

**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION III**

In the Matter of:

**CONSENT AGREEMENT**

**Chesapeake Appalachia, LLC**  
6100 N. Western Avenue  
Oklahoma City, Oklahoma 73118,

Proceedings Pursuant to Section 112(r) and  
113 of the Clean Air Act, 42 U.S.C.  
§§ 7412(r) and 7413

Respondent.

Docket No.: CAA-03-2012-0181

Holden Compressor Station  
Mine 7 and 8 Sulfur Springs Road  
Holden, West Virginia 25625,

Kermit Compressor Station  
262 Virginia Avenue  
Kermit, West Virginia 25674,

Smokehouse Compressor Station  
68 Compressor Station Road  
Chapmanville, West Virginia 25508,

Facilities.

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**REGIONAL HEARING CLERK**  
**EPA REGION III, PHILA. PA**

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**STATUTORY AUTHORITY**

This Consent Agreement is proposed and entered into under the authority vested in the Administrator of the United States Environmental Protection Agency (“EPA” or the “Agency”) by Section 113 of the Clean Air Act (“CAA”), as amended, 42 U.S.C. § 7413, and under the authority of the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties and the Revocation/Termination or Suspension of Permits (“Consolidated Rules of Practice”), 40 C.F.R. Part 22. The Administrator has delegated these authorities to the Regional Administrator, who has, in turn, delegated them to the Director, Hazardous Site Cleanup Division.

The parties agree to the commencement and conclusion of this cause of action by issuance of this Consent Agreement and Final Order (referred to collectively as “CAFO”) as prescribed by the Consolidated Rules of Practice pursuant to 40 C.F.R. § 22.13(b), and having consented to entry of this CAFO, agree to comply with the terms of this CAFO.

**GENERAL FINDINGS OF FACT RELATED TO THE  
VIOLATION OF SECTION 112(r)(7) OF THE CLEAN AIR ACT**

1. Respondent, Chesapeake Appalachia, LLC, is a limited liability company registered in West Virginia with its principal place of business located at 6100 N. Western Avenue, Oklahoma City, Oklahoma 73118-1044 and a regional office located at 414 Summers Street in Charleston, West Virginia 25301-1621.

2. The Respondent is the owner of a natural gas processing facility located 262 Virginia Avenue in Kermit, West Virginia, known as the Kermit Compressor Station (“Kermit Facility”).

3. The Respondent is the owner of a natural gas processing facility located at Mine 7 and 8 Sulfur Springs Road in Holden, West Virginia, known as the Holden Compressor Station (“Holden Facility”).

4. The Respondent is the owner of a natural gas processing facility located at 68 Compressor Station Road in Chapmanville, West Virginia, known as the Smokehouse Compressor Station (“Smokehouse Facility”).

5. On November 15, 1990, the President signed into law the Clean Air Act Amendments of 1990. The Clean Air Act Amendments added Section 112(r) to the CAA, 42 U.S.C. § 7412(r).

6. Section 112(r) of the CAA, 42 U.S.C. § 7412(r), requires the Administrator of EPA to, among other things, promulgate regulations in order to prevent accidental releases of certain regulated substances. Section 112(r)(3), 42 U.S.C. § 7412(r)(3), mandates the Administrator to promulgate a list of regulated substances, with threshold quantities, and defines the stationary sources that will be subject to the accident prevention regulations mandated by Section 112(r)(7), 42 U.S.C. § 7412(r)(7). Specifically, Section 112(r)(7) requires the Administrator to promulgate regulations that address release prevention, detection, and correction requirements for these listed regulated substances, 42 U.S.C. § 7412(r)(7). The list of regulated substances and threshold levels can be found in 40 C.F.R. § 68.130.

