UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 6

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In the Matter of	§	Docket No. SDWA-06-2011-1106
	§	
	§	
Quantum Resources Management, LLC	§	
Houston, Texas	§	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 ("the Act"). 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. The EPA and Quantum Resources Management, 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 set forth in the EPA Administrative Complaint issued on July 26, 2011.

2. Respondent admits the jurisdictional allegations herein; however, Respondent neither admits nor denies the specific factual allegations and conclusions of law contained in the Complaint or 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 to the claims set out in the previously issued Complaint 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 alleged violations set forth in the complaint and herein ("relevant time period"), Respondent is a limited liability company authorized to do business in the State of Oklahoma, 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" as the term is defined at 40 C.F.R. § 147.2902. The injection well is classified as "Class II" according to 40 C.F.R. § 144.6(b) and is identified as well number 2-1 ("well"). The well is also identified by EPA inventory number OK9019, and is located in the Southeast Quarter of Section 34, Township 6 North, Range 12 West, Apache Pool, Caddo 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. Parts 144, 146, and 147, Subpart III, which are authorized under Section 1421 of the Act, 42 U.S.C. § 300h.

8. Regulations at 40 C.F.R. § 144.11 state 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 a permit has been issued. The term "permit" is defined at 40 C.F.R. § 144.3.

9. On May 26, 1992, the EPA issued UIC permit number 06SOKA1P9019 ("permit") for conversion of the well to an injection well. Respondent is subject to the permit.

10. Regulations at 40 C.F.R. § 144.51(a) require the owner or operator of an injection well to comply with the all permit conditions.

11. On July 26, 2011, EPA issued an Administrative Complaint against Respondent pursuant to Section 1423(c) of the Act, 42 U.S.C. § 300h-2(c), setting forth findings of fact and conclusions of law hereby incorporated by reference, and proposing to assess a civil penalty against Respondent. The complaint provided notice of Respondent's opportunity to request a hearing on the proposed administrative penalty assessment.

12. The Complaint alleges that Respondent violated regulations at 40 C.F.R. §§ 144.51(a) and Condition I.B.4 of the permit by operating the well by injecting fluids in excess of volumes authorized by the permit for the well.

13. EPA notified the public of the Complaint and afforded the public thirty (30) days to comment on the Complaint and proposed penalty. At the expiration of the notice period, EPA received no comments from the public.

IV. PENALTY ORDER

14. 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, that Respondent shall pay to the United States a civil penalty in the amount of forty-five thousand dollars ($45,000.00) to settle

the alleged violations set forth in the complaint. Payment shall be made within thirty (30) days of the effective date of this CAFO by one of the following methods:

a. By mailing a bank check, cashier's check, or certified check payable to "Treasurer, United States," to the following address:

U.S. Environmental Protection Agency
Fines and Penalties
Cincinnati Finance Center
P.O. Box 979077
St. Louis, MO 63197-9000

b. By wire transfer to:

Federal Reserve Bank of New York
ABA: 021030004
Account Number: 68010727
SWIFT address: FRNYUS33
33 Liberty Street
New York, NY 10045
Field Tag 4200 of the Fedwire message should read:
"D 68010727 Environmental Protection Agency"

c. By overnight mail (Express, FedEx, DHL, etc.) to:

U.S. Bank
Government Lockbox 979077
U.S. EPA Fines & Penalties
1005 Convention Plaza
SL-MO-C2-GL
St. Louis, MO 63101
Phone: 314-418-1028

d. By credit card payments to https://www.pay.gov/paygov/

(Insert SFO 1.1 in the search field)

"In the Matter of Quantum Resources Management, LLC, Docket No. SDWA-06-2011-1106" should be clearly marked on the check, or other remittance, to ensure proper credit is given when payment is received.

15. Respondent shall send simultaneous notices of payment, including a copy of the check or instrument of payment, to each of the following:

a. Regional Hearing Clerk (6RC-D)
U.S. EPA, Region 6
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733

b. Chief, Water Legal Branch (6RC-EW)
U.S. EPA, Region 6
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733

16. 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.

17. If the United States does not receive payment within the thirty (30) days specified above, interest will accrue on the amount due from the due date at the current annual rate prescribed and published by the Secretary of the Treasury in the Federal Register and the Treasury Fiscal Requirements Manual Bulletin, per annum, through the date of payment. Late payment and final payment shall include all accrued interest or penalties.

18. 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.

19. 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.

20. 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.

V. COMPLIANCE ORDER

21. Based on the foregoing findings, and pursuant to the authority of Section 1423(c) of the Act, 42 U.S.C. § 300h-2(c), EPA Region 6 hereby orders that Respondent comply with Condition I.B.4 of the permit and limit the monthly injection volume at the well to 93,000 barrels.

VI. GENERAL PROVISIONS

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

Mr. Efren Ordoñez (6RC-EW)
Office of Regional Counsel
U.S. EPA, Region 6
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733

23. 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 alleged violations set forth in the Complaint.

24. 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.

25. 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 of this agreement and legally bind that party.

In recognition and acceptance of the foregoing:

For Quantum Resources Management, LLC — Date 11/29/11

GBR 111129

John Blevins — Date 12/7/11
Director
Compliance Assurance and
Enforcement Division

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 violations alleged in the complaint. 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. The 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: 12-12-11

Regional Judicial Officer
EPA, Region 6

CERTIFICATE OF SERVICE

I hereby certify that on the 12th day of December, 2011, the original of the foregoing CAFO was hand-delivered to the Regional Hearing Clerk (6RC-D), EPA Region 6, 1445 Ross Avenue, Suite 1200, Dallas, Texas 75202-2733, and that true and correct copies were placed in the United States mail, first class, postage prepaid, addressed to each of the following:

Copy by certified mail return receipt requested:

Mr. Gerald D. Higdon
Locke, Lord LLP
Attorneys and Counselors
2800 JP Morgan Chase Tower, 600 Travis
Houston, TX 77002

Copy:

Bureau of Land Management
Oklahoma Field Office
7906 East 33rd Street, Suite 101
Tulsa, OK 74145-1352

Bureau of Indian Affairs
Southern Plains Regional Office
(Attn: Natural Resources)
P.O. Box 368
Anadarko, OK 73005

Mr. Rick Davis
Environmental Protection Agency
1645 South 101st East Avenue
Room 134
Tulsa, OK 74128-4629

Caddo Indian Tribe of Oklahoma
P.O. Box 487
Binger, OK 73009

Copy hand-delivered:

Mr. Efren Ordoñez (6RC-EW)
Office of Regional Counsel
U.S. EPA, Region 6
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733

Date: 12-12-11

Keri Jackson