS AVENUE, SUITE 1200  
DALLAS TX 75202-2733

MAY 29 2013

CERTIFIED MAIL - RETURN RECEIPT REQUESTED: 7010 2780 0002 4356 9394

Mr. Greg Sparks.  
GKM Oil & Gas, Inc.  
P. O. Box 985  
Vinita, OK 74301

Re: Docket Number: SDWA-06-2013-1121

Dear Mr. Sparks:

Due to a clerical error, the enclosed Administrative Order is being re-issued. Please note that this is the same Administrative Order that you received dated April 16, 2013. The only differences are that the Administrative Order has been filed and that a Certificate of Service has been included. Please send us a copy of the Osage Form No. 139 that you sent to the Bureau of Indian Affairs with the right side of the form completed to show actual plugging procedures and a request to terminate the permit for the well. Upon receipt of that report, we will recommend closure of the referenced Administrative Order.

If you have any questions, or wish to discuss the possibility of a settlement of this matter, please contact Mr. David Aguinaga, of my staff, at (214) 665-6439.

Sincerely,

A handwritten signature in black ink, appearing to read "Willie Lane, Jr.".

Willie Lane, Jr.  
Chief  
Water Resources Section

Enclosures

cc: BIA, Minerals Branch

Osage Nation Environmental and  
Natural Resources



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 6

1445 ROSS AVENUE, SUITE 1200

DALLAS, TEXAS 75202-2733

APR 16 2013

CERTIFIED MAIL-RETURN RECEIPT REQUESTED: 7011 3500 0000 0359 6181

Mr. Greg Sparks  
GKM Oil and Gas, Inc.  
P.O. Box 985  
Vinta, OK 74301

Re: Notice of Proposed Administrative Order and Opportunity to Request a Hearing  
Docket Number: SDWA-06-2013-1121

Dear Mr. Sparks:

Enclosed is a Proposed Administrative Order (Order) issued to GKM Oil and Gas, Inc. for violation of the Safe Drinking Water Act (SDWA). The violation was identified based on our review of files that we maintain on the referenced well. The violation was for maintaining Well No. Roper 13-7 in a manner which could allow contaminants to move through the well bore into Underground Sources of Drinking Water. The enclosed Order does not assess a monetary penalty; however, it does require compliance with SDWA requirements. You would be required to complete appropriate corrective actions on the well.

You have the right to request a hearing regarding the violation alleged in the Order. Please refer to the enclosed Part 22, "Consolidated Rules of Practice", for information regarding hearing and settlement procedures. Note that should you fail to request a hearing within thirty (30) days of your receipt of this Order, you will waive your right to such a hearing, and may be subject to the compliance terms without further proceedings. Whether or not you request a hearing, we invite you to confer with us informally. If you choose not to request a hearing, we will review any comments on the proposed Order received from you and the public and determine whether the Order will become final. In the event you fail to request a hearing within thirty (30) days of your receipt of this Order, and no public comments are received, the Order will become final. Should this occur, EPA will send you a letter memorializing the finalization of the Order.

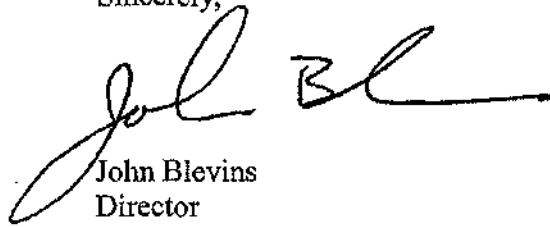
Also enclosed is an "Information Sheet" relating to the Small Business Regulatory Enforcement Fairness Act and a "Notice of Registrant's Duty to Disclose" relating to the disclosure of environmental legal proceedings to the Securities and Exchange Commission. The Environmental Protection Agency is committed to ensuring compliance with the requirements of the Underground Injection Control program, and my staff will assist you in any way possible.

Re: UIC Administrative Order  
GKM Oil and Gas, Inc.

