



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8

1595 Wynkoop Street
DENVER, CO 80202-1129
Phone 800-227-8917
<http://www.epa.gov/region08>

SEP 27 2011

Ref: 8ENF-UFO

CERTIFIED MAIL – 7009-3410-0000-2594-7469
RETURN RECEIPT REQUESTED

CT Corporation System, Registered Agent
Petroglyph Operating Company, Inc.
136 East South Temple
Suite 2100
Salt Lake City UT 84111

Re: Proposed Penalty Complaint
And Notice Of Opportunity for Hearing
Docket No. **SDWA-08-2011-0078**

Registered Agent,

Enclosed is a Proposed Penalty Complaint and Notice Of Opportunity For Hearing (complaint) issued by the Environmental Protection Agency (EPA) as authorized by the Safe Drinking Water Act (SDWA), 42 U.S.C. § 300h-2. The document alleges that Petroglyph Operating Company, Inc., has violated the SDWA and proposes the assessment of a civil penalty. Please note that there are deadlines in the complaint that must be met. The complaint is effective upon the receipt date and the company has thirty (30) calendar days to file an answer to dispute the contents of the complaint.

Also note that under the Part 22 Rules of Practice enclosed herein and pursuant to paragraph 6 of the complaint, Petroglyph Operating Company, Inc., may send in a check for the amount proposed to settle the proceeding, without the need for a settlement agreement, once the required public notice period has occurred. 40 C.F.R. §§ 22.18; 22.45.

If you have any technical questions, contact Sarah Roberts at the above address (with the mail code 8ENF-UFO) or by phone at (303) 312-7056. For legal questions, the attorney assigned to this matter is Jim Eppers, who can be reached at the above address (with the mail code 8ENF-L) or by phone at (303) 312-6893. We urge your prompt attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew M. Gaydosh", written over a large, stylized circular flourish.

Andrew M. Gaydosh
Assistant Regional Administrator
Office of Enforcement, Compliance
and Environmental Justice

Enclosures:

Proposed Penalty Complaint
and Notice of Opportunity for Hearing
Table of 25 Wells in Violation
Part 22 Rules of Practice
Public Notice

cc: The Honorable Irene Cuch, Chairman
Ute Indian Tribe
P.O. Box 190
Ft. Duchesne, UT 84026-0190

The Honorable Ronald Wopsock, Vice-Chairman
Ute Indian Tribe
P.O. Box 190
Ft. Duchesne, UT 84026-0190

Mike Natchees, Environmental Coordinator
Ute Indian Tribe
P.O. Box 460
Ft. Duchesne, UT 84026-0460

Chad Stevenson, Water Facility Supervisor
Petroglyph Operating Company, Inc.
4116 W. 3000 S. Ioka Lane
P. O. Box 607
Roosevelt, UT 84066

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY

REGION 8

Docket No. SDWA-08-2011-0078

2011 SEP 27 AM 11:01

FILED
EPA REGION VIII
HEARING CLERK

In the Matter of:)
)
Petroglyph Operating Company, Inc.)
)
)
)
Respondent.)

**PROPOSED PENALTY
COMPLAINT AND NOTICE OF
OPPORTUNITY FOR HEARING**

INTRODUCTION

1. This Proposed Compliance Order, Penalty Complaint, and Notice of Opportunity for Hearing (complaint) is authorized by Congress in section 1423 of the Public Health Service Act, commonly known as the Safe Drinking Water Act (the Act). 42 U.S.C. § 300h-2. The Environmental Protection Agency (EPA) underground injection control (UIC) regulations authorized by the Act are set out in Parts 144 and 146 of title 40 of the Code of Federal Regulations (C.F.R.), and violations of permits or EPA UIC regulations constitute violations of the Act. The rules for this proceeding are the "Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties, Issuance of Compliance or Corrective Action Orders and the Revocation, Termination or Suspension of Permits (Rules of Practice)," 40 C.F.R. Part 22, a copy of which is enclosed.

