UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8
999 18TH STREET - SUITE 300
DENVER, CO 80202-2466
Phone 800-227-8917
http://www.epa.gov/region08

Ref: 8ENF-UFO

SEP 19 2005

CERTIFIED MAIL 7003-2260-0002-0331-7363
RETURN RECEIPT REQUESTED

Registered Agent for Citation Oil and Gas Corporation
CT Corporation System
50 West Broadway, 8th Floor
Salt Lake City, Utah 84101-2006

Re: UNDERGROUND INJECTION CONTROL PROGRAM (UIC)
Proposed Order and Penalty Complaint with Notice of Opportunity for Hearing

Dear Registered Agent:

The enclosed document is a Proposed Order and Penalty Complaint with Notice of Opportunity for Hearing ("complaint") for violations of the Safe Drinking Water Act ("SDWA"). Please carefully read the complaint soon, since it describes Citation Oil and Gas Corporation's ("Citation'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 penalties. Also enclosed is a copy of the Rules of Practice that govern these proceedings, the required Public Notice associated with this complaint and, in case Citation meets the criteria, an information sheet about the Small Business Regulatory Enforcement Fairness Act.

Citation is required to take action within 30 calendar days of your receipt of this complaint to avoid the possibility of having a default judgment entered against Citation that could impose the penalty amount proposed in the complaint.

Whether or not Citation requests a hearing, we encourage an informal conference with EPA concerning the alleged violations in an effort to negotiate a settlement. Citation may wish to appear at an informal conference and/or be represented by legal counsel. To arrange for such a conference, Citation should contact Amy Swanson, Enforcement Attorney, Legal Enforcement Program, at the number provided below. Request for such a conference does not extend the 30 calendar day period during which a request for hearing must be submitted.

Public Notice of EPA's complaint and the opportunity to provide written comments on the 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 complaint has a right to participate in the hearing.

Printed on Recycled Paper

If Citation 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 Amy Swanson at 1-800-227-8917 ext. 6906 or (303) 312-6906. Mr. Wiser and Ms. Swanson can also be reached at the following addresses:

Nathan Wiser (Mail Code 8ENF-UFO)
U.S. EPA Region 8
999 18th Street, Suite 300
Denver, Colorado 80202-2466, or

Amy Swanson (Mail Code 8ENF-L)
Enforcement Attorney
U.S. EPA Region 8
999 18th Street, Suite 300
Denver, Colorado 80202-2466.

We urge Citation's prompt attention to this matter.

Sincerely,

Michael T. Rivera
for

Carol Rushin
Assistant Regional Administrator
Office of Enforcement, Compliance
and Environmental Justice

Enclosures:

Proposed Order and Penalty Complaint
with Notice of Opportunity for Hearing
40 C.F.R. Part 22
Public Notice
U.S. EPA Small Business Resources Fact Sheet

cc: Elaine Willie, Environmental Coordinator (with all enclosures)
Ute Indian Tribe
P.O. Box 460
Fort Duchesne, Utah 84026

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION 8

2005 SEP 19 AM 9: 17

Docket No. SDWA-08-2005-0059

FILED
EPA REGION VIII
HEARING CLERK

In the Matter of:	)	
	)	
Citation Oil and Gas Corporation	)	**PROPOSED ORDER AND PENALTY**
a Delaware corporation,	)	**COMPLAINT WITH NOTICE OF**
Respondent.	)	**OPPORTUNITY FOR HEARING**
	)	
Proceedings under Section 1423(c)	)	
of the Safe Drinking Water Act	)	
42 U.S.C. 300h-2(c)	)	

INTRODUCTION

1. This civil administrative enforcement action is authorized by Congress in section 1423(c) of the Public Health Service Act, also known as the Safe Drinking Water Act (SDWA or the Act). 42 § U.S.C. 300h-2(c). The Environmental Protection Agency (EPA) regulations authorized by the Act are set out in part 144 of title 40 of the Code of Federal Regulations (40 C.F.R.), and violations of permits or EPA regulations constitute violations of the Act. The rules for this proceeding are the "Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties, Issuance of Compliance or Corrective Action Orders and the Revocation, Termination or Suspension of Permits ("Rules of Practice")," 40 C.F.R. part 22, a copy of which is enclosed.

