



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 6
1445 ROSS AVENUE, SUITE 1200
DALLAS TX 75202-2733

AUG 15 2018

CERTIFIED MAIL-RETURN RECEIPT REQUESTED: 7014 0150 0000 2406 3162

Mr. Scott Robinowitz
Grand Resources, Inc.
2448 East 81st Street, Suite 4040
Tulsa, OK 74137

Re: Notice of Proposed Administrative Order and Opportunity to Request a Hearing
Docket Number: SDWA-06-2018-1108

Dear Mr. Robinowitz:

Enclosed is a Proposed Administrative Order (Order) issued to Grand Resources, 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 injection wells. The violation alleged is for maintaining three injection wells in a manner that may allow contaminants to move into underground sources of drinking water. The enclosed Order does not assess a monetary penalty; however, it does require compliance with SDWA requirements. You are required to successfully demonstrate mechanical integrity of the wells, plug them or convert them to production use.

You have the right to request a hearing regarding the violations 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, the Environmental Protection Agency (EPA) will send you a letter memorializing the finalization of the Order.

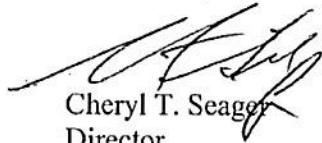
Also enclosed is an "Information Sheet" relating to the Small Business Regulatory Enforcement Fairness Act and a "Notice of Registrant's Duty to Disclose" relating to the disclosure of environmental legal proceedings to the Securities and Exchange Commission. The EPA is committed to ensuring compliance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

Re: Grand Resources, Inc.
SDWA-06-2018-1108

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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,



Cheryl T. Seager
Director
Compliance Assurance and
Enforcement Division

Enclosure:

cc: Ms. Jann Hayman, Director
Osage Nation Environmental and
Natural Resources Department
100 W. Main, Suite 304
Pawhuska, OK 74056

Ms. Robin Phillips, Superintendent
Bureau of Indian Affairs
Osage Agency
P.O. Box 1539
Pawhuska, OK 74056

**U. S. ENVIRONMENTAL PROTECTION AGENCY-REGION 6
PROPOSED ADMINISTRATIVE ORDER
(NOT A FINAL ORDER)**

In the Matter of Grand Resources, Inc., Respondent
Docket No. SDWA-06-2018-1108

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(e), 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 operated injection wells which are Class II wells (Collectively, "the wells") authorized to inject in the Bartlesville formation located in Osage County, Oklahoma, as described below:

Well No.	Inventory No.	Quarter	Location Section	Township	Range	Hereinafter Referred to as
11	OS4097	Southwest	07	22 North	11 East	"Well No. 11"
317	OS3736	Northeast	35	24 North	11 East	"Well No. 317"
W-12	OS2522	Northwest	09	24 North	12 East	"Well No. W-12"

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) state that any underground injection is prohibited except as authorized by rule ("ABR") or authorized by a permit issued under the UIC program. The construction or operation of any well required to have a permit is prohibited until the permit has been issued. The term "ABR" is defined at 40 C.F.R. § 147.2902.

5. Regulations at 40 C.F.R. § 147.2903(b) state 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 ("USDWs").

6. Regulations at 40 C.F.R. § 147.2909 require the owner or operator of an existing "ABR" Class II injection well in the Osage Mineral Reserve to comply with the requirements of 40 C.F.R. §§ 147.2903, 147.2907, and 147.2909 through 147.2915. The terms "USDW" and "injection well" are defined at 40 C.F.R. § 147.2902.

7. A July 19, 2016 inspection report of Well No. 11 indicated that the construction was compromised. The well head was detached and lying next to the open well bore. The well casing was still present and detached about three feet below the surface. Fluid level measurements indicate fluids were near the surface in the well bore approximately thirty feet below the surface.

OS4907

8. By letter dated November 8, 2016, EPA instructed Respondent to conduct remedial action to repair Well No. 11 and protect USDWs in the area of the well.

9. By email dated March 5, 2018, Respondent agreed to submit information and request from the BIA Osage Agency a work permit to plug Well No. 11. On May 16, 2018, EPA approved a plugging plan submitted by Respondent to properly plug and abandon Well No. 11 in accordance with 40 C.F.R. § 147.2905.

10. A May 31, 2018 inspection report on Well No. 11 indicated that the construction of the well remained compromised beyond repair and fluid had filled the open well bore to the surface.

OS3736

11. A November 28, 2017 MIT Report showed that Well No. 317 failed a mechanical integrity test. By correspondence dated January 21, 2018, BIA Osage approved the conversion of Well No. 317 to production use.

12. A January 25, 2018 inspection report indicated that Well No. 317 was being maintained with the static fluid level in the well tubing within fifty feet of the USDW.

