

U. S. ENVIRONMENTAL PROTECTION AGENCY-REGION 6  
ADMINISTRATIVE ORDER AND INFORMATION DEMAND  
In the Matter of GKM Oil and Gas, Inc., Respondent  
Docket No. SDWA-06-2013-1109

FILED

2013 JAN 16 AM 10:05

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 Sections 1423(c) and 1445 of the Safe Drinking Water Act ("the Act"), 42 U.S.C. §§ 300h-2(c) and 300j-4. 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 Compliance Assurance and Enforcement 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. GKM Oil and Gas, Inc. ("Respondent") 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 violation alleged herein, Respondent operated an injection well located in the Southwest Quarter of Section 12, Township 22 North, Range 7 East, East Paxton Field, Osage County, Oklahoma, designated as Well Number 4SWD and EPA Inventory Number OS0819 ("the well").

3. Respondent is subject to underground injection control 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. EPA regulations require the operator of an "injection well," as defined at 40 C.F.R. § 147.2902, to maintain the well in a manner that prevents movement of contaminants through the well bore into underground sources of drinking water ("USDWs"), pursuant to 40 C.F.R. § 147.2903(b).

5. On February 29, 2012 and September 12, 2012, inspections by a representative of the Osage Nation show the static fluid level in the well to be less than 50 feet below the base of the USDW. This level represents an unacceptable risk in that fluids containing contaminants could move through the well into USDWs.

6. Therefore, Respondent violated the regulations set forth at 40 C.F.R. § 147.2903(b) by maintaining the well in a manner which could allow contaminants to move through the well bore into USDWs.

SECTION 1423(c) COMPLIANCE ORDER

REGIONAL HEARING CLERK  
EPA REGION VI

7. Based on the foregoing findings and under the authority of Section 1423(c) of the Act, it is hereby ordered that within thirty (30) days from the effective date of this Order, Respondent shall complete corrective actions to prevent fluids from moving through the well into USDWs. Such corrective actions may be to: a) convert the well to production use; b) plug the well; c) repair the well and demonstrate mechanical integrity; or d) pump and maintain the static fluid level in the well to at least 433 feet below the ground surface.

SECTION 1445 INFORMATION DEMAND

8. Based on these findings and pursuant to the authority of Section 1445 of the Act, Respondent is required to submit a report of work completed to comply with this Order to the following address with thirty (30) days after the effective date of the Order:

Water Resources Section (6EN-WR)  
U.S. EPA, Region 6  
1445 Ross Avenue, Suite 1200  
Dallas, TX 75202

NOTICE OF OPPORTUNITY TO REQUEST A HEARING

9. 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). Respondent should submit the hearing request to the Regional Hearing Clerk (6RC-D); U.S. EPA, Region 6; 1445 Ross Avenue, Suite 1200; Dallas, Texas 75202, within thirty (30) days of the date of receipt of this Proposed Administrative Order.

10. 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.

11. 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

12. Respondent may seek federal judicial review of the Order pursuant to Chapter 7 of the Administrative Procedure Act, 5 U.S.C. §§ 701-706. Section 706, which is set forth at <http://uscode.house.gov/download/pls/05C7.txt>, provides the scope of such review.

13. This Section 1423(c) Compliance Order and the Section 1445 Information Demand do 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.

14. Issuance of this Section 1423(c) Compliance Order and the Section 1445 Information Demand is not an election by EPA to forego any civil or criminal action otherwise authorized under the Act.

15. 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

16. 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.


17. If this action is settled without a formal hearing, it will be concluded by issuance of a Final Order.

EFFECTIVE DATE

18. 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).

January 7, 2013

Date

  
John Blevins  
Director  
Compliance Assurance and  
Enforcement Division

**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  
1445 Ross Avenue, Suite 1200  
Dallas, TX 75202-2733

Copy by certified mail  
return receipt requested: Mr. Greg Sparks  
GKM Oil and Gas, Inc.  
200 South Broadway  
Cleveland, OK 74020

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

Osage Nation Environmental and  
Natural Resources Department  
P.O. Box 1495  
Pawhuska, OK 74056

Dated:           JAN 16 2013          