2. The undersigned EPA official has been properly delegated the authority to issue this Proposed Order and Penalty Complaint with Notice of Opportunity for Hearing (complaint).

3. EPA alleges that Citation Oil and Gas Corporation (Respondent) has violated the Act and proposes the assessment of a civil penalty and compliance measures, as more fully explained below.

NOTICE OF OPPORTUNITY FOR A HEARING

4. Respondent has the right to a public hearing before an administrative law judge to disagree with any factual allegation made by EPA in the complaint or the appropriateness of the proposed penalty, or to present the grounds for any legal defense it may have.

5. To disagree with the complaint and assert your right to a hearing, Respondent must file a written answer (and one copy) with the Region 8 Hearing Clerk at the following address:

Region 8 Hearing Clerk
999 18th Street; Suite 300 (8RC)
Denver, Colorado 80202

within 30 calendar days of receiving this complaint. The answer must clearly admit, deny or explain the factual allegations of the complaint, the grounds for any defense, the facts you may dispute, and your specific request for a public hearing. Please see section 22.15 of the Rules of Practice for a complete description of what must be in the answer. **FAILURE TO FILE AN ANSWER AND REQUEST FOR HEARING WITHIN 30 CALENDAR DAYS MAY WAIVE RESPONDENT'S RIGHT TO DISAGREE WITH THE ALLEGATIONS OR PROPOSED PENALTY, AND RESULT IN A DEFAULT JUDGMENT AND ASSESSMENT OF THE PENALTY PROPOSED IN THE COMPLAINT, OR UP TO THE MAXIMUM AUTHORIZED BY THE ACT.**

QUICK RESOLUTION

6. Respondent may resolve this proceeding at any time by plugging the wells referenced in paragraph 13 and paying the penalty amount proposed in the complaint. Such action to make payment need not contain any response to, or admission of, the allegations in the complaint. Such action to make payment constitutes a waiver of Respondent's right to contest the allegations and to appeal the final order. See section 22.18 of the Rules of Practice for a full explanation of the quick resolution process.

SETTLEMENT NEGOTIATIONS

7. EPA encourages discussing whether cases can be settled through informal settlement conferences. If you want to pursue the possibility of settling this matter, or have any other questions, contact Amy Swanson, Enforcement Attorney, at [1-800-227-8917; extension 6906 or 303-312-6906] or at the address identified in paragraph 22 herein. **Please note that calling Ms. Swanson or requesting a settlement conference does NOT delay the running of the 30 day period for filing an answer and requesting a hearing.**

GENERAL ALLEGATIONS

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

8. 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 in Indian country 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.

9. Class II underground injection wells under the jurisdiction of the EPA are authorized to operate either under an EPA-issued permit or under a rule. To be eligible to operate under rule-authorization, a UIC well must be a Class II enhanced oil recovery well and must have been such a well at the time the EPA UIC program became effective. The rule-authorization requirements are found in Title 40 of the Code of Federal Regulations (40 CFR), Subpart C (Sections 144.21 through 144.28). All other Class II wells must be authorized by an EPA-issued permit. Enhanced oil recovery wells are wells that inject for the purpose of increasing oil and/or gas production at other nearby production wells.

10. The 19 wells subject to this action are Class II enhanced oil recovery wells. This Complaint alleges three types of violations that are well-specific and which collectively apply to five wells. Four of those five wells have operated under rule-authorization since the federal UIC program became effective on November 25, 1988. These four wells were acquired by Respondent from Apache Corporation effective September 1, 1995. One of the five wells became an enhanced oil recovery well after EPA issued a UIC permit to convert the well from a production well on March 3, 1995. Effective January 1, 1999, Respondent acquired this permitted well from Ocean Energy. These wells are owned and/or operated by Respondent and are located within the exterior boundary of the Uintah & Ouray Indian Reservation. These five particular wells and their locations are:

Pearl Broadhurst #5, EPA ID #UT20000-02392, T7S, R23E, Sec. 10, SW/4, SW/4,
Pearl Broadhurst #14, EPA Permit #UT20752-04231, T7S, R23E, Sec. 9, SE/4, SE/4,
Walker Hollow #4, EPA ID #UT20000-02539, T7S, R23E, Sec. 12, SW/4, SE/4,
Walker Hollow #8, EPA ID #UT20000-02541, T7S, R24E, Sec. 8, SW/4, SE/4, and
Walker Hollow #30, EPA ID #UT20000-02544, T7S, R23E, Sec. 2, SW/4, SE/4.

