

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 6  
Dallas, Texas 75270

FILED  
21 OCT 14 AM 9:39

In the Matter of

Grand Resources, Inc.

Respondent

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REGIONAL HEARING CLERK  
EPA REGION VI  
Docket No. SDWA-06-2021-1107

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**FINAL ADMINISTRATIVE ORDER**

**STATUTORY AUTHORITY**

The following findings are made, and Final Administrative 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 Final Administrative 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 Enforcement and Compliance Assurance 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. Grand Resources, Inc. (Respondent) is a company doing business in the State of Oklahoma and, therefore, 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 violations alleged herein, Respondent owned or operated an "injection well" which is a "Class II well" as those terms are defined at 40 C.F.R. § 147.2902. The injection well is located in the SE Quarter of Section 36, Township 24 North, Range 11 East, Osage County, Oklahoma, designated as Well No. 36-10 and EPA Inventory Number OS4447000 (the injection 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. Regulations at 40 C.F.R. § 147.2903(a) require that any underground injection is prohibited except as authorized by rule or authorized by a permit issued under the UIC program. The construction or operation of any injection well required to have a permit is prohibited until the permit has been issued. The term “permit” is defined at 40 C.F.R. § 147.2902.
5. Regulations at 40 C.F.R. § 147.2903(b) provide that no owner or operator shall construct, operate, maintain, convert, plug, or abandon any injection well, or conduct any other injection activity, in a manner that allows the movement of fluid containing any contaminant into underground sources of drinking water, if the presence of that contaminant may cause the violation of any primary drinking water regulation under 40 C.F.R. Part 142 or may otherwise adversely affect the health of persons.
6. Regulations at 40 C.F.R. § 147.2909 provide that existing injection wells (wells authorized by the Bureau of Indian Affairs and constructed or completed on or before the effective date of the Osage UIC program) are authorized by rule (ABR). Owners or operators of injection wells authorized by rule must comply with the provisions of 40 C.F.R. §§ 147.2903, 147.2905, 147.2907, and 147.2910 through 147.2915.
7. Regulations at 40 C.F.R. § 147.2912(a) require each ABR injection well to have mechanical integrity. An injection well has mechanical integrity if there are no significant leaks in the casing, tubing, or packer and there is no significant fluid movement into the “Underground Source of Drinking Water” (USDW) through vertical channels adjacent to the wellbore. The term USDW is defined at 40 C.F.R. § 147.2902.
8. The injection well is authorized by rule in accordance with 40 C.F.R. § 147.2909.

9. On July 25, 2019, the injection well failed a mechanical integrity test. To date, the injection well has not successfully demonstrated mechanical integrity.
10. On April 28, 2020, EPA emailed a letter to Respondent notifying Respondent that EPA determined that the injection well failed a mechanical integrity test on July 25, 2019. The letter informed Respondent of the potential violations of the Act and the UIC program and that EPA can pursue enforcement actions in response to these violations. The letter also provided the Respondent an opportunity to confer with the EPA in regards to this matter.
11. Therefore, Respondent violated regulations set forth at 40 C.F.R. §§ 147.2903(b), 147.2909, and 147.2912(a) by maintaining the injection well in a manner that could allow the movement of fluid that contains contaminants into an USDW and by failing to successfully demonstrate mechanical integrity.
12. Pursuant to Section 1423(c)(3)(A) of the Act, 42 U.S.C. § 300h-2(c)(3)(A), on August 3, 2021, EPA issued a Proposed Administrative Order to Respondent and provided Respondent an opportunity to request a hearing on the Proposed Administrative Order.
13. On August 4, 2021, EPA provided public notice of its proposal to issue an order for compliance in this matter in accordance with Section 1423(c)(3)(B) of the Act, 42 U.S.C. § 300h-2(c)(3)(B).
14. Respondent did not request a hearing and EPA did not receive any public comments on the Proposed Administrative Order.

