



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8

1595 Wynkoop Street
DENVER, CO 80202-1129
Phone 800-227-8917
<http://www.epa.gov/region08>

JUL -3 2008

Ref: 8ENF-UFO

CERTIFIED MAIL 7005-0390-0000-4848-5597
RETURN RECEIPT REQUESTED

Jerry L. Calley, Registered Agent
P&M Petroleum Management LLC
518 17th Street, Suite 230
Denver, Colorado 80202

Re: UNDERGROUND INJECTION
CONTROL PROGRAM (UIC)
Amended Penalty Complaint and Notice
of Opportunity for Hearing
Docket No. SDWA-08-2008-0047

Dear Mr. Calley:

The enclosed document is an Amended Penalty Complaint and Notice of Opportunity for Hearing ("amended complaint") for violations of the Safe Drinking Water Act ("SDWA"). This amended complaint supersedes the previously issued complaint dated May 8, 2008. Please carefully read this amended complaint soon, since it describes P&M Petroleum Management LLC's ("P&M's") rights and responsibilities in this matter as well as EPA's authority, the factual basis of the violations, and the background for the proposed penalty. EPA is enclosing a required Public Notice associated with this amended complaint. EPA previously transmitted to P&M a copy of the Rules of Practice that govern these proceedings, and an information sheet about the Small Business Regulatory Enforcement Fairness Act, when it sent the May 8, 2008 complaint.

P&M is required to take action within twenty (20) calendar days of your receipt of this amended complaint to avoid the possibility of having a default judgment entered against P&M that could impose the penalty amount proposed in the amended complaint.

Whether or not P&M requests a hearing, we encourage an informal conference with EPA concerning the alleged violations in an effort to negotiate a settlement. P&M may wish to appear at an informal conference and/or be represented by legal counsel. To arrange for such a conference, P&M should contact Jim Eppers, Enforcement Attorney, Legal Enforcement Program, at the number provided below. Request for such a conference does not extend the twenty (20) calendar day period during which a request for hearing must be submitted. Public Notice of EPA's amended complaint and the opportunity to provide written comments on the amended complaint is being provided pursuant to section 1423 (c)(3)(B) of the SDWA, 42 U.S.C. § 300h-2(c)(3)(B). Should a hearing be held, any person who comments on the amended complaint has a right to participate in the hearing.

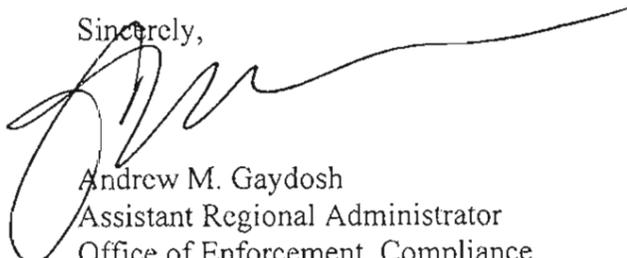
If P&M has technical questions relating to this matter, the person most knowledgeable on my staff is Nathan Wiser, UIC Enforcement Team, Technical Enforcement Program, at 1-800-227-8917 ext. 6211 or (303) 312-6211. For all legal questions, the person most knowledgeable on my staff is Jim Eppers at 1-800-227-8917 ext. 6893 or (303) 312-6893. Mr. Wiser and Mr. Eppers can also be reached at the following addresses:

Nathan Wiser (Mail Code 8ENF-UFO)
Environmental Scientist
U.S. EPA, Region 8
1595 Wynkoop Street
Denver, Colorado 80202, or

Jim Eppers (Mail Code 8ENF-L)
Enforcement Attorney
U.S. EPA, Region 8
1595 Wynkoop Street
Denver, Colorado 80202.

We urge P&M's prompt attention to this matter.

