

**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 6
Dallas, Texas 75270**

In the Matter of

STL Oil & Gas, LLC

Respondent.

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Docket No. SDWA-06-2021-1126

PROPOSED ADMINISTRATIVE ORDER

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 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. STL Oil & Gas, LLC (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 NW Quarter of Section 31, Township 25 North, Range 07

East, Osage County, Oklahoma, designated as Well No. 2H and EPA Inventory Number OS6178000 (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. 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 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. § 147.2916 require the owner or operator of a new Class II injection well, or any other Class II well required to have a permit in the Osage Mineral Reserve, to comply with the requirements of 40 C.F.R. §§ 147.2903, 147.2907, and 147.2918 through 147.2928.

6. On January 26, 2009, EPA issued UIC permit number 06S1262P6178 (the permit) for the well.

7. On February 28, 2014, the permit became effective.

8. Regulations at 40 C.F.R. § 147.2922(b) and each UIC permit require the operator of an injection well to monitor injection rate and pressure monthly and to report monitoring results to EPA annually.

9. During a review of records for the permit conducted by representatives of EPA on July 1, 2021, it was observed that the Respondent has not submitted an annual report for the well for the periods of July 2019 through June 2020.

10. On March 16, 2021, EPA emailed a Notice of Potential Violation and Opportunity to Confer (NOPVOC) to Respondent. The NOPVOC 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 NOPVOC also provided the Respondent an opportunity to confer with the EPA in regards to this matter.

11. Respondent violated regulations at 40 C.F.R. § 147.2922(b) by failing to submit annual operations reports for the well for the period of July 2019 through June 2020.

SECTION 1423(c) COMPLIANCE ORDER

12. 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 submit required annual operations reports for the well for the period July 2019 through June 2020. The required reports shall be submitted to the EPA at the address shown below within thirty (30) days after the effective date of a Final Order. Report forms are included in Attachment A, which is incorporated herein by reference.

13. Submit the required information to the EPA at eckhart.jeanne@epa.gov within thirty (30) days of the date of receipt of this Final Administrative Order.

NOTICE OF OPPORTUNITY TO REQUEST A HEARING

14. 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). Such hearing shall not be subject to section 554 or 556 of Title 5, but shall provide a reasonable opportunity to be heard and to present evidence.

15. A request for a hearing must be made within thirty (30) days of the date of receipt of this Proposed Administrative Order. If you would like to request a hearing on this Order, submit the

hearing request to the Regional Hearing Clerk (6ORC); U.S. Environmental Protection Agency, Region 6; 1201 Elm Street, Suite 500; Dallas, Texas 75270-2102.

16. 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

17. This 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.

18. Issuance of this Order 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 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).

TAX IDENTIFICATION

20. 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. § 162-21(b)(2), performance of Actions identified under Section 1423(c) Compliance Order; is restitution, remediation, or required to come into compliance with the law.

SETTLEMENT

21. EPA encourages all parties against whom an administrative order is proposed to pursue the

CERTIFICATE OF SERVICE

I certify that the foregoing 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.loreana@epa.gov

File Stamped Copy
Transmitted via Email: Mr/Ms. Skylar Miller
STL Oil and Gas, LLC
PO Box 528
Skiatook, Oklahoma 74070
semiller@smwellandgas.net

Electronic Copy: Ms. Ellen Chang-Vaughan
Ms. Jeanne Eckhart
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Ms. Robin Phillips, Superintendent
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Osage Agency
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Ms. Jann Hayman, Director
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Dated: 07/21/2021 Jeanne Eckhart