13. A February 7, 2018 letter from Respondent stated that the BIA Osage Agency approved a workover permit for repair of Well No. 317.

14. By letter dated May 11, 2018, EPA notified Respondent that Well No. 317 did not have mechanical integrity.

OS2522

15. A February 12, 2018 inspection shows that the casing riser on Well No. W-12 was bent at a forty-five-degree angle beyond repair. By letter dated April 11, 2018, EPA notified Respondent that corrective action to repair Well No. W-12 was required.

16. Therefore, Respondent violated regulations set forth at 40 C.F.R. §§ 147.2903(b) and 147.2909 by maintaining Well Nos. 11, 317 and W-12 in a manner that could allow the movement of fluid that contains contaminants into USDWs.

SECTION 1423(c) COMPLIANCE ORDER

17. Based on the foregoing findings and under the authority of Section 1423(c) of the Act, it is hereby ordered that Respondent complete corrective actions to prevent fluids from moving through the wells into USDWs. Acceptable corrective action for each well is listed below:

Well No. 11 (OS4907): Complete proper plugging in accordance with 40 C.F.R. § 147.2905, within ninety (90) days of the effective date of a Final Order.

Well No. 317 (OS3736): Repair Well No. 317 and successfully demonstrate mechanical integrity according to regulations at 40 C.F.R. § 147.2912, within ninety (90) days of the effective date of a Final Order.

Well No. W-12 (OS2522):

a. If Respondent plans to use Well No. W-12 for the underground injection of fluids, within 90 days of the effective date of a Final Order:

- 1) Repair the well and successfully demonstrate mechanical integrity according to regulations at 40 C.F.R. § 147.2912 within ninety (90) days of the effective date of a Final Order, or

b. If Respondent does not plan to use Well No. W-12 for the underground injection of fluids, take one of the following actions within 90 days of the effective date of a Final Order:

- 1) Permanently plug and abandon Well No. W-12 in accordance with 40 C.F.R. § 147.2905, or
- 2) Convert Well No. W-12 to production use.

18. Respondent shall submit a report of the progress of corrective actions to the address below, within forty-five (45) days after the effective date of this Order:

Mr. David Aguinaga
U.S. Environmental Protection Agency
Water Enforcement Branch (6EN-WR)
1445 Ross Avenue, Suite 1200
Dallas, TX 75202

NOTICE OF OPPORTUNITY TO REQUEST A HEARING

19. 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.

20. 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.

21. 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

22. This Section 1423(c) Compliance Order 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.

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

24. 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

25. 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.

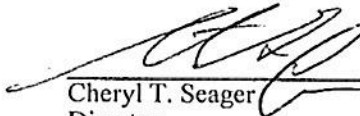
26. If this action is settled without a formal hearing, it will be concluded by issuance of a Final Order.

EFFECTIVE DATE

27. 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).

AUG 15 2018

Date


Cheryl T. Seager
Director
Compliance Assurance and
Enforcement Division

U.S. EPA Small Business Resources Information Sheet

The United States Environmental Protection Agency provides an array of resources to help small businesses understand and comply with federal and state environmental laws. In addition to helping small businesses understand their environmental obligations and improve compliance, these resources will also help such businesses find cost-effective ways to comply through pollution prevention techniques and innovative technologies.

Office of Small and Disadvantaged Business Utilization (OSDBU)

www.epa.gov/aboutepa/about-office-small-and-disadvantaged-business-utilization-osdbu

EPA's OSDBU advocates and advances business, regulatory, and environmental compliance concerns of small and socio-economically disadvantaged businesses.

EPA's Asbestos Small Business Ombudsman (ASBO)

www.epa.gov/resources-small-businesses/asbestos-small-business-ombudsman or 1-800-368-5888

The EPA ASBO serves as a conduit for small businesses to access EPA and facilitates communications between the small business community and the Agency.

Small Business Environmental Assistance Program

<https://nationalsbeap.org>

This program provides a "one-stop shop" for small businesses and assistance providers seeking information on a wide range of environmental topics and state-specific environmental compliance assistance resources.

EPA's Compliance Assistance Homepage

www.epa.gov/compliance

This page is a gateway to industry and statute-specific environmental resources, from extensive web-based information to hotlines and compliance assistance specialists.

Compliance Assistance Centers www.complianceassistance.net

EPA sponsored Compliance Assistance Centers provide information targeted to industries with many small businesses. They were developed in partnership with industry, universities and other federal and state agencies.