Sincerely,



Andrew M. Gaydosh
Assistant Regional Administrator
Office of Enforcement, Compliance
and Environmental Justice

Enclosures:

Amended Complaint with Notice of Opportunity for Hearing
Public Notice

cc: (with all enclosures)

Curtis Cesspooch, Chairman
Uintah & Ouray Business Committee
P.O. Box 190
Fort Duchesne, Utah 84026

Shaun Chapoose, Land Use Department Director (with all enclosures)
Ute Indian Tribe
P.O. Box 460
Fort Duchesne, Utah 84026

Gil Hunt
Utah Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114

1
2 UNITED STATES
3 ENVIRONMENTAL PROTECTION AGENCY
4 REGION 8

5 Docket No. SDWA-08-2008-0047

2009 JUL -7 11:11 AM

6 In the Matter of:)
7)
8 P&M Petroleum Management LLC)
9 a Colorado limited liability company,)
10 Respondent.)
11)
12 Proceedings under Section 1423(c))
13 of the Safe Drinking Water Act)
14 42 U.S.C. 300h-2(c))

**FIRST AMENDED PENALTY
COMPLAINT AND NOTICE
OF OPPORTUNITY FOR HEARING
(AMENDED COMPLAINT)**

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20 **INTRODUCTION**

- 21
- 22 1. This civil administrative enforcement action is authorized by Congress in section
23 1423(c) of the Public Health Service Act, also known as the Safe Drinking Water
24 Act (SDWA or the Act). 42 U.S.C. § 300h-2(c). The Environmental Protection
25 Agency (EPA) regulations authorized by the statute are set out in parts 144-148 of
26 title 40 of the Code of Federal Regulations (40 C.F.R.), and violations of the
27 statute, permits or EPA regulations constitute violations of the Act. The rules for
28 this proceeding are the "Consolidated Rules of Practice Governing the
29 Administrative Assessment of Civil Penalties, Issuance of Compliance or
30 Corrective Action Orders and the Revocation, Termination or Suspension of
31 Permits" (Rules of Practice), 40 C.F.R. part 22, a copy of which is enclosed.
32
 - 33 2. EPA files this first amended complaint as a matter of right pursuant to
34 40 C.F.R. § 22.14(c).
35
 - 36 3. This amended complaint supersedes the Penalty Complaint and Notice of
37 Opportunity for Hearing filed with the Regional Hearing Clerk on May 8, 2008.
38
 - 39 4. The undersigned EPA official has been properly delegated the authority to issue
40 this action.
41
 - 42 5. EPA alleges that P&M Petroleum Management LLC (hereinafter referred to as
43 Respondent) has violated the regulations and therefore the Act and proposes the
44 assessment of a civil penalty, as more fully explained below.
45
46

GENERAL ALLEGATIONS

The following general allegations apply to all times relevant to this action, and to each count of this amended complaint:

10. Pursuant to section 1422 of the Act, 42 U.S.C. § 300h-1, and 40 C.F.R. part 147 subpart TT, section 147.2253, EPA administers the Underground Injection Control (UIC) program for Class II wells on the Uintah & Ouray Indian Reservation within the State of Utah. The effective date of the program is November 25, 1988. The program requirements are located at 40 C.F.R. parts 124, 144, 146, 147, and 148.
11. The wells subject to this action are Class II enhanced recovery injection wells. The purpose of the enhanced recovery is to increase oil production at offset wells completed in the same geologic formation, achieved by increasing pore pressure within the formation through injection of liquid, a practice commonly known as a water flood operation. The wells are located in Uintah County, Utah, within the exterior boundaries of the Uintah and Ouray Indian Reservation. The specific wells and their locations are:

Well Name	EPA Permit No.	Location
Federal #42-6X	UT20653-03751	T8S, R25E, Section 6, SE/4, NE/4
East Red Wash #4-6	UT20653-04224	T8S, R25E, Section 6, SW/4, SE/4
Amerada Guinand Fed. #1-8-25	UT20653-04225	T8S, R25E, Section 7, SW/4, NW/4