In addition to these five wells, this Complaint alleges a fourth type of violation that applies to all of Respondent's 19 Class II wells operating under the jurisdiction of the federal UIC program. Since this applies all of Respondent's wells, there are the five wells described above and 14 additional wells in violation and their names and locations are:

Pearl Broadhurst #2, EPA ID #UT20000-02391, T7S, R23E, Sec. 10, SW/4, NW/4,
Pearl Broadhurst #4, EPA Permit #UT20751-04230, T7S, R23E, Sec. 9, SW/4, SE/4,
Pearl Broadhurst #11, EPA Permit #UT20970-06388, T7S, R23E, Sec. 10, NW/4, NE/4,
Walker Hollow #6, EPA ID #UT20000-02540, T7S, R24E, Sec. 7, SW/4, SE/4,
Walker Hollow #7, EPA ID #UT20000-02534, T7S, R23E, Sec. 12, NE/4, SE/4,

Walker Hollow #10, EPA ID #UT20000-02535, T7S, R24E, Sec. 9, SW/4, NW/4,
Walker Hollow #12, EPA ID #UT20000-02542, T7S, R24E, Sec. 4, SW/4, SE/4,
Walker Hollow #17, EPA ID #UT20000-02536, T7S, R23E, Sec. 12, SW/4, NW/4,
Walker Hollow #18, EPA ID #UT20000-02537, T7S, R23E, Sec. 1, SW/4, SE/4,
Walker Hollow #22, EPA ID #UT20000-02538, T7S, R23E, Sec. 11, SW/4, SE/4,
Walker Hollow #26, EPA Permit #UT20971-02533, T7S, R23E, Sec. 11, SW/4, NW/4,
Walker Hollow #27, EPA ID #UT20000-02543, T7S, R24E, Sec. 8, SW/4, NW/4,
Walker Hollow #34, EPA ID #UT20000-02545, T7S, R24E, Sec. 7, SW/4, NW/4, and
Walker Hollow #35, EPA ID #UT20000-02546, T7S, R23E, Sec. 11, NE/4, NE/4.

11. The regulations at 40 CFR §144.28(g)(2)(iv)(A) and the UIC permit #UT20752-04231 at part III(F)(3) require Respondent to demonstrate mechanical integrity at these wells at least once every five years. Mechanical integrity is demonstrated when a well is subjected to and passes a mechanical integrity test (MIT) by pressurizing the annulus of each well for a specified amount of time with no significant leak. Three of the wells described in paragraph 10 were tested for mechanical integrity in either 1996 or 1997, which established a new due date for an MIT in either 2001 or 2002. For these three wells, the actual test date did not occur until 2004. The specific details about these due dates is shown below:

Pearl Broadhurst #5, MIT due on or about December 19, 2002,
Pearl Broadhurst #14, MIT due on or about October 21, 2002, and
Walker Hollow #8, MIT due on or about September 26, 2001.

On or about May 3, 2004, Respondent conducted MITs at these three wells, during which the Pearl Broadhurst #5 failed its test and the Pearl Broadhurst #14 and the Walker Hollow #8 passed their tests. See Attachment A to this complaint where these violations are summarized and labeled with the letter "A."

12. A Class II well authorized by rule must maintain mechanical integrity as required under Title 40 of the Code of Federal Regulations, Section 144.28(f)(2). On or about November 7, 2001, the Walker Hollow #4 and Walker Hollow #30 wells lost mechanical integrity. On or about May 3, 2004, the Pearl Broadhurst #5 well lost mechanical integrity. All three of these wells continue to lack mechanical integrity. See Attachment A to this complaint where these violations are summarized and labeled with the letter "B."