7. On June 20, 1996, EPA promulgated a final rule known as the risk management program, 40 C.F.R. Part 68, which implements Section 112(r)(7), 42 U.S.C. § 7412(r)(7), of the CAA. The regulations require owners and operators of stationary sources to develop and implement a risk management program. The risk management program is described in a risk management plan that must be submitted to EPA. The risk management plan must include a hazard assessment to assess the potential effects of an accidental release of any regulated substance, a program for preventing accidental releases of hazardous substances, and a response program providing for specific actions to be taken in response to an accidental release of a regulated substance, so as to protect human health and the environment.

8. Pursuant to Section 112(r)(7)(B)(iii) of the CAA, 42 U.S.C. § 7412(r)(7)(B)(iii), and its regulations at 40 C.F.R. §§ 68.10(a) and 68.150(a), the owner or operator of a stationary

source at which a regulated substance is present in more than a threshold quantity must develop and implement a risk management program, on the latest of the following dates: (1) June 21, 1999; (2) three years after the date on which the regulated substance is first listed under 40 C.F.R. § 68.130; or (3) the date on which the regulated substance is first present above a threshold quantity in a process.

9. Section 113(d)(1)(B) of the CAA, 42 U.S.C. § 7413(d)(1)(B), authorizes EPA to commence an administrative action to assess civil penalties of not more than \$25,000 per day for each violation of Section 112(r) of the CAA that occurs before January 30, 1997. Section 113(d)(1)(B), as amended by the Debt Collection Improvement Act of 1996, authorizes EPA to commence an administrative action to assess civil penalties of not more than \$32,500 per day for each violation of Section 112(r) of the CAA that occurs after March 15, 2004 through January 12, 2009, and \$37,500 per day for each violation of Section 112(r) of the CAA that occurs after January 12, 2009.

10. The regulations at 40 C.F.R. § 68.3 define “stationary source,” in part, as any buildings, structures, equipment, installations, or substance emitting stationary activities which belong to the same industrial group, which are located on one or more contiguous properties, which are under the control of the same person (or persons under common control), and from which an accidental release may occur.

11. The regulations at 40 C.F.R. § 68.3 define “threshold quantity” as the quantity specified for regulated substances pursuant to Section 112(r)(5) of the CAA, listed in 40 C.F.R. § 68.130, Table 1, and determined to be present at a stationary source as specified in 40 C.F.R. § 68.115.

12. The regulations at 40 C.F.R. § 68.3 define “regulated substance” as any substance listed pursuant to Section 112(r)(3) of the CAA in 40 C.F.R. § 68.130.

13. The regulations at 40 C.F.R. § 68.3 define “process” as any activity involving a regulated substance including any use, storage, manufacturing, handling, or on-site movement of such substances, or combination of these activities. For purposes of this definition, any group of vessels that are interconnected, or separate vessels that are located such that a regulated substance could be involved in a potential release, shall be considered a single process.

#### **FINDINGS OF FACT RELATED TO THE VIOLATION OF SECTION 112(r)(7) OF THE CLEAN AIR ACT AT THE KERMIT FACILITY**

14. EPA conducted an inspection of the Kermit Facility on October 26, 2010, to determine Respondent’s compliance with Section 112(r) of the CAA, 42 U.S.C. § 7412(r), and the risk management program regulations at 40 C.F.R. Part 68.

15. The Kermit Facility’s inventory records indicated that approximately 135,260 pounds of flammable substances consisting of flammable compounds including 20,656 pounds of butane, Chemical Abstracts Service Number (“CAS No.”) 106-97-8; 76,696 pounds of

isopentane, CAS No.78-78-4; and 26,675 pounds of pentane, CAS No. 109-66-0 were handled, stored or used at the Kermit Facility.

16. The Respondent began operations at the Kermit Facility on or about October 16, 2006. The Respondent submitted to EPA its initial risk management plan for the Kermit Facility on or about November 4, 2008.