Agriculture

www.epa.gov/agriculture

Automotive Recycling

www.ccarcenter.org

Automotive Service and Repair

www.ccar-greenlink.org or 1-888-GRN-LINK

Chemical Manufacturing

www.chemalliance.org

Construction

www.cicacenter.org

Education

www.campuserc.org

Food Processing

www.fpeac.org

Healthcare

www.hercenter.org

Local Government

www.lgean.org

Surface Finishing

<http://www.sterc.org>

Paints and Coatings

www.paintcenter.org

Printing

www.pneac.org

Ports

www.portcompliance.org

Transportation www.tercenter.org

U.S. Border Compliance and Import/Export Issues www.bordercenter.org

EPA Hotlines and Clearinghouses www.epa.gov/home/epa-hotlines

EPA sponsors many free hotlines and clearinghouses that provide convenient assistance regarding environmental requirements. Examples include:

Clean Air Technology Center (CATC) Info-line

www.epa.gov/cate or 1-919-541-0800

Superfund, TRI, EPCRA, RMP, and Oil Information Center 1-800-424-9346

EPA Imported Vehicles and Engines Public Helpline

www.epa.gov/otaq/imports or 1-734-214-4100

National Pesticide Information Center www.npic.orst.edu or 1-800-858-7378

National Response Center Hotline to report oil and hazardous substance spills - <http://nrc.uscg.mil> or 1-800-424-8802

Pollution Prevention Information Clearinghouse (PPIC) - www.epa.gov/p2/pollution-prevention-resources#ppic or 1-202-566-0799

Safe Drinking Water Hotline - www.epa.gov/ground-water-and-drinking-water/safe-drinking-water-hotline or 1-800-426-4791

Toxic Substances Control Act (TSCA) Hotline tsc hotline@epa.gov or 1-202-554-1404

Small Entity Compliance Guides

<https://www.epa.gov/reg-flex/small-entity-compliance-guides>

EPA publishes a Small Entity Compliance Guide (SECG) for every rule for which the Agency has prepared a final regulatory flexibility analysis, in accordance with Section 604 of the Regulatory Flexibility Act (RFA).

Regional Small Business Liaisons

www.epa.gov/resources-small-businesses/epa-regional-office-small-business-liaisons

The U.S. Environmental Protection Agency (EPA) Regional Small Business Liaison (RSBL) is the primary regional contact and often the expert on small business assistance, advocacy, and outreach. The RSBL is the regional voice for the EPA Asbestos and Small Business Ombudsman (ASBO).

State Resource Locators

www.envcap.org/statetools

The Locators provide state-specific contacts, regulations and resources covering the major environmental laws.

State Small Business Environmental Assistance Programs (SBEAPs)

<https://nationalsbeap.org/states/list>

State SBEAPs help small businesses and assistance providers understand environmental requirements and sustainable business practices through workshops, trainings and site visits.

EPA's Tribal Portal

www.epa.gov/tribalportal

The Portal helps users locate tribal-related information within EPA and other federal agencies.

EPA Compliance Incentives

EPA provides incentives for environmental compliance. By participating in compliance assistance programs or voluntarily disclosing and promptly correcting violations before an enforcement action has been initiated, businesses may be eligible for penalty waivers or reductions. EPA has two such policies that may apply to small businesses:

EPA's Small Business Compliance Policy

www.epa.gov/enforcement/small-businesses-and-enforcement

EPA's Audit Policy

www.epa.gov/compliance/epas-audit-policy

Commenting on Federal Enforcement Actions and Compliance Activities

The Small Business Regulatory Enforcement Fairness Act (SBREFA) established a SBREFA Ombudsman and 10 Regional Fairness Boards to receive comments from small businesses about federal agency enforcement actions. If you believe that you fall within the Small Business Administration's definition of a small business (based on your North American Industry Classification System designation, number of employees or annual receipts, as defined at 13 C.F.R. 121.201; in most cases, this means a business with 500 or fewer employees), and wish to comment on federal enforcement and compliance activities, call the SBREFA Ombudsman's toll-free number at 1-888-REG-FAIR (1-888-734-3247).

Every small business that is the subject of an enforcement or compliance action is entitled to comment on the Agency's actions without fear of retaliation. EPA employees are prohibited from using enforcement or any other means of retaliation against any member of the regulated community in response to comments made under SBREFA.

Your Duty to Comply

If you receive compliance assistance or submit a comment to the SBREFA Ombudsman or Regional Fairness Boards, you still have the duty to comply with the law, including providing timely responses to EPA information requests, administrative or civil complaints, other enforcement actions or communications. The assistance information and comment processes do not give you any new rights or defenses in any enforcement action. These processes also do not affect EPA's obligation to protect public health or the environment under any of the environmental statutes it enforces, including the right to take emergency remedial or emergency response actions when appropriate. Those decisions will be based on the facts in each situation. The SBREFA Ombudsman and Fairness Boards do not participate in resolving EPA's enforcement actions. Also, remember that to preserve your rights, you need to comply with all rules governing the enforcement process.

EPA is disseminating this information to you without making a determination that your business or organization is a small business as defined by Section 222 of the Small Business Regulatory Enforcement Fairness Act or related provisions.