13. After two years' cessation of injection activities, the regulations at Title 40 of the Code of Federal Regulations, Section 144.28(c)(iv) requires the injection well owner or operator to plug the well unless the owner or operator provides notice to the EPA and demonstrates that the well will not endanger underground sources of drinking water (USDWs) during the temporary abandonment period. A successful mechanical integrity demonstration is acceptable as a non-endangerment demonstration. The Walker Hollow

#4 and Walker Hollow #30 wells ceased injection on or about November 7, 2001 and have not been used for injection since. Respondent has not demonstrated that either well will not endanger USDWs during the period of temporary abandonment. No successful demonstration of mechanical integrity has occurred at either well since losing mechanical integrity as referenced in paragraph 12. See Attachment A to this complaint where these violations are summarized and labeled with the letter "C."

14. EPA sent Respondent a notice of violation regarding the losses of mechanical integrity of the wells referenced in paragraph 12 in letters dated November 16, 2001 and May 11, 2004. EPA also sent Respondent a notice of violation regarding the overdue mechanical integrity demonstrations of the wells referenced in paragraph 11 and the loss of mechanical integrity at the two Walker Hollow wells referenced in paragraph 12 in a letter dated May 3, 2004.

15. Regulations governing financial responsibility to adequately plug and abandon Class II injection wells are found at 40 CFR §144.28(d) for rule-authorized wells and 40 CFR §144.52(a)(7) for permitted wells. These regulations, and part III(F) of each UIC permit, require Respondent to establish and maintain acceptable financial responsibility to adequately plug and abandon its injection wells.

16. Since May 11, 2000, Respondent has elected to use a corporate guarantee, also known as financial statement coverage, as an acceptable financial instrument. To be allowed to use financial statement coverage, Respondent must meet five financial ratio tests concerning certain corporate assets and debits, and must show a net worth of at least $1,000,000.00. In its 2004 Chief Financial Officer's letter to EPA, received May 2, 2005, Respondent failed to meet all five financial ratio tests. The 2004 Chief Financial Officer's letter indicates that financial statement coverage is no longer an acceptable mechanism to demonstrate financial responsibility to adequately plug and abandon its Class II injection wells. Respondent has not submitted an alternative financial responsibility mechanism. This is a violation of 40 CFR §144.28(d) for Respondent's rule-authorized wells and 40 CFR §144.52(a)(7) and part III(F) of its UIC permits for Respondent's permitted wells. See Attachment A to this complaint where these violations are summarized and labeled with the letter "D."

17. The Respondent, as of February 26, 1981, and to the present, is a corporation organized in the State of Delaware and is authorized to do business in the State of Utah.

18. Respondent is a "person" within the meaning of Section 1401(12) of the Act, 42 U.S.C. § 300f(12).

19. The wells penetrate underground sources of drinking water (USDWs) including, but not limited, to groundwater in, the Uinta Formation from ground surface to approximately 2804 feet below surface.

20. A summary list of the violations alleged is included as Attachment A to this complaint.

COUNT 1

21. Respondent is in violation of the regulations at 40 CFR §144.28(g)(2)(iv)(A) and the UIC permit #UT20752-04231 at part II(F)(3) by failing to demonstrate mechanical integrity at least once every five years at three wells. The duration of the Respondent's violation is shown in detail in Attachment A, with each such violation labeled with the letter "A."

COUNT 2

22. Respondent is in violation of the regulations at 40 CFR 144.28(f)(2) by failing to maintain mechanical integrity at three wells. The duration of the Respondent's violation is shown in detail in Attachment A, with each such violation labeled with the letter "B."

COUNT 3

23. Respondent is in violation of the regulations at 40 CFR 144.28(c)(iv) by failing to plug and abandon two wells after ceasing injection activities for more than two years, and for which no demonstration of non-endangerment was made. The duration of the Respondent's violation is shown in detail in Attachment A, with each such violation labeled with the letter "C."

COUNT 4

24. Respondent is in violation of the regulations at 40 CFR §§144.28(d) and 144.52(a)(7) and part III(F) of its UIC permits by failing to establish and maintain an acceptable mechanism for financial responsibility to plug and abandon all of its UIC injection wells governed under the federal UIC program in Region 8. The duration of the Respondent's violation is shown in detail in Attachment A, with each such violation labeled with the letter "D."