2. The undersigned EPA official has been properly delegated the authority to issue this complaint.

3. EPA alleges that Petroglyph Operating Company, Inc., (Respondent) has violated EPA UIC permit conditions and certain regulations in 40 C.F.R. Parts 144 and 146 and therefore the Act, as more fully explained below.

NOTICE OF OPPORTUNITY FOR A HEARING

4. Respondent has the right to a public hearing before a presiding officer within the Agency to (1) disagree with any fact alleged by EPA in the complaint, (2) state the grounds for any legal defense or (3) disagree with the appropriateness of the proposed penalty.

5. To disagree with the complaint and assert Respondent's right to a hearing, Respondent must file a written answer (and one copy) with the Regional Hearing Clerk (1595 Wynkoop Street (8RC); Denver, Colorado 80202) within thirty (30) calendar days of receiving this complaint. The answer must clearly admit, deny or explain the factual allegations of the complaint, the grounds for any defense, the facts Respondent may dispute, and Respondent's specific request for a public hearing. Please see section 22.15 of the Rules of Practice for a complete description of what must be in the answer.

FAILURE TO FILE AN ANSWER AND REQUEST A HEARING WITHIN THIRTY (30) CALENDAR DAYS MAY WAIVE RESPONDENT'S RIGHT TO DISAGREE WITH THE ALLEGATIONS OR PROPOSED PENALTY, AND MAY RESULT IN A DEFAULT JUDGMENT AND ASSESSMENT OF PENALTY UP TO THE MAXIMUM AUTHORIZED BY THE ACT.

QUICK RESOLUTION

6. Respondent may resolve this proceeding at any time by paying the penalty amount proposed in the complaint. Such payment need not contain any response to, nor admission of, the allegations in the complaint. Such payment constitutes a waiver of Respondent's right to contest the allegations and to appeal the final order. See section 22.18 of the Rules of Practice for a full explanation of the quick resolution process.

SETTLEMENT NEGOTIATIONS

7. EPA encourages discussing whether cases can be settled through informal settlement conferences. If Respondent wants to pursue the possibility of settling this matter, or has any other questions, contact the attorney listed at the end of this complaint. **Please note that calling the attorney or requesting a settlement conference does NOT delay the running of the thirty (30) day period for filing an answer and requesting a hearing.**

GENERAL ALLEGATIONS

The following general allegations apply to all times relevant to this action and to each violation alleged in this complaint:

8. Respondent, Petroglyph Operating Company, Inc., is a Kansas corporation doing business in the State of Utah.

9. Respondent is a "person" as defined in the Act, and is therefore subject to the requirements of the Act and its implementing regulations. 42 U.S.C. § 300f(12).

10. Respondent has owned and/or operated the twenty five wells listed in the enclosed table (25 wells) at all times relevant to this complaint.

11. The 25 wells are located in the Antelope Creek oilfield in township 5 south, sections 4, 5, 8, 9, 16, 18, 19, 21, 28, 29, 30, range 3 west, in Duchesne County, Utah within the exterior boundary of the Uintah and Ouray Indian Reservation.

12. The 25 wells are "Class II Injection Wells" as defined by 40 C.F.R. §§144.80 and 146.5.

13. Due to Respondent's ownership and/or operation of the 25 wells, Respondent is subject to applicable requirements of 40 C.F.R. §§124, 144 and 146.

14. Respondent is authorized to operate the 25 wells by EPA permits listed in the enclosed table (permits). Respondent is required to comply with all conditions in the permits at all times.

15. The permitted maximum allowable injection pressures (MAIPs) for the 25 wells, as defined by the permits in Part II(C) during all times applicable to this complaint are included in the enclosed table.

16. In the 2010 Annual Disposal/Injection Well Monitoring Reports submitted and certified by the Respondent, injection pressure measurement values were reported to exceed the MAIPs for at least one month for each of the 25 wells. The majority of the wells had several months in which MAIPs were exceeded. Months and certified injection pressure measurement values exceeding MAIP are listed in the enclosed table.