17. EPA determined, based on its inspection of the Kermit Facility and documents obtained from the Respondent, that the Respondent failed to comply with the following components of the risk management program:

- A. Submit a risk management plan at the time Respondent acquired the Kermit Facility, as required by 40 C.F.R. § 68.150.
- B. List in the risk management plan the environmental receptors within a circle with its center at the point of a release and a radius determined by the distance to the endpoint, in accordance with 40 C.F.R. § 68.33.
- C. Maintain, as required by 40 C.F.R. § 68.39, the following records of the offsite consequences analysis for the Kermit Facility:
  - a. For worst-case scenarios, a description of the vessel or pipeline and substance selected as worst case, assumptions and parameters used, and the rationale for selection; assumptions shall include use of any administrative controls and any mitigation that were assumed to limit the quantity that could be released. Documentation shall include the anticipated effect on the controls and mitigation on the release quantity and rate.
  - b. For alternative release scenarios, a description of the scenarios identified, assumptions and parameters used, and the rationale for the selection of specific scenarios; assumptions shall include use of any administrative controls and any passive mitigation that were assumed to limit the quantity that could be released. Documentation shall include the anticipated effect of the controls and mitigation on the release quantity and rate.
  - c. Methodology used to determine distance to endpoints.
  - d. Data used to estimate population and environmental receptors potentially affected.
- D. Certify that the Kermit Facility had been evaluated for compliance at least every three years to verify that procedures and practices developed are adequate and are being followed in accordance with 40 C.F.R. § 68.79.

18. On February 14, 2012, EPA sent Respondent a request to show cause as to why penalties against Respondent were not warranted under Section 113 of the CAA. In response to

EPA, Respondent disclosed to EPA by letter dated April 13, 2012 violations of the risk management program at the Holden and Smokehouse facilities.

**CONCLUSIONS OF LAW RELATED TO THE  
VIOLATION OF SECTION 112(r)(7) OF THE CLEAN AIR ACT AT THE KERMIT  
FACILITY**

19. Butane, ethane, isopentane, pentane, and propane are “regulated substances” pursuant to Section 112(r)(3) of the CAA, and listed in 40 C.F.R. § 68.130, with a threshold quantity of 10,000 pounds for each.

20. At all times relevant to this Consent Agreement, butane, isopentane, and pentane were present in a process at the Facility.

21. Respondent is a “person” as defined by Section 302(e) of the CAA, 42 U.S.C. § 7602(e).

22. The Kermit Facility is a “stationary source,” as the term is defined at 40 C.F.R. § 68.3.

23. Respondent has been the owner or operator of a “stationary source,” as the term is defined at 40 C.F.R. § 68.3, since approximately 2006.

24. Respondent is subject to the requirements of Section 112(r) of the CAA, 40 U.S.C. § 7412(r), and 40 C.F.R. Part 68, because it is the owner and/or operator of a stationary source that had more than a threshold quantity of a regulated substance in a process.

25. Respondent has violated Section 112(r)(7) of the CAA, 42 U.S.C. § 7412(r)(7), and its regulations at 40 C.F.R. Part 68, by failing to meet the following requirements at the Kermit Facility: timely submit a risk management plan; list in the risk management plan the environmental receptors within a circle with its center at the point of release and a radius determined by the distance to the endpoint; retain required records; and complete the triennial compliance audit. Respondent is, therefore, subject to the assessment of penalties under Section 113 of the CAA, 42 U.S.C. § 7413.

**FINDINGS OF FACT RELATED TO THE  
VIOLATION OF SECTION 112(r)(7) OF THE CLEAN AIR ACT AT THE HOLDEN  
FACILITY**

26. The findings of fact and conclusions of law contained in Paragraphs 1 through 25 of this CAFO are incorporated by reference herein as though fully set forth at length.

27. Inventory records of the Holden Facility provided to EPA by Respondent indicate that approximately 350,840 pounds of flammable substances consisting of flammable compounds including 74,784 pounds of butane CAS No. 106-97-8; 22,303 pounds of ethane,

CAS No. 74-84-0; 29,388 pounds of pentane, CAS No. 109-66-0; and 224,365 pounds of propane, CAS No. 74-98-6 were handled, stored or used at the Holden Facility.