PROPOSED ORDER WITH ADMINISTRATIVE CIVIL PENALTY

25. For violations of the Act that occurred prior to March 16, 2004, the Act, as amended, authorizes the assessment of a civil penalty of up to $27,500.00 per day. For violations of the Act that occurred on or after March 16, 2004, the Act, as amended, authorizes the assessment of a civil penalty of up to $32,500.00 per day, 42 U.S.C. § 300h-2(b). The Act requires EPA to take into account the following factors in assessing a civil penalty: the nature, circumstances, extent and gravity of the violations; any economic benefit or savings gained resulting from the violations; Respondent's history of such violations; Respondent's culpability for the violations; Respondent's good-faith efforts to comply

with applicable requirements; the economic impact of the penalty on the Respondent; and other factors that justice may require. 42 U.S.C. § 300h-2(c)(4)(B).

26. In light of the statutory factors and the specific facts of this case, **EPA proposes that the Respondent be ordered to return the Walker Hollow #30, Walker Hollow #4 and Pearl Broadhurst #5 wells to compliance and pay a penalty of $106,136.00 (one hundred six thousand one hundred thirty-six dollars) for the violations alleged above, as explained below:**

Nature, Circumstances, Extent, and Gravity of Violations

Respondent has the ability and means to comply by plugging and abandoning or restoring mechanical integrity or testing its wells in a manner to prevent movement of fluids to a USDW that may endanger the health of persons. Respondent, as owner and/or operator had, and continues to have, access to these wells. Respondent could have, at any time, tested its overdue wells for mechanical integrity. Not plugging a temporarily abandoned well is a serious violation because such wells are not as rigorously inspected and maintained by the operator, and can therefore fall into disrepair without the knowledge of the operator, posing an increased risk to USDWs. Failing to maintain adequate financial responsibility to plug and abandon its injection wells presents a potential for risk to USDWs if EPA were forced to plug the wells and had no financial means to do so. Unplugged wells can serve as a conduit for fluid movement into USDWs.

Prior Compliance History

This complaint is the second enforcement action EPA Region 8 has issued to Respondent requiring compliance with the applicable UIC regulations.

Good-Faith Efforts to Comply

Respondent did not respond to EPA's November 16, 2001, letter in which a 30-day timeframe to respond was requested and appears to have made no effort to plug and abandon the wells identified in that letter. Furthermore, Respondent only tested its overdue wells for mechanical integrity after EPA reminded Respondent about this violation in its May 3, 2004, letter.

Degree of Culpability

Respondent is a large independent oil company with a net worth of approximately $75 million, employing approximately 350 people, with operations in several different states. It should have been aware of all UIC requirements when it acquired the Walker Hollow oil field on or about September 1, 1995, and when it applied for and received the transfer of EPA's UIC permit #UT20752-04231 on or about May 10, 1999. Respondent was sent

notices of violation as early as November 16, 2001, and as recently as May 11, 2004. Respondent was earlier involved in a case with EPA Region 8 for financial responsibility violations.

Economic Benefit

An economic benefit was experienced by Respondent for its failure to plug and abandon the Walker Hollow #4 and Walker Hollow #30 wells, and by failing to conduct timely mechanical integrity tests at the Pearl Broadhurst #5, Pearl Broadhurst #14, and Walker Hollow #8 wells. Respondent also benefitted from its delayed implementation of an alternative financial instrument to cover the costs of adequately plugging and abandoning all 19 of its wells, after it failed its financial statement coverage. The total delayed cost of compliance is estimated to be $23,860.00.

Ability to Pay

EPA did not reduce the proposed penalty due to this factor, but will consider any new information Respondent may present regarding Respondent's ability to pay the penalty proposed in this complaint.

Other Matters that Justice may Require

No adjustments made regarding these factors at this time.

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

EPA - Region 8
Regional Hearing Clerk
P.O. Box 360859
Pittsburgh, Pennsylvania 15251.

A copy of said check shall be mailed to the following address:

Amy Swanson (8ENF-L)
Enforcement Attorney
U.S. EPA - Region 8
999 18th Street, Suite 300
Denver, Colorado 80202-2466.

28. The provisions of this complaint shall apply to and be binding upon Respondent, its officers, directors, agents, servants, employees, and successors or assigns.