17. Respondent violated each of the permits at Part II(C), and EPA UIC regulations at 40 C.F.R. §§ 144.51(a) and 144.52(a)(3), and 146.23, and therefore the Act, by operating Class II injection wells at pressures greater than the permitted MAIP.

18. On March 31, 2011, EPA sent to Respondent a Notice of Violation identifying the subject violations. Respondent sent a response letter to EPA dated April 27, 2011, which stated Respondent was in the process of adjusting the high pressure alarms on all the injection wells. Attached to the letter was a spreadsheet detailing various reasons for the pressure overages.

PROPOSED CIVIL PENALTY

19. For an administrative proceeding, the Act authorizes a civil penalty assessment of up to \$7,500 per day, for each violation of the Act, up to a maximum of \$177,500. 42 U.S.C. § 300h-2(c)(1). The Act requires EPA to take into account appropriate factors in assessing a civil penalty, including the seriousness of the violations, the economic benefit resulting from the violations, any history of such violations, any good-faith efforts to comply with the requirements, the economic impact on the violator, and such other matters as justice may require. Taking such factors into account, EPA proposes the assessment of a civil penalty of \$127,650 for violations identified in paragraph 17.

20. As required by the Act, prior to the assessment of a civil penalty, EPA will provide public notice of the proposed penalty, and reasonable opportunity for the public to comment on the matter and present evidence in the event a hearing is held 42 U.S.C. § 300h-2 (c)(3)(B).

21. Respondent's payment of the penalty shall be made by money order or certified check made payable to "Treasurer, United States of America" and mailed to the following address:

U.S. EPA - Region 8
Fines and Penalties
Cincinnati Finance Center
P.O. Box 979077
St. Louis, MO 63197-9000

A copy of the check shall be sent simultaneously to the following address:

Technical Enforcement Program
ATTN: Sarah Roberts (8ENF-UFO)
U.S. EPA - Region 8
1595 Wynkoop Street
Denver, Colorado 80202-1129

and

Tina Artemis
Regional Hearing Clerk (8RC)
U.S. EPA Region 8
1595 Wynkoop Street
Denver, CO 80202-1129

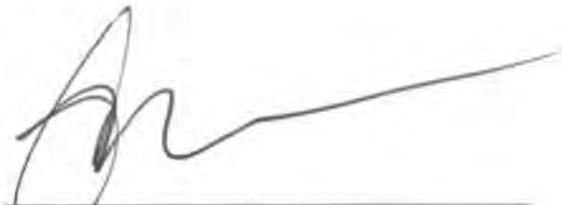
22. To discuss settlement or ask any questions you may have about this case or process, please contact Jim Eppers, Senior Enforcement Attorney, at (303) 312-6893, or the address below.

United States Environmental Protection Agency
Region 8, Office of Enforcement, Compliance and
Environmental Justice
1595 Wynkoop Street (ENF-L)
Denver, CO 80202

Date:

September 27, 2011

By:



Andrew M. Gaydosh
Assistant Regional Administrator
Office of Enforcement, Compliance
and Environmental Justice

In the Matter of: Petroglyph Operating Company, Inc.
Docket No.:

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the original and one copy of the Proposed Penalty Complaint, and Notice of Opportunity for Hearing and the Public Notice were hand-carried to the Regional Hearing Clerk, EPA Region 8, 1595 Wynkoop Street; Denver, Colorado 80202-1129, and that a true copy of the same with the Consolidated Rules of Practice (40 C.F.R. Part 22) was sent via Certified Mail to:

CT Corporation System, Registered Agent
Petroglyph Operating Company, Inc.
136 East South Temple
Suite 2100
Salt Lake City UT 84111

9/29/11
Date

Sam Dawell

**U.S. ENVIRONMENTAL PROTECTION AGENCY (EPA)
PUBLIC NOTICE
OPPORTUNITY FOR PUBLIC COMMENT ON
PROPOSED PENALTY COMPLAINT
AND
NOTICE OF OPPORTUNITY FOR HEARING
AGAINST
PETROGLYPH OPERATING COMPANY, INC.
FOR FAILURE TO COMPLY WITH
UNDERGROUND INJECTION CONTROL (UIC) REGULATIONS
AND EPA UIC PERMITS**