28. Respondent began operations at the Holden Facility in approximately 2005. The Respondent submitted to EPA its initial risk management plan for the Holden Facility on or about April 16, 2008.

29. EPA determined, based on Respondent's April 13, 2012 letter to EPA and documents subsequently obtained from the Respondent, that Respondent failed to comply with the following components of the risk management program:

- A. Submit a risk management plan at the time Respondent acquired the Holden Facility, 40 C.F.R. § 68.150.
- B. List in the risk management plan the environmental receptors within a circle with its center at the point of a release and a radius determined by the distance to the endpoint in accordance with 40 C.F.R. § 68.33.
- C. Maintain, as required by 40 C.F.R. § 68.39, the following records of the offsite consequences analysis for the Holden Facility:
  - a. For worst-case scenarios, a description of the vessel or pipeline and substance selected as worst case, assumptions and parameters used, and the rationale for selection; assumptions shall include use of any administrative controls and any passive mitigation that were assumed to limit the quantity that could be released. Documentation shall include the anticipated effect on the controls and mitigation on the release quantity and rate.
  - b. For alternative release scenarios, a description of the scenarios identified, assumptions and parameters used, and the rationale for selection of specific scenarios; assumptions shall include use of any administrative controls and any mitigation that were assumed to limit the quantity that could be released. Documentation shall include the anticipated effect of the controls and mitigation on the release rate.
  - c. Methodology used to determine distance to endpoints.
  - d. Data used to estimate population and environmental receptors potentially affected.
- D. Certify that the Holden Facility had been evaluated for compliance at least every three years to verify that procedures and practices developed are adequate and are being followed in accordance with 40 C.F.R. § 68.79.

**CONCLUSIONS OF LAW RELATED TO THE  
VIOLATION OF SECTION 112(r)(7) OF THE CLEAN AIR ACT AT THE HOLDEN  
FACILITY**

30. Butane, ethane, pentane, and propane are “regulated substances” pursuant to Section 112(r)(3) of the CAA, and listed in 40 C.F.R. § 68.130, with a threshold quantity of 10,000 pounds for each.

31. At all times relevant to this Consent Agreement, butane, ethane, pentane, and propane were present in a process at the Facility.

32. Respondent is a “person” as defined by Section 302(e) of the CAA, 42 U.S.C. § 7602(e).

33. The Holden Facility is a “stationary source” as the term is defined at 40 C.F.R. § 68.3.

34. Respondent has been the owner or operator of a “stationary source,” as the term is defined at 40 C.F.R. § 68.3, since approximately 2005.

35. Respondent is subject to the requirements of Section 112(r) of the CAA, 40 U.S.C. § 7412(r), and 40 C.F.R. Part 68, because it is the owner and/or operator of a stationary source that had more than a threshold quantity of a regulated substance in a process.

36. Respondent has violated Section 112(r)(7) of the CAA, 42 U.S.C. § 7412(r)(7), and its regulations at 40 C.F.R. Part 68, by failing to meet the following requirements at the Holden Facility: timely submit a risk management plan; list in the risk management plan the environmental receptors within a circle with its center at the point of release and a radius determined by the distance to the endpoint; retain required records; and complete the triennial compliance audit. Respondent is, therefore, subject to the assessment of penalties under Section 113 of the CAA, 42 U.S.C. § 7413.

**FINDINGS OF FACT RELATED TO THE  
VIOLATION OF SECTION 112(r)(7) OF THE CLEAN AIR ACT AT THE  
SMOKEHOUSE FACILITY**

37. The findings of fact contained in Paragraphs 1 through 36 of this CAFO are incorporated by reference herein as though fully set forth at length.

38. Respondent began operations at the Smokehouse Facility on or about May 20, 2009. The Respondent submitted to EPA its initial risk management plan for the Smokehouse Facility on or about May 19, 2009.