29. As required by the Act, prior to the assessment of a civil penalty, EPA will provide public notice of the proposed penalty, and reasonable opportunity for people to comment on the matter, and present evidence in the event a hearing is held. 42 U.S.C. § 300h-2(c)(3)(B).

30. The administrative law judge is not bound by EPA's penalty policy or the penalty proposed by EPA, and may assess a penalty above the proposed amount, up to either $27,500.00 or $32,500.00, per day for each violation, as authorized in the statute, as amended.

31. This 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 complaint is not an election by the EPA to forego any civil or any criminal action otherwise authorized under the Act.

Issued this 19th day of September, 2005.

Michael T. Risner for

Carol Rushin
Assistant Regional Administrator
Office of Enforcement, Compliance,
and Environmental Justice
U.S. EPA, Region 8
999 18th Street, Suite 300
Denver, CO 80202-2466

ATTACHMENT A

		Citation Oil and Gas Corporation			
Well Name	EPA ID No.	Type of Violation	Date Violation Began	Date Violation Ended	Violation duration in days
Pearl Broadhurst #5	UT20000-02392	A. Late MIT	12/19/2002	5/3/2004	501
Pearl Broadhurst #14	UT20752-04231	A. Late MIT	10/21/2002	5/3/2004	560
Walker Hollow #8	UT20000-02541	A. Late MIT	9/26/2001	5/3/2004	950
Pearl Broadhurst #5	UT20000-02392	B. Fail to maintain MI	5/3/2004	8/9/2004	98
Walker Hollow #4	UT20000-02539	B. Fail to maintain MI	11/7/2001	11/7/2003	730
Walker Hollow #30	UT20000-02544	B. Fail to maintain MI	11/7/2001	11/7/2003	730
Walker Hollow #4	UT20000-02539	C. Fail to P&A	11/7/2003	9/30/2005	693
Walker Hollow #30	UT20000-02544	C. Fail to P&A	11/7/2003	9/30/2005	693
19 wells	listed below	D. Fail to demonstrate FR	1/1/2005	9/30/2005	272
	UT20000-02391, UT20981-02392, UT20971-02533, UT20000-02534, UT20000-02535, UT20000-02536, UT20000-02537, UT20000-02538, UT20000-02539, UT20000-02540, UT20000-02541, UT20000-02542, UT20000-02543, UT20000-02544, UT20000-02545, UT20000-02546, UT20751-04230, UT20752-04231, UT20970-06388			Note: an end date equal to September 30, 2005 represents EPA's estimate for when a particular violation will end, since these are on-going violations when the Complaint is issued.	

United States Environmental Protection Agency

Office of Enforcement and Compliance Assurance (2201A)
EPA 300-F-03-001 May 2003

U. S. EPA Small Business Resources

If you own a small business, the United States Environmental Protection Agency (EPA) offers a variety of compliance assistance and tools to assist you in complying with federal and state environmental laws. These resources can help you understand your environmental obligations, improve compliance and find cost-effective ways to comply through the use of pollution prevention and other innovative technologies.

Hotlines, Helplines and Clearinghouses

EPA sponsors approximately 89 free hotlines and clearinghouses that provide convenient assistance regarding environmental requirements.

The National Environmental Compliance Assistance Clearinghouse provides quick access to compliance assistance tools, contacts, and planned activities from the U.S. EPA, states, and other compliance assistance providers: http://www.epa.gov/clearinghouse

Pollution Prevention Clearinghouse
http://www.epa.gov/opptintr/library/ppicindex.htm

EPA's Small Business Ombudsman Hotline can provide a list of all the hot lines and assist in determining the hotline best meeting your needs:
(800) 368-5888

Emergency Planning and Community Right-To-Know Act
(800) 424-9346

National Response Center (to report oil and hazardous substance spills)
(800) 424-8802

Toxics Substances and Asbestos Information
(202) 554-1404

Safe Drinking Water
(800) 426-4791

Stratospheric Ozone and Refrigerants Information
(800) 296-1996

Clean Air Technology Center
(919) 541-0800

Wetlands Helpline
(800) 832-7828

EPA Websites

EPA has several Internet sites that provide useful compliance assistance information and materials for small businesses. If you don't have access to the Internet at your business, many public libraries provide access to the Internet at minimal or no cost.