12. All three of these wells were originally permitted by EPA under an area permit to Equitable Resources Energy Company, Balcron Oil Division, with an effective date of February 18, 1994. The area permit was transferred by EPA to Inland Resources Inc. on October 15, 1997. Effective July 1, 2004, Respondent became the successor operator of these wells. On December 1, 2006, the area permit was transferred to Respondent by EPA.
13. Respondent is a limited liability company in good standing and incorporated under the laws of the State of Colorado. Respondent's principal office address is 518 17th Street, Suite 230, Denver, Colorado 80202-4103, with telephone number (303) 260-7129.
14. Respondent is a "person" within the meaning of section 1401(12) of the Act, 42 U.S.C. § 300f(12) and 40 C.F.R. § 144.3.
15. Pursuant to 40 C.F.R. §§ 144.3 and 146.3, "Director," as used in 40 C.F.R. parts 124, 144 and 146 and as applied in this matter, means the Regional Administrator of EPA Region 8 or his authorized representative.

- 1
2 16. Subpart E of 40 C.F.R. part 144 includes additional conditions applicable to all
3 UIC permits. Respondent was issued an area permit for the subject wells and is
4 the permittee. The permittee is responsible for meeting all permit conditions.
5 Any permit noncompliance constitutes a violation of the Act. 40 C.F.R. §
6 144.51(a).
7
- 8 17. The wells which are the subject of this amended complaint penetrate underground
9 sources of drinking water (USDWs) including, but not limited to, groundwater in
10 the Uinta Formation from surface to approximately 1730 feet below surface and
11 in the Green River Formation as deep as approximately 4500 feet below surface.
12
- 13 18. The regulations at 40 C.F.R. §146.23(c) and part II(D) of the UIC permit
14 referenced in paragraph 11 require Respondent to annually submit a monitoring
15 report for the wells described in paragraph 11 by February 15 of the year
16 following the reporting period. The annual monitoring report must contain
17 monthly values of injection pressure, annulus pressure, and flow rate, all from the
18 weekly observations made at the wellhead. On February 28, 2007, EPA received
19 the 2006 annual monitoring reports for each well. These reports were due by
20 February 15, 2007. Each of the 2006 annual monitoring reports indicated no
21 injection occurred at any of the wells, and each report lacked observed injection
22 pressure and annulus pressure. To date, EPA has never received additional 2006
23 amended reports containing injection and annulus pressures. The 2007 annual
24 monitoring reports were due to EPA by February 15, 2008. On May 28, 2008, a
25 set of incomplete 2007 reports were provided to EPA. The 2007 reports all
26 lacked any data regarding the observed annulus pressures and only the report for
27 the Federal #42-6X had wellhead injection tubing pressures recorded, from July to
28 December 2007. Similarly, the 2007 reports indicate that only the Federal #42-
29 6X was used for injection in that year. EPA has not received any amended reports
30 for the 2007 reporting period. See Attachment A to this amended complaint
31 where these violations identified in paragraph 25 are summarized and labeled
32 with the letter "A."
33
- 34 19. The regulations at 40 C.F.R. §146.23(c) and part II(D) of the UIC permit
35 referenced in paragraph 11 require Respondent to annually submit a fluid analysis
36 report for the wells described in paragraph 11 by February 15 of the year
37 following the reporting period, so long as any well is used for injection during the
38 reporting period. The annual fluid analysis report must contain representative
39 values of pH, total dissolved solids, specific conductivity and specific gravity,
40 from samples collected at the wellhead. For the 2007 reporting year, the fluid
41 analysis monitoring report was due to EPA by February 15, 2008. On May 28,
42 2008, EPA received the 2007 fluid analysis report. See Attachment A to this
43 amended complaint where the fluid analysis reporting violation identified in
44 paragraph 26 is summarized and labeled with the letter "B."
45

