

U. S. ENVIRONMENTAL PROTECTION AGENCY REGION 6
ADMINISTRATIVE ORDER

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

FILED

STATUTORY AUTHORITY

The following findings are made and an Amended Order ("Amended 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 ("Act"), 42 U.S.C. § 300h-2(c). The authority to issue this Amended 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. § 3001(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 injection wells designated by respective EPA Inventory Numbers and locations designated below ("the referenced injection wells") under the permit:

Well ID:	Well No	Location: Osage County, Oklahoma
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
OS6273.006	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 I.C.4 of the permit.

6. On or about October 31, 2014, EPA field inspectors documented that two previously plugged wells identified as Well Nos. 23-08 and 24-05, were contributing to the migration of contaminants through underground sources of drinking water. Well Nos. 23-08 and 24-05 are owned by Respondent and are within the area of review of "the referenced injection wells."

7. An October 31, 2014 EPA letter required Respondent to cease injection through "the referenced injection wells." A November 4, 2014 EPA inspection report documented the upward migration and surfacing of produced water, oil and carbon dioxide through Well Nos. 23-08 and 24-05.

8. On December 5, 2014, EPA issued an Administrative Order, Docket Number SDWA-06-1015-1121, ("Original Order"), to Respondent for violating the regulations set forth at 40 C.F.R. § 144.12 and Part I.C.4 of the area permit by allowing the upward migration of fluids through compromised well bores (Well No. 24-05 and 23-08) while operating "the referenced injection wells." The Original Order required Respondent to a) plug and abandon Well Nos. 24-05 and 23-08 and b) complete corrective action to prevent contaminants from moving through the zones of underground sources of drinking water in the vicinity of "the referenced injection wells."

9. In response to the "Original Order," Respondent has completed corrective action necessary to prevent contaminants from moving through zones of USDWs in the vicinity of the "referenced injection wells" by plugging the oil production and injection zones of Well Nos. 23-08, 24-05 and an additional well thought to be the source of contamination. The additional well was listed in the Original Order as a "referenced injection well" and identified with Well ID: OS6273.002 and Well No. 23-23.

10. Respondent's December 3, 2014, progress report indicates that Well No. 24-05 is plugged back to approximately 450 feet, Well No. 23-08 is plugged back to 432 feet and Well No. 23-23 is plugged back to 451 feet subsurface. These wells were left with the top plug open to monitor USDWs. Respondent reports that CO₂, oil and produced water are no longer surfacing within the area of review of "the referenced injection wells."

11. On January 12, 2015, verbal inspection reports from EPA inspectors and Respondent's Engineers confirm contaminants are no longer surfacing in the area of "the referenced injection wells."

SECTION 1423(c) COMPLIANCE ORDER

12. As a result of the corrective action taken by Respondent to prevent contaminants from moving through zones of USDWs in the vicinity of the referenced injection wells, the Original Order is hereby amended, and Respondent is hereafter ordered as follows:

- Respondent shall conduct groundwater monitoring and sampling in accordance with Part I.G.1 of the permit for Well Nos. 23-08, 24-05 and 23-23.
- Respondent shall incorporate the following analytical methods for groundwater samples collected from Well Nos. 23-08, 24-05, 23-23 and WM-12:
 - (1)-TPH - Method #418.1. Consult your lab on the most recent method revision.
 - (2)-VOC - Method 8260B. Consult your lab on the most recent method revision.
 - (3)-Typical Cations / Anions: Chloride, Sulfate, Bromide, -Bicarbonate, Carbonate, Fluoride, (Method 300); Sodium, Magnesium, Potassium, Calcium (Method 200).

GENERAL PROVISIONS

c. Well Nos. 23-08, 24-05, 23-23 and WM-12 shall be monitored and groundwater samples collected monthly until EPA determines the USDW is no longer threatened by contaminants.

d. Monthly groundwater monitoring and sampling shall begin immediately upon receiving this Amended Order. This Amended Order supersedes the "Original Order."

SECTION 1445 INFORMATION DEMAND

13. Based on these findings and pursuant to the authority of Section 1445 of the Act and Part I.G.1 of "the permit," Respondent shall provide EPA with quarterly monitoring reports. Reports shall be sent to:

Water Resources Section (6EN-WR)
Attention: David Aguinaga
U.S. Environmental Protection Agency
1445 Ross Avenue, Suite 1200
Dallas, TX 74202

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

If reports indicate that contaminants are present in the USDWs at any time during injection operation, Respondent is required to notify EPA on the next business day by calling, Mr. David Aguinaga at 214-665-6439.

NOTICE OF OPPORTUNITY TO REQUEST A HEARING

14. Respondent may request a hearing to contest the issuance of this Section 1423(c) Amended 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.

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

16. Should a hearing be requested, members of the public who commented on the issuance of this Amended 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).

17. This Section 1423(c) Amended 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.

18. Issuance of this Section 1423(c) Amended 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.

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

SETTLEMENT

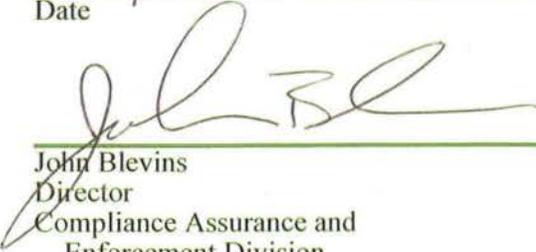
20. EPA encourages all parties against whom an administrative order is proposed to pursue the possibility of settlement through informal meetings with EPA. Regardless of whether a formal hearing is requested, Respondent may confer informally with EPA about the alleged violations. Respondent may wish 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.

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

EFFECTIVE DATE

22. This Amended 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).

2/5/15
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: FEB 06 2015