39. Inventory records of the Smokehouse Facility provided to EPA by Respondent indicate that approximately 292,423 pounds of flammable substances consisting of flammable compounds including 74,822 pounds of butane, CAS No. 106-97-8; 22,392 pounds of isobutene,

CAS No. 75-28-5; 24,705 pounds of isopentane, CAS No. 78-78-4; 27,575 pounds of pentane, CAS No. 109-66-0; and 90,930 pounds of propane, CAS No. 74-98-6 were handled, stored or used at the Smokehouse Facility.

40. EPA determined, based on Respondent's April 13, 2012 letter to EPA and documents obtained from the Respondent, that Respondent failed to comply with the following components of the risk management program:

- A. List in the risk management plan the environmental receptors within a circle with its center at the point of a release and a radius determined by the distance to the endpoint in accordance with 40 C.F.R. § 68.33.
- B. Maintain, as required by 40 C.F.R. § 68.39, the following records of the offsite consequences analysis for the Smokehouse Facility:
  - a. For worst case scenarios, a description of the vessel or pipeline and substance selected as worst case, assumptions and parameters used, and the rationale for selection; assumptions shall include use of any administrative controls and any passive mitigation that were assumed to limit the quantity that could be released. Documentation shall include the anticipated effect on the controls and mitigation on the release quantity and rate.
  - b. For alternative release scenarios, a description of the scenarios identified, assumptions and parameters used, and the rationale for selection of specific scenarios; assumptions shall include use of any administrative controls and any mitigation that were assumed to limit the quantity that could be released. Documentation shall include the anticipated effect of the controls and mitigation on the release quantity and rate.
  - c. Methodology used to determine distance to endpoints.
  - d. Data used to estimate population and environmental receptors potentially affected.

**CONCLUSIONS OF LAW RELATED TO THE  
VIOLATION OF SECTION 112(r)(7) OF THE CLEAN AIR ACT AT THE  
SMOKEHOUSE FACILITY**

41. Butane, isobutane, isopentane, pentane, and propane, are "regulated substances" pursuant to Section 112(r)(3) of the CAA, and listed in 40 C.F.R. § 68.130, with a threshold quantity of 10,000 pounds for each.

42. At all times relevant to this Consent Agreement, butane, isobutane, isopentane, pentane, and propane have been present in a process at the Smokehouse Facility.

43. Respondent is a "person" as defined by Section 302(e) of the CAA, 42 U.S.C. § 7602(e).



44. The Smokehouse Facility is a “stationary source,” as the term is defined at 40 C.F.R. § 68.3.

45. Respondent has been the owner or operator of a “stationary source,” as the term is defined at 40 C.F.R. § 68.3, since on or about May 20, 2009.

46. Respondent is subject to the requirements of Section 112(r) of the CAA, 40 U.S.C. § 7412(r), and 40 C.F.R. Part 68, because it is the owner and/or operator of a stationary source that had more than a threshold quantity of a regulated substance in a process.

47. Respondent has violated Section 112(r)(7) of the CAA, 42 U.S.C. § 7412(r)(7), and its regulations at 40 C.F.R. Part 68, by failing to meet the following requirements at the Smokehouse Facility: list in the risk management plan the environmental receptors within a circle with its center at the point of release and a radius determined by the distance to the endpoint; and retain required records. Respondent is, therefore, subject to the assessment of penalties under Section 113 of the CAA, 42 U.S.C. § 7413.

### SETTLEMENT

48. In full and final settlement and resolution of all allegations referenced in the foregoing Findings of Fact and Conclusions of Law for the Kermit facility, and in full satisfaction of all civil penalty claims pursuant thereto, for the purpose of this proceeding, Respondent consents to the assessment of a civil penalty for the violations of Section 112(r) of the CAA, 42 U.S.C. § 7412(r), as set forth above, in the amount of **\$58,155**.