- 1 20. The regulations at 40 C.F.R. § 146.23 (b)(2) and part II(D)(1)(b) of the UIC
2 permits referenced in paragraph 11 require Respondent to conduct observations of
3 each well's flow rate, cumulative injection volume, pressures on the injection
4 tubing and annulus at a minimum frequency of weekly with monthly recordings
5 of the observed values. During a routine unannounced inspection on June 3,
6 2008, EPA inspectors observed each of the wells listed in paragraph 11. During
7 this inspection, Respondent's contract pumper for the wells told EPA inspectors
8 he only visits the inactive wells very occasionally, perhaps as infrequently as once
9 a year. Monitoring at a frequency less than required is a violation. See
10 Attachment A to this amended complaint where the inadequate monitoring
11 frequency violations identified in paragraph 27 are summarized and labeled with
12 the letter "C."
13
- 14 21. The regulations at 40 C.F.R. § 144.52 (a)(6) and part II(E)(3) of the UIC permits
15 referenced in paragraph 11 require Respondent to plug and abandon any of the
16 wells referenced in paragraph 11 after a cessation of injection of 24 months,
17 unless notice to the Director is provided and a demonstration is made that
18 continued injection cessation will not endanger USDWs. EPA routinely accepts
19 mechanical integrity demonstrations as a sufficient showing that continued
20 injection cessation will not endanger USDWs. The Amerada Guinand Fed #1-8-
21 25 well has not been used for injection since May 2000. The last successful
22 mechanical integrity demonstration took place June 7, 2006. Another
23 demonstration was due by June 7, 2008, or else the well must be plugged and
24 abandoned. EPA has no evidence such a demonstration took place. Failure to
25 either plug and abandon the Amerada Guinand Fed #1-8-25 well or demonstrate
26 its non-endangerment during continued injection cessation is a violation. See
27 Attachment A to this amended complaint where the failure to plug and abandon or
28 demonstrate non-endangerment violation identified in paragraph 28 is
29 summarized and labeled with the letter "D."
30
- 31 22. On January 7, 2007, the Director sent Respondent a courtesy letter reminding
32 Respondent of the need to submit both the annual monitoring report referenced in
33 paragraph 18 and the annual fluid analysis monitoring report referenced in
34 paragraph 19, due by February 15, 2007.
35
- 36 23. On January 11, 2008, the Director sent Respondent a courtesy letter reminding
37 Respondent of the need to submit both the annual monitoring report referenced in
38 paragraph 18 and the annual fluid analysis monitoring report referenced in
39 paragraph 19, due by February 15, 2008.
40
- 41 24. A summary list of the violations alleged is included as Attachment A and is
42 incorporated into this amended complaint.
43
44
45
46

COUNT 1

25. Respondent is in violation of its UIC permits at part II(D), appendix D and 40 C.F.R. § 144.51(a) by failing to timely submit the 2007 and 2008 annual monitoring reports to EPA for the three wells described in paragraph 11. The durations of the Respondent’s violations are shown in detail in Attachment A.

COUNT 2

26. Respondent is in violation of its UIC permit at part II(D), appendix D and 40 C.F.R. § 144.51(a) by failing to timely submit a 2008 annual fluid analysis monitoring report to EPA for the Federal #42-6X well. The durations of the Respondent’s violations are shown in detail in Attachment A.

COUNT 3

27. Respondent is in violation of its UIC permits at part II(D)(1)(b) and 40 C.F.R. § 146.23(b)(2)(i) by failing to monitor and record injection tubing and annulus pressures at least monthly for all three wells described in paragraph 11. The durations of the Respondent’s violations are shown in detail in Attachment A.

COUNT 4

28. Respondent is in violation of its UIC permit at part II(E)(3) and 40 C.F.R. § 144.52 (a)(6) by failing to either plug and abandon the Amerada Guinand Fed #1-8-25 well or demonstrate its non-endangerment to USDWs. The duration of the Respondent’s violation is shown in detail in attachment A.