PURPOSE OF PUBLIC NOTICE

The purpose of this notice is to solicit written comments on a Proposed Penalty Complaint and Notice of Opportunity for Hearing (complaint) [Docket No. **SDWA-08-2011-0078**] that Region 8 of the United States Environmental Protection Agency (EPA) has issued to Petroglyph Operating Company, Inc., for alleged violations at twenty five (5) water injection wells in the Antelope Creek oilfield and located within the exterior boundary of the Uintah and Ouray Indian Reservation in Duchesne County, Utah. The complaint alleges violations of the Safe Drinking Water Act (SDWA), the regulations, and EPA UIC permits detailing the requirements of the SDWA's Underground Injection Control (UIC) program. These regulations govern the injection of fluids that may endanger an underground source of drinking water (USDW). The complaint alleges that the company failed to properly operate a salt water disposal well. The complaint proposes a civil penalty of \$127,650 for the alleged violations.

EPA desires to receive written comments from any interested party having knowledge of the alleged violations or who can provide any information useful to ensure that the complaint is appropriate. EPA will review and consider all comments received, and will thereafter determine whether the comments, if any, justify the modification or withdrawal of the complaint.

BACKGROUND

Part C of the SDWA (40 U.S.C. §300h *et seq*) requires EPA to regulate underground injection of fluid through wells to assure that underground sources of drinking water (USDWs) are not endangered. Section 1421 of the SDWA (40 U.S.C. §300h) requires EPA to administer UIC programs in States or Indian Reservations that do not have approved UIC programs. Regulation of the UIC Class II Program has not been delegated to the Ute Indian Tribe, therefore, EPA administers the program in accordance with title 40 of the Code of Federal Regulations (40 C.F.R.) parts 124, 144, 146, 147, and 148.

Twenty five Class II water disposal injection wells, which are the subject of this complaint, are located in the Antelope Creek oilfield in township 5 south, sections 4, 5, 8, 9, 16, 18, 19, 21, 28, 29, 30, range 3 west, in Duchesne County, Utah within the exterior boundary of the Uintah and Ouray Indian Reservation. A Class II injection well, pursuant to 40 C.F.R. § 146.5, is a well that injects fluids which are brought to the surface in connection with conventional oil or natural gas production.

The complaint alleges that Petroglyph Operating Company, Inc., the owner and/or operator of the 25 wells, violated EPA UIC permits, UIC regulations and the Act by exceeding permitted maximum injection pressures and is subject to appropriate penalties.

PUBLIC COMMENTS

Written comments on the complaint are encouraged and will be accepted at the address listed below for a period of thirty (30) calendar days after the publication of this notice. Written comments submitted by the public, as well as information submitted by Petroglyph Operating Company, Inc., will be available for public review as part of the Administrative Record, subject to the provisions of law restricting the disclosure of confidential information. Petroglyph Operating Company, Inc., may request a hearing. Any person submitting written comments will be notified of and has a right to participate in such a hearing. The complaint and the Administrative Record are available for review between 9:00 a.m. and 4:00 p.m. at the address listed below. Any person wishing to view the Administrative Record or receive a copy of this public notice should call Sarah Roberts in the Technical Enforcement Program, EPA Region 8, at (303) 312-7056 before visiting EPA Region 8 offices. Please submit written comments to:

Tina Artemis (8RC)
Regional Hearing Clerk
U.S. EPA, Region 8
1595 Wynkoop Street
Denver, Colorado 80202

THE DECISION

EPA will review and consider all public comments received on the public notice and will thereafter determine whether the comments, if any, justify the modification or withdrawal of the complaint. If the complaint is revised, copies shall be provided to all parties and to all members of the public who have commented.



Sandra A. Stavnes, Director
UIC/FIFRA/OPA Technical Enforcement Program
Office of Enforcement, Compliance and Environmental Justice
U.S. EPA, Region 8
1595 Wynkoop Street
Denver, CO 80202