49. In full and final settlement and resolution of all allegations referenced in the foregoing Findings of Fact and Conclusions of Law for the Holden facility, and in full satisfaction of all civil penalty claims pursuant thereto, for the purpose of this proceeding, Respondent consents to the assessment of a civil penalty for the violations of Section 112(r) of the CAA, 42 U.S.C. § 7412(r), as set forth above, in the amount of **\$32,109**.

50. In full and final settlement and resolution of all allegations referenced in the foregoing Findings of Fact and Conclusions of Law for the Smokehouse facility, and in full satisfaction of all civil penalty claims pursuant thereto, for the purpose of this proceeding, Respondent consents to the assessment of a civil penalty for the violations of Section 112(r) of the CAA, 42 U.S.C. § 7412(r), as set forth above, in the amount of **\$9,688**.

51. Respondent consents to the issuance of this Consent Agreement, and consents for purposes of settlement to the payment of the civil penalties cited in the Paragraphs 48, 49, and 50.

### PAYMENT TERMS

52. In order to avoid the assessment of interest, administrative costs, and late payment penalties in connection with the civil penalties described in this CAFO, Respondent shall pay civil penalty of \$99,952 no later than thirty (30) days after the effective date of the Final Order

(the "final due date") by either cashier's check, certified check, or electronic wire transfer, in the following manner:

A. All payments by Respondent shall reference Respondent's name and address, and the Docket Number of this action, *i.e.*, CAA-03-2012-0181;

B. All checks shall be made payable to **United States Treasury**;

C. All payments made by check and sent by regular mail shall be addressed to:

U.S. Environmental Protection Agency  
Fines and Penalties  
Cincinnati Finance Center  
P.O. Box 979077  
St. Louis, MO 63197-9000  
Natalie Pearson: (314) 418-4089

D. All payments made by check and sent by overnight delivery service shall be addressed for delivery to:

U.S. Bank  
Government Lockbox 979077  
U.S. EPA, Fines & Penalties  
1005 Convention Plaza  
Mail Station SL-MO-C2-GL  
St. Louis, MO 63101

Contact: (314) 418-1028

E. All payments made by check in any currency drawn on banks with no USA branches shall be addressed for delivery to:

Cincinnati Finance  
US EPA, MS-NWD  
26 W. M.L. King Drive  
Cincinnati, OH 45268-0001

F. All payments made by electronic wire transfer shall be directed to:

Federal Reserve Bank of New York  
ABA = 021030004  
Account No. = 68010727  
SWIFT address = FRNYUS33  
33 Liberty Street  
New York, NY 10045

Field Tag 4200 of the Fedwire should read:  
D 68010727 Environmental Protection Agency

- G. All electronic payments made through the Automated Clearinghouse (ACH), also known as Remittance Express (REX), shall be directed to:

US Treasury REX / Cashlink ACH Receiver  
ABA = 051036706  
Account No.: 310006, Environmental Protection Agency  
CTX Format Transaction Code 22 - Checking

Physical location of U.S. Treasury facility:  
5700 Rivertech Court  
Riverdale, MD 20737  
Contact: Jesse White 301-887-6548 or REX, 1-866-234-5681

- H. On-Line Payment Option:

WWW.PAY.GOV/PAYGOV

Enter sfo 1.1 in the search field. Open and complete the form.

- I. Additional payment guidance is available at:

[http://www.epa.gov/ocfo/finservices/make\\_a\\_payment.htm](http://www.epa.gov/ocfo/finservices/make_a_payment.htm)

53. Respondent shall submit copies of the check, or verification of wire transfer or ACH, to the following persons:

Lydia Guy (3RC00)  
U.S. EPA, Region III  
1650 Arch Street  
Philadelphia, PA 19103-2029

Alexandra Whittaker (3RC42)  
U.S. EPA, Region III  
1650 Arch Street  
Philadelphia, PA 19103-2029

54. The CAA civil penalty stated herein is based upon EPA's consideration of a number of factors, including, but not limited to, the penalty criteria set forth in Section 113(e) of the CAA, 42 U.S.C. § 7413(e), and is consistent with 40 C.F.R. Part 19 and the *Combined Enforcement Response Policy for Section 112(r) of the Clean Air Act (August 15, 2001)*.