PROPOSED ORDER WITH ADMINISTRATIVE CIVIL PENALTY

29. The Act, as amended, and 40 C.F.R. part 19, authorize the assessment of a civil penalty of up to \$6,500 for each day of violation up to a maximum penalty of \$157,500. 42 U.S.C. § 300h-2(c)(2). The Act requires EPA to take into account the following factors in assessing a civil penalty: the seriousness of the violations, the economic benefit resulting from the violations, Respondent’s prior compliance history of such violations, any good-faith efforts to comply, the economic impact on Respondent, and other factors that justice may require. 42 U.S.C. § 300h-2(c)(4)(B).

30. In light of the statutory factors and the specific facts of this case, EPA calculates and proposes that **Respondent pay a total penalty of \$14,006 (fourteen thousand six dollars)** for the violations alleged above, as explained below:

1 Seriousness of the Violations

2
3 For Counts 1, 2, 3, and 4, the UIC program is heavily reliant upon accurate and
4 representative self-monitoring and self-reporting. Since there are so many
5 injection wells in the country, regulators depend on well operators to abide by
6 their self-monitoring and self-reporting requirements. Given the use of the
7 injected wastewater's density in calculating a maximum allowable injection
8 pressure limit, a well may be injecting at a pressure, which although compliant
9 with the injection pressure limit measured at the surface pressure monitoring
10 gauge, may be causing fracturing in the receiving injection zone. It is for this
11 reason that EPA needs to know the specific gravity of the injected wastewater.
12 Fracturing in the injection zone can lead to fluid migrating into a USDW.
13 Furthermore, proper fluid analysis confirms that the wastewater is, in fact, oil
14 field brine, permissible for injection under the regulations and UIC permit
15 conditions. Similarly, EPA is reliant upon accurate reports of an injection well's
16 operational history, including the measured injection and annulus pressure, and
17 rates and total volumes injected. There are, for instance, injection pressure limits
18 in the permit for this well. In addition, it is only through monitoring a well's
19 annulus and tubing and periodic mechanical integrity testing that one can identify
20 a loss of mechanical integrity. Wells lacking mechanical integrity pose a threat to
21 USDWs.

22
23 Economic Benefit

24
25 EPA believes Respondent enjoyed an economic benefit by delaying expenditure
26 to make the reports in Counts 1 and 2, and has avoided this cost to date. For
27 Count 3, EPA believes Respondent enjoyed the avoided cost of performing direct
28 well monitoring at the required frequency. For Count 4, EPA believes
29 Respondent enjoyed the delayed cost of performing required testing. EPA
30 estimates Respondent has enjoyed an economic benefit for these two counts
31 totaling **\$802 (eight hundred two dollars)**, which is included as part of the
32 proposed penalty.

33
34 Prior Compliance History

35
36 In 2005, EPA Region 8 took a prior formal enforcement action against
37 Respondent that included three of the four types of violations alleged in this
38 amended complaint. That case was settled in 2006. EPA made an upward
39 adjustment to the proposed penalty for Counts 1, 2, and 4 based on this factor.

40
41 Good-Faith Efforts to Comply

42
43 Despite two courtesy reminder letters from EPA, one each year, Respondent
44 failed to fulfill the annual reporting requirements found in the UIC permit in 2007
45 and 2008. A prudent operator should be able to meet these reporting requirements
46 with no courtesy reminders. In addition, Respondent appears not to track the

1 mechanical integrity test history at its wells and appears to rely on EPA notices of
2 violation as a method to conduct required testing. EPA believes Respondent
3 made no good faith effort to comply for Counts 1, 2, and 4. EPA made an upward
4 adjustment to the proposed penalty based on this factor.
5

6 Economic impact on the violator
7

8 EPA did not reduce the proposed penalty due to this factor, but will consider any
9 new information Respondent may present regarding this factor.
10

11 Other Matters that Justice may Require
12

13 EPA made no additional adjustments to the penalty due to this factor.
14

- 15 31. Respondent's payment of the penalty shall be made by money order or certified
16 check made payable to "Treasurer, United States of America" and mailed to the
17 following address:
18

