



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 6
1201 ELM STREET, SUITE 500
DALLAS, TEXAS 75270-2102

June 4, 2020

Mr. Matt Tilley
4T Energy, LLC
P.O. Box 15
Hominy, OK 74035

Sent via email to: mwtalley@me.com

Re: Notice of Proposed Administrative Penalty Assessment and Compliance Order
Docket Number SDWA-06-2020-1101

Dear Mr. Tilley:

Enclosed is a copy of the Consent Agreement and Final Order (CAFO), which contains all elements of an administrative complaint that the Environmental Protection Agency (EPA) is issuing to 4T Energy, LLC (Respondent), pursuant to Section 1423(c) of the Safe Drinking Water Act (SDWA), 42 U.S.C. § 300h-2(c). EPA is issuing this CAFO to order compliance with, and to administratively assess a penalty against Respondent for violation of, the SDWA.

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.

The EPA acknowledges that the COVID-19 pandemic may impact your business. If that is the case, please contact us regarding any specific issues you need to discuss.

If you have any questions regarding this matter, please contact David Aguinaga at (214) 665-6439.

Sincerely,

A handwritten signature in cursive script that reads "Cheryl T. Seager".

Digitally signed by CHERYL SEAGER
DN: c=US, o=U.S. Government,
ou=Environmental Protection Agency,
cn=CHERYL SEAGER,
0.9.2342.19200300.100.1.1=68001003651793
Date: 2020.06.04 16:35:39 -05'00'

Cheryl T. Seager, Director
Enforcement and
Compliance Assurance Division

Enclosure:

cc: Ms. Jann Hayman, Director
jannahyman@osagenation-nsn.gov
Osage Nation Environmental and Natural Resources Department
100 W. Main, Suite 304
Pawhuska, OK 74056

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

**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 6**

In the Matter of	§	Docket No. SDWA-06-2020-1101
	§	
4T Energy, LLC	§	
	§	
Osage County, Oklahoma	§	CONSENT AGREEMENT
	§	AND
Respondent	§	FINAL ORDER
	§	
Proceedings under Section	§	
1423(c) of the Safe Drinking	§	
Water Act, 42 U.S.C. § 300h-2(c)	§	

I. STATUTORY AUTHORITY

This Consent Agreement and Final Order (“CAFO”) is issued under the authority vested in the Administrator of the United States Environmental Protection Agency (“EPA”) pursuant to Section 1423, 42 U.S.C. § 300h-2, of the Safe Drinking Water Act (“Act”). The Administrator of EPA delegated the authority to issue this CAFO to the Regional Administrator of EPA, who further delegated this authority to the Director of the Enforcement and Compliance Assurance Division. This CAFO is issued in accordance with 40 C.F.R. § 22.18, as set forth in the “Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties and the Revocation/Termination or Suspension of Permits,” 40 C.F.R. §§ 22.1 through 22.52.

II. CONSENT AGREEMENT

1. EPA and 4T Energy, LLC (“Respondent”) (collectively “Parties”) agree that settlement of this matter without litigation will save time and resources, that it is in the public interest, and that the entry of this CAFO is the most appropriate means of resolving this matter. Compliance with all terms of this CAFO resolves only those violations alleged herein.

2. Respondent admits the jurisdictional allegations herein; however, Respondent neither admits nor denies the specific factual allegations and conclusions of law contained in this CAFO. This CAFO states a claim upon which relief may be granted.

3. Respondent expressly waives any right to a hearing regarding penalty assessment or any other issue of law or fact relevant to this proceeding. Respondent further waives all defenses which have been or could have been raised pertaining to the violations alleged herein and waives the right to judicial review of this administrative penalty assessment.

4. Before the taking of any testimony, and without adjudication of any issue of law or fact, the Parties agree to the terms of this CAFO and to its issuance. Respondent consents to the assessment and payment of a civil penalty in the amount and by the method stated below.

III. FINDINGS OF FACT AND CONCLUSIONS OF LAW

5. At all times relevant to the violations alleged herein (“relevant time period”), Respondent was an individual, and as such, is a “person,” within the meaning of Section 1401(12) of the Act, 42 U.S.C. § 300f(12).