55. Pursuant to 31 U.S.C. § 3717 and 40 C.F.R. § 13.11, EPA is entitled to assess interest and late payment penalties on outstanding debts owed to the United States and a charge to cover the costs of processing and handling a delinquent claim, as more fully described below. Accordingly, Respondent's failure to make timely payment by the final due date or to comply with the conditions of this CAFO shall result in the assessment of late payment charges, including interest beyond that required by this CAFO, penalties and/or administrative costs of handling delinquent debts.

56. Interest on the civil penalty assessed in this CAFO will begin to accrue on the date that a copy of this CAFO is mailed or hand-delivered to Respondent. Interest will be assessed at the rate of the United States Treasury tax and loan rate in accordance with 40 C.F.R. § 13.11(a).

57. The costs of the Agency's administrative handling of overdue debts will be charged and assessed monthly throughout the period the debt is overdue in accordance with 40 C.F.R. § 13.11(b). Pursuant to Appendix B of EPA's *Resource Management Directives – Cash Management*, Chapter 9, EPA will assess a \$15.00 administrative handling charge for administrative costs on unpaid penalties for the first thirty (30) day period after the final due date and additional \$15.00 for each subsequent thirty (30) day period the penalty remains unpaid.

58. A penalty charge of six percent per year will be assessed monthly on any portion of the civil penalty which remains delinquent more than ninety (90) calendar days in accordance with 40 C.F.R. § 13.11(c). Should assessment of the penalty charge on the debt be required, it shall accrue from the first day payment is delinquent, in accordance with 31 C.F.R. § 901.9(d).

59. Failure of Respondent to pay the penalty assessed by the Final Order in full by the final due date may subject Respondent to a civil action to collect the assessed penalties, plus interest, pursuant to Section 113 of the CAA, 42 U.S.C. § 7413. In any such collection action, the validity, amount and appropriateness of the penalty shall not be subject to review.

#### GENERAL PROVISIONS

60. For the purposes of this proceeding, Respondent admits to the jurisdictional allegations set forth above.

61. Respondent agrees not to contest EPA's jurisdiction with respect to execution or enforcement of the CAFO.

62. For purposes of this proceeding, and with the exception of Paragraph 60 above, Respondent neither admits nor denies the factual allegations set forth above, but expressly waives its right to a hearing and to appeal this Final Order pursuant to Section 113 of the CAA, 42 U.S.C. § 7413.

63. Respondent certifies by the signing of this CAFO that, to the best of its knowledge, the Facility is presently in compliance with all requirements of Section 112(r) of the CAA, 42 U.S.C. § 7412(r), and all regulations promulgated thereunder.

64. The provisions of this CAFO shall be binding upon Respondent, its officers, directors, agents, servants, employees, and successors or assigns. By his or her signature below, the person signing this Consent Agreement on behalf of the Respondent is acknowledging that he or she is fully authorized by the party represented to execute this Consent Agreement and to legally bind said Respondent to the terms and conditions of the Consent Agreement and accompanying Final Order.

65. This CAFO does not constitute a waiver, suspension or modification of the requirements of Section 112(r) of the CAA, 42 U.S.C. §7612(r), or any regulations promulgated thereunder.

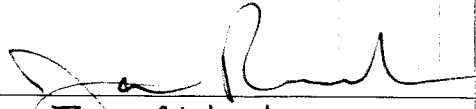
66. This CAFO is a complete and final settlement of all civil and administrative claims and causes of action set forth in this CAFO for alleged violations of Section 112(r) of the CAA, 42 U.S.C. § 7412(r). Nothing herein shall be construed to limit the authority of EPA to undertake action against any person, including the Respondent, in response to any condition which EPA determines may present an imminent and substantial endangerment to the public health, public welfare or the environment. Nothing in this CAFO shall be construed to limit the United States' authority to pursue criminal sanctions.