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If you have any questions, or would like to discuss the possibility of a settlement of this matter, please contact Mr. David Aguinaga, of my staff, at (214) 665-6439.

Sincerely,

A handwritten signature in black ink, appearing to read "John Blevins". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

John Blevins  
Director  
Compliance Assurance and  
Enforcement Division

Enclosures

cc: BIA, Minerals Branch  
P.O. Box 1539  
Pawhuska, OK 74056

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

**U. S. ENVIRONMENTAL PROTECTION AGENCY-REGION 6  
PROPOSED ADMINISTRATIVE ORDER AND INFORMATION DEMAND**

In the Matter of GKM Oil and Gas, Inc., Respondent  
Docket No. SDWA-06-2013-1121

FILED

**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 Sections 1423(c) and 1445 of the Safe Drinking Water Act ("the Act"), 42 U.S.C. §§ 300h-2(c) and 300j-4. 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. GKM Oil and Gas, Inc. ("Respondent") is a "person," within the meaning of Section 1401(12) of the Act, 42 U.S.C. § 300f(12).

2. At all times relevant to the violation alleged herein, Respondent operated an injection well located in the Northeast Quarter of Section 13, Township 22 North, Range 7 East, East Paxton Field, Osage County, Oklahoma, designated as Well Number Roper 13-7 and EPA Inventory Number OS5922 ("the well").

3. Respondent is subject to underground injection control ("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.

4. EPA regulations require the operator of an "injection well," as defined at 40 C.F.R. § 147.2902, to maintain its injection wells in a manner that prevents movement of contaminants through the well bore into underground sources of drinking water ("USDWs"), pursuant to 40 C.F.R. § 147.2903(b).

5. A January 27, 2013, inspection by EPA representatives found that the well had failed a mechanical integrity test and the static fluid level in the well was above the base of the USDWs. This indicates that fluids containing contaminants could move through the well into USDWs.

6. Therefore, Respondent violated the regulations set forth at 40 C.F.R. § 147.2903(b) by maintaining the well in a manner which could allow contaminants to move through the well bore into USDWs.

**SECTION 1423(c) COMPLIANCE ORDER**

7. Based on the foregoing findings and under the authority of Section 1423(c) of the Act, it is hereby ordered that Respondent shall complete corrective actions to prevent fluids from moving through the well into USDWs. Such corrective actions may be to a) convert the well to production use; b) plug the well; c) repair the well and demonstrate mechanical integrity; or d) pump and maintain the static fluid level in the well to at least 450 feet below the ground surface.

**SECTION 1445 INFORMATION DEMAND**

8. Based on these findings and pursuant to the authority of Section 1445 of the Act, Respondent is required to submit a report of work completed to comply with this Order to the following address within sixty (60) days after the effective date of the Order:

Water Resources Section (6EN-WR)  
U.S. EPA, Region 6  
1445 Ross Avenue, Suite 1200  
Dallas, TX 75202

**NOTICE OF OPPORTUNITY TO REQUEST A HEARING**

9. 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.

10. 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.

11. 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**

12. This Section 1423(c) Compliance Order and the Section 1445 Information Demand does 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.

13. 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.

14. 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), (2).

#### SETTLEMENT

15. 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.

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

#### EFFECTIVE DATE

17. 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).

4.16.13

Date



John Blevins  
Director  
Compliance Assurance and  
Enforcement Division

**CERTIFICATE OF SERVICE**

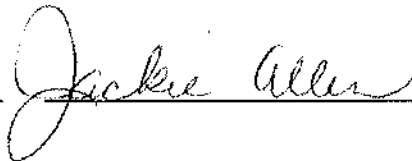
I certify that the foregoing Proposed Administrative Order was sent to the following persons, in the manner specified, on the date below:

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. Greg Sparks  
GKM Oil and Gas, Inc.  
P. O. Box 985  
Vinita, OK 74301

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:                     MAY 29 2013                    

  
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