6. During the relevant time period, Respondent owned or operated an “injection well” which is a “new Class II well” as those terms are defined at 40 C.F.R. § 147.2902. The well is known as the Millsap 25 (“Well No. 25”) and is identified by EPA inventory number OS6487000. Well No. 25 is located on the Osage Mineral Reserve in the Northeast Quarter of Section 01, Township 22 North, Range 09 East, Osage County, Oklahoma.

7. Because Respondent owned or operated an injection well, Respondent is subject to underground injection control (“UIC”) program requirements at 40 C.F.R. Part 147, Subpart GGG, which are authorized under Section 1421 of the Act, 42 U.S.C. § 300h.

8. Pursuant to 40 C.F.R. § 147.2916, operators of new Class II wells (wells that were constructed or converted to injection use after the effective date of the Osage underground injection control program) must apply for and comply with the applicable permit issued by the EPA. Owners or operators of a well authorized by a permit must comply with provisions set forth in 40 C.F.R. §§ 147.2916, 147.2903, 147.2907, and 147.2918 through 147.2928.

9. 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.

10. On August 24, 2018, EPA Region 6 issued final UIC Permit No. 06S1261P6487 for Well No. 25. The Final Permit stated that Respondent was responsible for successfully demonstrating mechanical integrity of the well and receiving written “Authorization to Inject” in accordance with 40 C.F.R. § 147.2916 and Part I.B of the permit before beginning the underground injection of fluids.

11. A July 9, 2019, inspection conducted by EPA representatives showed that Well No. 25 was being used for the underground injection of fluids without mechanical integrity or receiving written “Authorization to Inject”. Respondent’s annual operations reports indicated that Well No. 25 was used for the underground injection of fluids in 2017, 2018 and 2019.

12. A July 23, 2019, Inspection and MIT Report show that the well successfully demonstrated mechanical integrity.

IV. PENALTY ORDER

13. Based on the foregoing stipulations, EPA Region 6, having taken into account the factors used for assessment of civil penalties found in Section 1423(c) of the Act, 42 U.S.C. § 300h-2(c), hereby orders and Respondent agrees to pay to the United States a civil penalty in the amount of six thousand five hundred dollars (\$6,500.00) plus interest to settle the violations alleged herein.

14. Respondent agrees not to claim or attempt to claim a federal income tax deduction or credit covering all or any part of the civil penalty paid to the United States Treasurer.

15. Pursuant to 31 U.S.C. § 3717 and 40 C.F.R. § 13.11, unless otherwise prohibited by

law, EPA will assess interest and late payment penalties on outstanding debts owed to the United States that are not paid by the due date and a charge to cover the costs of processing and handling a delinquent claim. Interest on the civil penalty assessed in this CAFO will begin to accrue thirty (30) days after the effective date of the CAFO and will be recovered by EPA on any amount of the civil penalty that is not paid by the respective due date. Interest will be assessed at the rate of the United States Treasury tax and loan rate in accordance with 40 C.F.R. § 13.11(a). Moreover, the costs of the Agency's administrative handling of overdue debts will be charged and assessed monthly throughout the period the debt is overdue. See 40 C.F.R. § 13.11(b).

16. If all or part of a payment is overdue, EPA will impose a late-payment handling charge of fifteen dollars (\$15.00), with an additional delinquent notice charge of fifteen dollars (\$15.00) for each subsequent thirty (30)-day period. EPA will also apply a six percent (6%) per annum penalty on any principal amount not paid within ninety (90) days of the due date. Penalties under other Federal statutes for failure to make timely payment may also apply.

17. Failure by Respondent to pay the penalty assessed according to the terms of this CAFO in full, by its due date, may subject Respondent to a civil action to collect the assessed penalty and any accrued interest or penalties.

18. In the event a collection action is necessary, Respondent shall pay, in addition to any applicable penalty, fees, and interest described herein, all reasonable costs and expenses, including legal expenses and court costs, incurred by the United States for enforcement and collection proceedings for nonpayment of the amounts agreed hereunder. In any such collection action, the validity, amount, and appropriateness of the penalty, and the terms of this CAFO, shall not be subject to review.

