

PUBLIC NOTICE

Lease Management, Inc.
503 Industrial Avenue
Post Office Box 290
Mount Pleasant, Michigan 48858



Docket No **SDWA-05-2019-0004**

The U.S. Environmental Protection Agency, Region 5, is providing this notice of its intent to enter a Consent Agreement and Final Order (CAFO) with Lease Management, Inc. (Respondent) which alleges Respondent failed to comply with requirements for its 12 Underground Injection Control (UIC) permits (the Permits) and federal regulations at its Class II disposal injection well facilities in Arenac, Mecosta, Missaukee, Montcalm, Ogemaw, and Osceola counties, Michigan.

EPA has the authority to file the CAFO under Section 1423(c)(2) of the Safe Drinking Water Act (SDWA), 42 U.S.C. §300-2h. The CAFO proposes that Respondent pay a civil penalty of \$100,000 and meet compliance requirements to improve the operation, monitoring, and record keeping practices of its injection wells. The CAFO includes stipulated penalties if the Respondent violates the agreed compliance requirements. In determining this penalty amount, EPA considered (i) the seriousness of the violations, (ii) the economic benefit resulting from the violations, (iii) any history of such violations, (iv) any good faith efforts to comply with the applicable requirements, (v) the economic impact of the penalty, and (vi) such other matters as justice may require. Based upon the facts alleged in this CAFO, and the above criteria, EPA determined the appropriate civil penalty to settle this action is \$100,000.

The Respondent incurred penalties for violating the Permits and the UIC regulations at 40 C.F.R. Part 144 from February 2013 to January 2019 by 1) injecting fluids from unauthorized sources, 2) failing to notify and obtain EPA's approval of injection fluid changes, 3) failing to submit chemical analyses of new injection fluids, 4) failing to maintain required records of monitoring information, 5) failing to submit quarterly reports of "annulus liquid loss," 6) failing to use proper or authorized signatories on documents submitted to EPA, 7) failing to comply with operating requirements to maintain positive annulus pressure, 8) failing to submit annual gauge calibration certificates, 9) failing to submit monthly monitoring reports, 10) failing to monitor annulus pressure, and 11) failing to monitor injection volume and flow rate.

The alleged violations are significant because EPA must have adequate opportunity to review and approve any proposed change to the well operation in order to meet its obligations under SDWA to protect Underground Sources of Drinking Water (USDWs), and make permit modifications as necessary. By injecting unauthorized fluid and failing to notify EPA, the Respondent eliminated the review process. Analyses of injection fluids are critical to protecting USDWs because the parameters are used in part to establish maximum injection pressure limits. Monitoring and reporting of injection wells is also vital to protecting USDWs because the required activities ensure that the wells have mechanical integrity, are not leaking, and are being operated for the purposes for which they were permitted. Retaining accurate records is also necessary to help EPA make informed decisions, and validate reports submitted to the Agency.

A copy of the Proposed CAFO may be viewed on the Region 5 website: www.epa.gov/aboutepa/epa-region-5#events by clicking on the "Proposed Consent Agreement and Final Order" under Public Notices for the docket number identified on page one above. Alternatively, the CAFO may be received by contacting the Regional Hearing Clerk at the address listed below.

OPPORTUNITY FOR COMMENT: Section 1423(c)(3) of SDWA, 42 U.S.C. §300h-2(c)(3), requires that EPA provides public notice of, and reasonable opportunity to comment on any proposed order.

Any person who wishes to comment on this proposed CAFO may submit written comments, may attend or present evidence at any hearing scheduled on this matter, or both, by following the procedures in 40 C.F.R. § 22.45, particularly Subpart (c) *comment by a person who is not a party*. This portion of the code of federal regulations may be accessed at <https://www.gpo.gov/fdsys/pkg/CFR-2015-title40-vol1/pdf/CFR-2015-title40-vol1-sec22-45.pdf> or through <http://www.archives.gov/federal-register/cfr/>. You may also wish to review 40 C.F.R. Part 22 to learn more about the procedures and rules of practice governing the administrative assessment of civil penalties.

Comments should be made in writing to the Regional Hearing Clerk at:

Case Docket No. **SDWA-05-2019-0004**
Regional Hearing Clerk
Mail Code EC-19J
U.S. EPA, Region 5
77 West Jackson Boulevard
Chicago, Illinois 60604

Written comments may be submitted to the Regional Hearing Clerk by email to whitehead.ladawn@epa.gov; by fax to (312) 692-2405; or by mail or delivery to the Clerk's address above. Your comments should include the case name, docket number, and your complete mailing address. If you plan to deliver your comments or other documents in person, please call the Regional Hearing Clerk at (312) 886-3713 for further instructions. Comments and documents sent to any EPA employee other than the Regional Hearing Clerk are not assured of consideration in this matter.

Note that the Agency requires your mailing address because we must use the U.S. Postal Service should we need to reply, request additional information or notify you of a hearing, and to provide a copy of any consent agreement and proposed final order.

All written comments must be received in the Regional Hearing Clerk's Office no later than 4:00 p.m., Central Time, of the Comment Period Due Date shown on the Region 5 page (www.epa.gov/aboutepa/epa-region-5#events) under Public Notices for this docket number:

All documents filed in this proceeding (including documents submitted by the Respondent or by the public) are available for public inspection by appointment only between 9 a.m. and 4:30 p.m.

(Central Time) Monday through Friday at the EPA Regional Office in Chicago, IL. An appointment for such an inspection may be made by calling (312) 886-3713 or by writing the Regional Hearing Clerk at the address above.

Any person wishing to participate in this proceeding must notify the Regional Hearing Clerk in writing within the public notice period and provide his name, complete mailing address, and state that he wishes to participate in the proceeding. *See* 40 C.F.R. § 22.45(c)(1).

Should EPA choose to issue the CAFO after considering any comments received, EPA will send a copy of the CAFO assessing a penalty to any persons who submitted written comments during the public comment period. Commenters will then have 30 days to petition the Regional Administrator to set aside the CAFO on the basis that material evidence was not considered. The specific procedures that apply when a commenter petitions the Regional Administrator include, among other things, an opportunity for EPA to withdraw the CAFO. If EPA does not withdraw the CAFO within 15 days of receipt of the petition, a Petition Officer shall be assigned to consider and rule on the petition. The Petition Officer shall issue written findings as to, among other things, the extent to which the petition states an issue relevant and material to the issuance of the CAFO and whether resolution of the proceeding is appropriate without a hearing. *See* 40 C.F.R. § 22.45(c)(4).

If a hearing is held, EPA will advise commenters who, during the public comment period, submitted a written request to participate in a hearing of the date, time, and place of the hearing, which they may attend and present evidence on the appropriateness of the proposed penalty assessment by following the instructions in 40 C.F.R. 22.45(c)(1).