



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**

REGION 6  
1445 ROSS AVENUE, SUITE 1200  
DALLAS, TX 75202-2733

October 23, 2012

CERTIFIED MAIL - RETURN RECEIPT REQUESTED: 7007 3020 0002 5102 0601

Mr. Peter H. Blair, Jr.  
Blair Oil Investments, LLC  
600 South Cherry Street, Suite 740  
Denver, CO 80246

Re: Notice of Proposed Administrative Order and Opportunity to Request a Hearing  
Docket Number: SDWA-06-2013-1104

Dear Mr. Blair:

Enclosed is a Proposed Administrative Order (Order) issued to Blair Oil Investments, LLC, for violation of the Safe Drinking Water Act (SDWA). The violations were identified based on our review of files that we maintain on the referenced well. The violations were for failing to plug Well No. 3 within one (1) year after termination of injection operations and maintaining the well in a manner which could allow contaminants to flow through the well bore into underground sources of drinking water. The enclosed Order does not assess a monetary penalty; however, it does require compliance with SDWA requirements. You would be required to either plug the well or to provide an acceptable plan for its future 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.

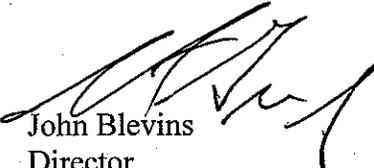
Also enclosed is an "Information Sheet" relating to the Small Business Regulatory Enforcement Fairness Act and a "Notice of Registrant's Duty to Disclose" relating to the disclosure of environmental legal proceedings to the Securities and Exchange Commission. The Environmental Protection Agency is committed to ensuring compliance with the requirements of the Underground Injection Control program, and my staff will assist you in any way possible.

Re: Blair Oil Investments, LLC  
UIC Administrative Order

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If you have any questions, or wish to discuss the possibility of a settlement of this matter, please contact Mr. Ronald Van Wyk, of my staff, at (214) 665-6459.

Sincerely,



John Blevins  
Director  
Compliance Assurance and  
Enforcement Division

Enclosures

cc: BIA, Minerals Branch

Osage Nation Environmental and  
Natural Resources Department

U. S. ENVIRONMENTAL PROTECTION AGENCY-REGION 6  
PROPOSED ADMINISTRATIVE ORDER AND INFORMATION DEMAND  
In the Matter of Blair Oil Investments, LLC, Respondent  
Docket No. SDWA-06-2013-1104

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. Respondent, Blair Oil Investments, LLC, 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 Northwest Quarter of Section 5, Township 25 North, Range 3 East, Big Bend Field, Osage County, Oklahoma, designated as Well Number 3 and EPA Inventory Number OS0017 ("the well").

3. Respondent is subject to the 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:

a. Plug the well within one (1) year after termination of injection operations, pursuant to 40 C.F.R. §§ 147.2905 and 147.2909.

b. Maintain the well in a manner so contaminants cannot flow through the well into underground sources of drinking water ("USDWs"), as defined at 40 C.F.R. § 147.2902, pursuant to 40 C.F.R. §§ 147.2903(b) and 147.2909.

5. On November 19, 2010, and June 28, 2012, inspections by a representative of the Osage Nation showed the well to be inactive and the static fluid level in the well to be above the base of USDWs. This indicates that contaminants could be moving through the well into USDWs.

6. Respondent violated the regulations cited above by failing to plug the well within one (1) year after termination of injection operations and by maintaining the well with a static fluid level above the base of USDWs in the vicinity of the well.

7. Therefore, Respondent violated the regulations set forth at 40 C.F.R. §§ 147.2903(b), 147.2905 and 147.2909.

SECTION 1423(c) COMPLIANCE ORDER

8. 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 either:

- a. Plug the well according to 40 C.F.R. § 147.2905; or
- b. Provide to the EPA a plan for future use of the well. Such plan shall include procedures Respondent would implement to prevent contaminants from moving through the well into USDWs, including a schedule for implementing such procedures.

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). 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>, states the scope of such review.

13. 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.

14. 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.

15. Violation of the term 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. Ronald Van Wyk, of my staff, at (214) 665-6459.

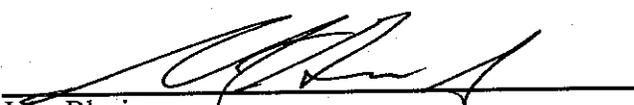
17. If this action is settled without a formal hearing, it will be concluded by issuance of a Final Order.

#### 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).

OCT 23 2012

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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. Peter H. Blair  
Blair Oil Investments, LLC  
600 South Cherry Street, Suite 740  
Denver, CO 80246

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: \_\_\_\_\_