VI. GENERAL PROVISIONS

19. To execute this Agreement, Respondent shall sign and forward this copy of the CAFO, with original signature, to:

Mr. Tucker Henson
Office of Regional Counsel (ORC-DRCE-WEB)
U.S. EPA, Region 6
1201 Elm Street, Suite 500
Dallas, TX 75270

20. Issuance of this CAFO does not relieve Respondent from responsibility to comply with all requirements of the Act and the requirements of any permits issued thereunder, nor does it constitute a waiver by EPA of its right to enforce compliance with the requirements of any applicable permits or other requirements of the Act by actions under the authority of the Act, except as to any requirement to pay any penalty or perform any corrective action not described herein for the violations alleged herein.

21. The provisions of this CAFO shall be binding upon Respondent, its officers, directors, managers, agents, representatives, employees, successors and assignees. Each party agrees to bear its own costs and attorneys' fees in this matter, except to the extent that Respondent may be responsible for reasonable costs and expenses of enforcement and collection proceedings for failure to comply with the terms of this CAFO.

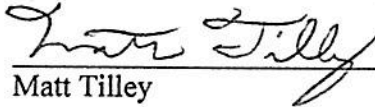
22. EPA and Respondent agree to the use of electronic signatures for this matter. EPA and Respondent further agree to electronic service of this Consent Agreement and Final Order, pursuant to 40 C.F.R. § 22.6, by email to the following addresses:

To EPA: henson.tucker@epa.gov

To Respondent: mwtalley@me.com


23. Each undersigned representative of the Parties to this agreement certifies that he or she is fully authorized by the party represented to enter into the terms and conditions of this agreement and to execute and legally bind that party to it.

In recognition and acceptance of the foregoing:



Matt Tilley
4T Energy, LLC

5-10-20
Date



Digitally signed by CHERYL SEAGER
DN: c=US, o=U.S. Government,
ou=Environmental Protection Agency,
cn=CHERYL SEAGER,
0.9.2342.19200300.100.1.1=#68001003651793
Date: 2020.06.04 16:37:54 -0500

Cheryl T. Seager, Director
Enforcement and
Compliance Assurance Division

Date

FINAL ORDER

Pursuant to the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties, 40 C.F.R. Part 22, the foregoing Consent Agreement is hereby ratified.

This CAFO shall not in any case affect the right of EPA or the United States to pursue appropriate injunctive or other equitable relief or criminal sanctions for any violations of law.

This CAFO shall resolve only those causes of action alleged in the CAFO. Nothing in this CAFO shall be construed to waive, extinguish, or otherwise affect Respondent's (or its officers', agents', servants', employees', successors', or assigns') obligation to comply with all applicable Federal, State, and local statutes and regulations, including the regulations subject to this action.

Respondent is ordered to comply with the terms of settlement and the civil penalty payment instructions as set forth in the CAFO. This CAFO shall become effective thirty (30) days after the issuance date specified below pursuant to Section 1423(c) of the Safe Drinking Water Act.

Issuance Date: 6/8/2020

Rucki,
Thomas

Digitally signed by Rucki,
Thomas
DN: cn=Rucki, Thomas,
email=Rucki.Thomas@epa.go
v
Date: 2020.06.08 12:26:26
-05'00'

Thomas Rucki, Regional Judicial Officer
EPA, Region 6

CERTIFICATE OF SERVICE

The EPA and Respondent agree to the use of electronic signatures for this matter. The EPA and Respondent further agree to electronic service of this Administrative Order, pursuant to 40 C.F.R. § 22.6, by email to the following addresses:

Copy via Email to Complainant:

henson.tucker@epa.gov

Copy via Email to Respondent:

mwtalley@me.com

I certify that that a true and correct copy of the foregoing Administrative Order was delivered to the Regional Hearing Clerk, U.S. EPA, Region 6, 1201 Elm Street, Dallas, Texas 75270-2102, and that a true and correct copy was sent this day in the following manner to the addressees:

Original hand-delivered: Regional Hearing Clerk (6RC-D)
 U.S. EPA, Region 6
 1201 Elm Street, Suite 500
 Dallas, TX 75270

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

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



Dated: 6/15/2020

David Aguinaga