#### **SECTION 1423(c) COMPLIANCE ORDER**

15. Based on the foregoing findings, and pursuant to the authority of Section 1423(c) of the Act, 42 U.S.C. § 300h-2(c), EPA Region 6 hereby orders Respondent to:
  - a. Cease use of the injection well for the unauthorized underground injection of fluids,  
and

b. Take one of the following actions:

- i. Repair the injection well and successfully demonstrate mechanical integrity according to regulations at 40 C.F.R. § 147.2912(a) within ninety (90) days after the effective date of this Final Administrative Order; or
- ii. Complete proper plugging and abandonment in accordance with 40 C.F.R. § 147.2905, within ninety (90) days after the effective date of this Final Administrative Order; or
- iii. Convert the injection well to production use within ninety (90) days after the effective date of this Final Administrative Order.

16. Submit copies of completed plugging reports or completed work reports showing conversion to production and BIA Osage Agency Forms 139 within 120 days after the effective date of this Final Administrative Order to:

Jeanne Eckhart  
eckhart.jeanne@epa.gov  
U.S. Environmental Protection Agency  
Water Enforcement Branch (ECDWE)  
1201 Elm Street, Suite 500  
Dallas, TX 75270-2102

**GENERAL PROVISIONS**

17. Respondent may appeal this Final Administrative Order to Federal District Court pursuant to Section 1423(c)(6) of the Act, 42 U.S.C. § 300h-2(c)(6).

18. This Final Administrative Order does not constitute a waiver, suspension, or modification of the requirements of 40 C.F.R. Parts 144, 146, and 147, Subpart GGG, which remain in full force and effect.

19. Issuance of this Final Administrative Order is not an election by EPA to forego any civil or criminal action otherwise authorized under the Act.



20. Violation of the terms of this Final Administrative 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 Final Administrative 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 Final Administrative Order under Section 1423(b)(1) and (2) of the Act, 42 U.S.C. § 300h-2(b)(1) and (2).

#### **TAX IDENTIFICATION**

21. For purposes of the identification requirement in Section 162(f)(2)(A)(ii) of the Internal Revenue Code, 26 U.S.C. § 162(f)(2)(A)(ii), and 26 C.F.R. § 1.162-21(b)(2), performance of Paragraphs 15 and 16 is restitution, remediation, or required to come into compliance with the law.

#### **EFFECTIVE DATE**

22. This Final Administrative 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).

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Date

**STEPHEN  
GILREIN**

Digitally signed by STEPHEN GILREIN  
DN: c=US, o=U.S. Government,  
ou=Environmental Protection Agency,  
cn=STEPHEN GILREIN,  
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Cheryl T. Seager, Director  
Enforcement and  
Compliance Assurance Division

**CERTIFICATE OF SERVICE**

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

Signed Original E-mailed: Regional Hearing Clerk (R6ORC)  
U.S. EPA, Region 6  
1201 Elm Street, Suite 500  
Dallas, TX 75270  
vaughn.lorena@epa.gov

File Stamped Copy  
Transmitted via Email: Mr. Scott Robinowitz  
Grand Resources, Inc.  
2448 East 81<sup>st</sup> Street, Suite 4040  
Tulsa, OK 74137  
scott@grandoil.com

Electronic Copy: Ms. Kristine Talbot  
Ms. Jeanne Eckhart  
U.S. EPA, Region 6  
1201 Elm Street, Suite 500  
Dallas, TX 75270  
talbot.kristine@epa.gov  
eckhart.jeanne@epa.gov

Ms. Robin Phillips, Superintendent  
Bureau of Indian Affairs  
Osage Agency  
P.O. Box 1539  
Pawhuska, OK 74056  
robin.phillips@bia.gov

Ms. Jann Hayman, Director  
Osage Nation Department of Natural Resources  
100 W. Main, Suite 304  
Pawhuska, OK 74056  
jannhayman@osagenation-nsn.gov

Dated: 10/15/2021

**JEANNE  
ECKHART**

Digitally signed by JEANNE ECKHART  
DN: c=US, o=U.S. Government,  
ou=Environmental Protection Agency,  
cn=JEANNE ECKHART,  
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