19 **REGULAR MAIL:**

20
21 U.S. Environmental Protection Agency
22 Fines and Penalties
23 Cincinnati Finance Center
24 P.O. Box 979077
25 St. Louis, MO 63197-9000
26

27 **OVERNIGHT MAIL:**
28

29 U.S. Bank
30 1005 Convention Plaza
31 Mail Station SL-MO-C2GL
32 St. Louis, MO 63101
33

34 Contact: Natalie Pearson
35 314-418-4087
36
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1 **WIRE TRANSFERS:**

2
3 Wire transfers should be directed to:

4
5 Federal Reserve Bank of New York
6 ABA = 021030004
7 Account = 68010727
8 SWIFT address = FRNYUS33
9 33 Liberty Street
10 New York NY 10045
11 Field Tag 4200 of the Fedwire message should read "D 68010727
12 Environmental Protection Agency"

13
14 **ONLINE PAYMENTS:**

15
16 www.pay.gov
17 Enter SFO 1.1 in the "search public forms" field
18 Open form and enter the information

19
20
21 A copy of said check shall be mailed simultaneously to the following addresses:

22
23 Nathan Wiser (8ENF-UFO)
24 Environmental Scientist
25 U.S. EPA - Region 8
26 1595 Wynkoop Street
27 Denver, Colorado 80202, and

28
29 Tina Artemis
30 Regional Hearing Clerk (8RC)
31 U.S. EPA Region 8
32 1595 Wynkoop
33 Denver, CO 80202-1129.

- 34
35 32. The provisions of this amended complaint shall apply to and be binding upon
36 Respondent, its officers, directors, agents, servants, employees, and successors or
37 assigns.
38
39 33. As required by the Act, prior to the assessment of a civil penalty, EPA will
40 provide public notice of the proposed penalty, and reasonable opportunity for
41 people to comment on the matter, and present evidence in the event a hearing is
42 held. 42 U.S.C. § 300h-2(c)(3)(B).
43
44 34. The presiding officer is not bound by the penalty proposed by EPA, and may
45 assess a penalty above the proposed amount, up to \$6,500 for each day of
46 violation, up to a maximum penalty of \$157,500. 42 U.S.C. § 300h-2(c)(2).

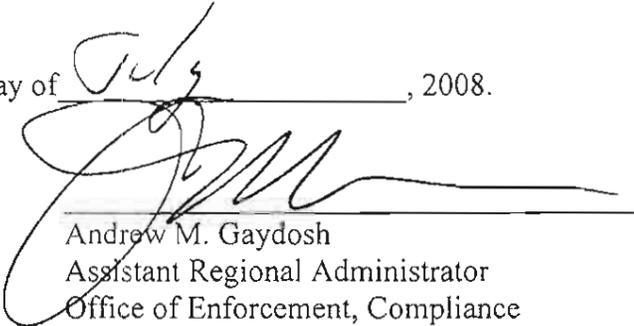
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35. This amended complaint does not constitute a waiver, suspension, or modification of the requirements of any applicable provision of the Act or the UIC regulations implementing the Act, which remain in full force and effect. Issuance of this amended complaint is not an election by the EPA to forego any civil or any criminal action otherwise authorized under the Act.

36. To discuss settlement or ask any question you may have about this case or process, please contact Jim Eppers, Enforcement Attorney, at the address below

U.S. EPA, Region 8 (8ENF-L)
Office of Enforcement, Compliance and Environmental Justice
1595 Wynkoop Street
Denver, Colorado 80202
(303) 312-6893.

Issued this 31st day of July, 2008.