67. Each party to this action shall bear its own costs and attorney's fees.

In the Matter of Chesapeake Appalachia, LLC

EPA Docket No. CAA-03-2012-0181

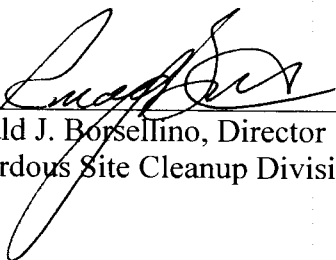
FOR CHESAPEAKE APPALACHIA, LLC



Name: John Reinhart  
Title: VP Operations; Eastern Division

12 JUNE 2012  
Date

FOR THE U.S. ENVIRONMENTAL PROTECTION AGENCY

  
\_\_\_\_\_  
Ronald J. Borsellino, Director  
Hazardous Site Cleanup Division

6/20/11  
\_\_\_\_\_  
Date

**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION III**

In the Matter of:

**Chesapeake Appalachia, LLC**  
6100 N. Western Avenue  
Oklahoma City, Oklahoma 73118,

Respondent.

Holden Compressor Station  
Mine 7 and 8 Sulfur Springs Road  
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262 Virginia Avenue  
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Smokehouse Compressor Station  
68 Compressor Station Road  
Chapmanville, West Virginia 25508,

Facility.

**FINAL ORDER**

Proceedings Pursuant to Section 112(r) and  
113 of the Clean Air Act, 42 U.S.C.  
§§ 7412(r) and 7413

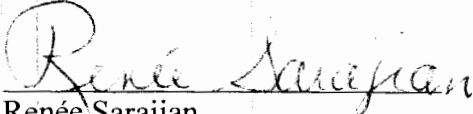
Docket No.: CAA-03-2012-0181

Pursuant to Section 113 of the Clean Air Act, 42 U.S.C. § 7413, and in accordance with the “Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties and the Revocation/Termination or Suspension of Permits,” codified at 40 C.F.R. Part 22, the foregoing Consent Agreement is hereby approved and incorporated by reference into this Final Order. The Respondent is ordered to comply with the terms of the referenced Consent Agreement.

**Effective Date**

This Final Order shall become effective upon the date of its filing with the Regional Hearing Clerk.

Date: 6/28/12

  
Renée Sarajian

Regional Judicial Officer/Presiding Officer



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION III

In the Matter of:

**Chesapeake Appalachia, LLC**  
6100 N. Western Avenue  
Oklahoma City, Oklahoma 73118,

Respondent.

Holden Compressor Station  
Mine 7 and 8 Sulfur Springs Road  
Holden, West Virginia 25625,

Kermit Compressor Station  
262 Virginia Avenue  
Kermit, West Virginia 25674,

Smokehouse Compressor Station  
68 Compressor Station Road  
Chapmanville, West Virginia 25508,

Facilities.

**CONSENT AGREEMENT**

Proceedings Pursuant to Sections 110(r) and  
113 of the Clean Air Act, 42 U.S.C.  
§§ 7412(r) and 7413

Docket No.: CAA-03-2012-1

REGIONAL HEARINGS CLERK  
EPA REGION III, PHILA. PA

2012 JUN 29 AM 11:39

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**CERTIFICATE OF SERVICE**

I hereby certify that the original and one copy of the foregoing Consent Agreement and Final Order ("CAFO") in the above-captioned matter have been filed with the EPA Region III Regional Hearing Clerk and that copies of the CAFO were sent via UPS to:

Chesapeake Energy Corporation  
Attention: Shyla Blackketter Dwyer  
P.O. Box 18496  
Oklahoma City, Oklahoma 73154-0496

I further certify that I have sent a copy of the CAFO by electronic pdf to Respondent's Counsel, Shyla Blackketter Dwyer, on this day.

6/29/12  
Date

Alexandra L. Whittaker  
Alexandra L. Whittaker  
U.S. Environmental Protection Agency, Region III