EPA's Home Page
http://www.epa.gov

Small Business Assistance Program
http://www.epa.gov/ttn/sbap

Office of Enforcement and Compliance Assurance
http://www.epa.gov/compliance

Compliance Assistance Home Page
http://www.epa.gov/compliance/assistance

Office of Regulatory Enforcement
http://www.epa.gov/compliance/civil/index.html

Office of Site Remediation Enforcement
http://www.epa.gov/compliance/cleanup

Innovative Programs for Environmental Performance
http://www.epa.gov/partners

Small Business Ombudsman
www.sba.gov/ombudsman

Recycled/Recyclable
Printed with Soy/Canola Ink on paper that contains at least 30% post consumer fiber

federal register

Friday
July 23, 1999

Part V

Environmental Protection Agency

40 CFR Part 22

Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties, Issuance of Compliance or Corrective Action Orders, and the Revocation, Termination or Suspension of Permits; Final Rule

U.S. ENVIRONMENTAL PROTECTION AGENCY
PUBLIC NOTICE
OPPORTUNITY FOR PUBLIC COMMENT ON PROPOSED ORDER AND PENALTY COMPLAINT WITH NOTICE OF OPPORTUNITY FOR HEARING AGAINST CITATION OIL AND GAS CORPORATION 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 Proposed Order and Penalty Complaint with Notice of Opportunity for Hearing (complaint) [Docket No. SDWA-08-2005-0059 that Region 8 of the United States Environmental Protection Agency (EPA) proposes to issue against Citation Oil and Gas Corporation, whose corporate headquarters office is located at 8223 Willow Place Drive South, Houston, Texas 77070. The complaint alleges violations of the Underground Injection Control (UIC) regulations and proposes remedies and monetary penalties for the alleged violations. The 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 proposed remedies and penalties are appropriate. EPA will review any comments received on the complaint, and will thereafter determine whether to modify or withdraw the complaint or whether to modify the proposed penalty and/or compliance requirements.

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 or on Indian Lands that do not have approved State 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 19 Class II injection wells which are the subject of this complaint, are owned and operated by Citation Oil and Gas Corporation, and are located in the Walker Hollow Oil Field, Uintah County, in parts of Township 7 South, Range 23 East and Township 7 South, Range 24 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 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 boundary of the Uintah & Ouray Indian Reservation.

The complaint alleges that Citation Oil and Gas Corporation is in violation of UIC regulations and is subject to appropriate penalties for failing to maintain mechanical integrity at three wells, failing to plug and abandon two wells, failing timely demonstrate mechanical integrity at three wells, and failing to adequately demonstrate financial responsibility for plugging all its injection wells. The complaint proposes that EPA assess an administrative civil penalty in the amount one hundred six thousand, one hundred thirty-six dollars ($106,136.00) and that Citation plug or repair three wells.

PUBLIC COMMENTS

Written comments on the 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 Citation Oil and Gas Corporation will be available for public review as part of the administrative record, subject to the provisions of law restricting the disclosure of confidential information. Citation Oil and Gas Corporation may request a hearing. Any person submitting written comments will be notified of and has a right to participate in such a hearing. The 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 Amy Swanson, Enforcement Attorney, Legal Enforcement Program, EPA Region 8, at (303) 312-6906 before visiting the EPA Region 8 offices.

Please submit written comments to:

Tina Artemis (8RC)
Regional Hearing Clerk
U.S. EPA, Region 8
999 18th Street, Suite 500
Denver, Colorado 80202-2466.

A copy of the 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 Elaine Willie, Environmental Coordinator of the Ute Indian Tribe, prior to visiting. She can be reached at (435) 722-9910. About a week after EPA sends its complaint to Citation, the complaint can also be viewed on the following EPA webpage: 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 complaint and will thereafter determine whether to modify or withdraw the complaint or whether to modify the proposed penalty and/or compliance requirements. If the complaint is revised, copies shall be provided to all parties and to all members of the public who have commented.

Elisabeth Evans

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Date of Publication

Elisabeth Evans, Director
Technical Enforcement Program
Office of Enforcement, Compliance, and
Environmental Justice
U.S. EPA, Region 8
999 18th Street, Suite 300
Denver, CO 80202-3466