Andrew M. Gaydosh
Assistant Regional Administrator
Office of Enforcement, Compliance
and Environmental Justice

Operator	Well Name	EPA ID No.	Type of Violation	Date Violation Began	Date Violation Ended	Violation duration in days
P&M Petroleum	Federal #42-6X-8-25	UT20653-03751	A: Failure to timely submit complete annual pressure/rate monitoring report (2007)	2/15/2007	2/27/2007	12
			A: Failure to timely submit complete annual pressure/rate monitoring report (2008)	2/15/2008	5/28/2008	103
			B: Failure to timely submit fluid analysis monitoring report (2008)	2/15/2008	5/28/2008	103
			C: Failure to adequately monitor	1/1/2008	6/30/2008	181
P&M Petroleum	East Red Wash #4-6-8-25	UT20653-04224	A: Failure to timely submit complete annual pressure/rate monitoring report (2007)	2/15/2007	2/27/2007	12
			A: Failure to timely submit complete annual pressure/rate monitoring report (2008)	2/15/2008	5/28/2008	103
			C: Failure to adequately monitor	1/1/2008	6/30/2008	181
P&M Petroleum	Amerada Guinand Fed #1-8-25	UT20653-04225	A: Failure to timely submit complete annual pressure/rate monitoring report (2007)	2/15/2007	2/27/2007	12
			A: Failure to timely submit complete annual pressure/rate monitoring report (2008)	2/15/2008	5/28/2008	103
			C: Failure to adequately monitor	1/1/2008	6/30/2008	181
			D: Failure to P&A or demonstrate non-endangerment (MIT)	6/7/2008	6/30/2008	23

CERTIFICATE OF SERVICE
Docket No. SDWA-08-2008-0047

I hereby certify that the original and a true copy of the Amended Penalty Complaint and Notice of Opportunity for Hearing bearing the above-referenced Docket number were hand-carried to the Regional Hearing Clerk, EPA Region 8, 1595 Wynkoop Street, Denver, Colorado, and that a true copy of the same was sent via Certified Mail Return Receipt Requested mail to:

Jerry L. Calley, Registered Agent
P&M Petroleum Management LLC
518 17th Street, Suite 230
Denver, Colorado 80202

Dated: July 7, 2008

By: Judith McTernan
Judith McTernan

**U.S. ENVIRONMENTAL PROTECTION AGENCY
PUBLIC NOTICE
OPPORTUNITY FOR PUBLIC COMMENT ON
AN AMENDED PENALTY COMPLAINT
AND NOTICE OF OPPORTUNITY FOR HEARING
AGAINST
P&M PETROLEUM MANAGEMENT LLC
FOR FAILURE TO COMPLY WITH
UNDERGROUND INJECTION CONTROL REGULATIONS**

PURPOSE OF PUBLIC NOTICE

The purpose of this notice is to solicit written comments on an Amended Penalty Complaint and Notice of Opportunity for Hearing (amended complaint) [Docket No. SDWA-08-2008-0047] that Region 8 of the United States Environmental Protection Agency (EPA) proposes to issue against P&M Petroleum Management LLC whose office is located at 518 17th Street, Suite 230, Denver, Colorado 80202. The amended complaint alleges violations of the Underground Injection Control (UIC) regulations and proposes a monetary penalty for the alleged violations. The amended complaint is issued under the UIC provisions of the Safe Drinking Water Act (SDWA) and the Act's implementing regulations. These regulations govern the injection of fluids that may endanger an underground source of drinking water (USDW).

The EPA desires to receive written comments from any interested party having knowledge of the alleged violations or who can provide any information useful to ensure that the penalty is appropriate. EPA will review any comments received on the amended complaint, and will thereafter determine whether the comments, if any, justify the modification or withdrawal of the amended complaint.

BACKGROUND

Part C of the SDWA requires the EPA to regulate underground injection of fluid through wells to assure that underground sources of drinking water (USDW) are not endangered. Section 1421 of the SDWA requires EPA to administer UIC programs in States that do not have approved State UIC programs or on Indian Lands that do not have approved Tribal UIC programs. Regulation of the UIC Class II Program has not been delegated to the Ute Tribe; therefore, EPA administers the program in accordance with title 40 of the Code of Federal Regulations (40 C.F.R.), Parts 124, 144, 146, 147, and 148.

