



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

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

AUG 26 2019

CERTIFIED MAIL-RETURN RECEIPT REQUESTED: 7014 0150 0000 2406 1632

Mr. Clifford E. Taylor
d/b/a White Palace Energy
2100 W. Rogers Blvd.
Skiatook, OK 74074

Re: Notice of Proposed Administrative Order and Opportunity to Request a Hearing
Docket Number: SDWA-06-2019-1104

Dear Mr. Taylor:

Enclosed is a Proposed Administrative Order (Order) issued to Clifford E. Taylor d/b/a White Palace Energy 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 was 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.

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
Enforcement and
Compliance Assurance Division

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 Clifford E. Taylor dba White Palace, Respondent
Docket No. SDWA-06-2019-1104

2019 AUG 27 PM 3: 20

REGIONAL HEARING CLERK

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 Division and Compliance Assurance Division. The EPA has primary enforcement responsibility for underground injection within the meaning of Section 1422(e) 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. Clifford E. Taylor dba White Palace Energy ("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 an "injection well" which is a "Class II well" as those terms are defined at 40 C.F.R. Part 147.2902. The injection well is located, in the Northeast Quarter of Section 08, Township 24 North, Range 11 East, Osage County, Oklahoma, designated as Well No. 1A and EPA Inventory Number OS 4750000 ("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) 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.

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 "ABR" and "USDW" are defined at 40 C.F.R. § 147.2902.

7. On June 11, 2013, the Bureau of Indian Affairs (BIA), Osage Agency assigned the Osage Minerals lease located at the Northeast Quarter of Section 8, Township 24 North, Range 11 East in Osage County, Oklahoma to the Respondent, who assumed operation of the well.

8. By letter dated November 8, 2016, EPA instructed Respondent to conduct remedial action to repair Well No. 1A and protect USDWs in the area of the well.

9. By letter December 18, 2016, the BIA Osage Agency approved the Respondent's plan to convert the well to production use.

10. A July 6, 2017, inspection report on the well indicated that the well was not converted to production use and the static fluid level in the well was above the base of USDWs in the area of the well.

11. By letter dated July 24, 2017, EPA notified the Respondent of failure to comply with Regulations 40 C.F.R. § 147.2903(b) by maintaining the well in a manner that may affect USDWs in the area of the well.

12. By letter dated April 17, 2018, EPA notified the Respondent of the requirement to complete remedial action on the well.

13. By letter dated April 30, 2018, the Respondent notified the EPA of intentions to convert the well to production use.

14. By letter dated July 3, 2019, Respondent stated that the well was not used for injection from January 2018 through December 2018 and the well was not yet converted to production use.

15. A July 09, 2019, inspection indicated that the well was not converted to production use and had a fluid level above base of USDWs in the area of the well.

16. Therefore, Respondent violated regulations set forth at 40 C.F.R. §§ 147.2903(b) and 147.2909 by maintaining the well 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 well into USDWs within 90 days of the effective date of a Final Order. Acceptable corrective action for the well may include:

- 1) Repair the well and successfully demonstrate mechanical integrity according to regulations at 40 C.F.R. § 147.2912, or
- 2) Permanently plug and abandon the well in accordance with 40 C.F.R § 147.2905, or
- 3) Convert the well 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 (6ECD WE)
1201 Elm Street, Suite 500
Dallas, TX 75270-2102

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; 1201 Elm Street, Suite 500; Dallas, Texas 75270-2102 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).

8-26-19

Date



Cheryl T. Seager, Director
Enforcement and
Compliance Assurance 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.ecarcenter.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/catc 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

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
1201 Elm Street, Suite 500
Dallas, TX 75270

Copy by certified mail
return receipt requested: Mr. Clifford E. Taylor
dba White Palace Energy
2100 W. Rogers Blvd.
Skiatook, OK 74074

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

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

Dated: 8/27/2019

