



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 6

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

June 7, 2011

CERTIFIED MAIL - RETURN RECEIPT REQUESTED: 7010 1060 0002 1872 0078

Mr. Larry Casey
CEP Mid-Continent, LLC
15 West Sixth Street, Suite 1100
Tulsa, OK 74119-5405

Re: Notice of Proposed Administrative Order and Opportunity to Request a Hearing
Docket Number SDWA-06-2011-1105

Dear Mr. Casey:

Enclosed is a Proposed Administrative Order (Order) issued to CEP Mid-Continent, LLC for violation of the Safe Drinking Water Act (SDWA). Violations were identified based on our review of files that we maintain on the referenced wells. The violations were for failing to plug Well Nos. 1-2, 2-5, and 5 within one year after termination of injection operations. The enclosed Order does not assess a monetary penalty; however, it does require compliance with SDWA requirements. You would be required to plug the referenced wells within thirty (30) days after the effective date of the Order.

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. Also, 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.

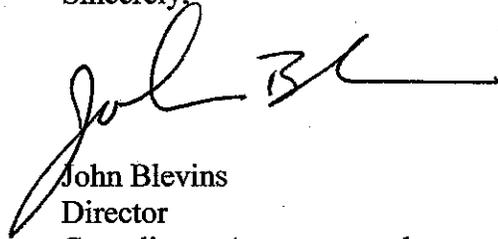
Also enclosed is an "Information Sheet" relating to the Small Business Regulatory Enforcement Fairness Act and a "Notice of Registrant's Duty to Disclose" relating to the disclosure of environmental legal proceedings to the Securities and Exchange Commission. The Environmental Protection Agency is committed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

Re: CEP Mid-Continent, LLC
Proposed 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,

A handwritten signature in black ink, appearing to read "John Blevins", with a long horizontal stroke extending to the right.

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
 In the Matter of CEP Mid-Continent, LLC, Respondent
 Docket No. SDWA-06-2011-1105

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 Section 1423(c) of the Safe Drinking Water Act ("Act"), 42 U.S.C. § 300h-2(c). The authority to issue this Order has been delegated by the Administrator to the Regional Administrator of EPA Region 6 who 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, CEP Mid-Continent, 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 injection wells (collectively, "Wells") located in Osage County, Oklahoma and further described as follows:

Inventory Number	Well Number	Location				Referred to as:
		Quarter	Section	Township	Range Field	
OS1321	1-2	Southeast	17	21North	10 East Madelene	"Well 1-2"
OS1324	2-5	Northeast	17	21 North	10 East Madelene	"Well 2-5"
OS5840	5	Northwest	6	23 North	11 East Barnsdall	"Well 5"

3. Respondent is subject to underground injection control ("UIC") 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 plug the well within one year after termination of injection operations, pursuant to 40 C.F.R. § 147.2905.

5. Respondent ceased using the wells for fluid injection on or before January 1, 2010, and has not plugged the wells.

6. Therefore, Respondent violated the regulations set forth at 40 C.F.R. § 147.2905.

ORDER

7. Based on the foregoing findings and under the authority of Section 1423(c) of the Act, it is hereby ordered that Respondent shall plug the wells according to regulations at 40 C.F.R. § 147.2905 within thirty (30) days after the effective date of this Order. Within thirty (30) days after completing plugging operations, Respondent shall submit a plugging report, including details of how each of the wells were plugged, and cementing tickets, to the EPA, Region 6; (6EN-WR); 1445 Ross Avenue, Suite 1200; Dallas, Texas 75202.

NOTICE OF OPPORTUNITY TO REQUEST A HEARING

8. Respondent may request a hearing to contest the issuance of this 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.

9. 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.

10. 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

11. This 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.

12. Issuance of this Order is not an election by EPA to forego any civil or criminal action otherwise authorized under the Act.

13. Violation of the terms of this 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

14. 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.

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

EFFECTIVE DATE

16. 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).

6.7.11

Date



John Blevins
Director
Compliance Assurance and
Enforcement Division