The three Class II injection wells which are the subject of this amended complaint, are operated by P&M Petroleum Management LLC, and are located in the Coyote Canyon Oil Field, Uintah County, in Sections 6 and 7 of Township 8 South, Range 25 East. A Class II injection well, pursuant to 40 C.F.R. 144.6 and 146.5, is a well that injects fluids (a) brought to the surface in connection with natural gas storage operations, or conventional oil or natural gas production, (b) for enhanced recovery of oil or natural gas, or (c) for the storage of hydrocarbons which are

liquid at standard pressure and temperature. The wells subject to this amended complaint are enhanced oil recovery wells, injecting into the Green River Formation for the purpose of enhancing oil at nearby oil production wells. These wells are located within the exterior boundaries of the Uintah & Ouray Indian Reservation.

The amended complaint alleges that P&M Petroleum Management LLC is in violation of UIC regulations and is subject to appropriate penalties for failing to timely report monitoring data to EPA, failing to adequately monitor the wells, and failing to either plug and abandon or demonstrate non-endangerment at one well. The amended complaint proposes that EPA assess an administrative civil penalty in the amount fourteen thousand six dollars (\$14,006.00).

PUBLIC COMMENTS

Written comments on the amended complaint are encouraged and will be accepted at the address listed below for a period of thirty (30) days after the publication of this notice. Written comments submitted by the public as well as information submitted by P&M Petroleum Management LLC will be available for public review as part of the administrative record, subject to the provisions of law restricting the disclosure of confidential information. P&M Petroleum Management LLC may request a hearing. Any person submitting written comments will be notified of and has a right to participate in such a hearing. The amended complaint and the administrative record are available for review between 9:00 a.m. and 4:00 p.m. at the address listed below. It is recommended that those wishing to view the administrative record call Jim Eppers, Enforcement Attorney, Legal Enforcement Program, EPA Region 8, at (303) 312-6893 before visiting the EPA Region 8 offices.

Please submit written comments to:

Tina Artemis (8RC)
Regional Hearing Clerk
U.S. EPA, Region 8
1595 Wynkoop Street
Denver, Colorado 80202-1129.

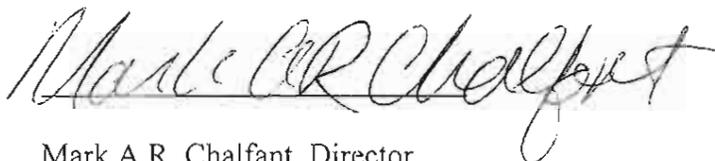
A copy of the amended complaint will also be available for public review Monday-Thursday between 8 a.m. and 4 p.m. at the Ute Indian Tribal Environmental Program office, located in Fort Duchesne, Utah. It is recommended that you contact Shaun Chappoose, Land Use Department Director of the Ute Indian Tribe, prior to visiting. He can be reached at (435) 722-3136. Shortly after EPA sends its amended complaint to P&M Petroleum Management LLC, the amended complaint can also be viewed on the following EPA webpage:

<http://www.epa.gov/region8/compliance/rhc.html>.

Any person interested in receiving their own copy of this or any future public notice of a UIC administrative action can call Nathan Wiser in the UIC program, EPA Region 8, at (303) 312-6211.

THE DECISION

EPA will review and consider all public comments received on the amended complaint and will thereafter determine whether the comments, if any, justify the modification or withdrawal of the amended complaint. If the amended complaint is revised, copies shall be provided to all parties and to all members of the public who have commented.

A handwritten signature in black ink, appearing to read "Mark A.R. Chalfant". The signature is written in a cursive style and is positioned above the typed name and title.

Mark A.R. Chalfant, Director
Technical Enforcement Program
Office of Enforcement, Compliance, and
Environmental Justice
U.S. EPA, Region 8
1595 Wynkoop Street
Denver, CO 80202-1129