



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 4
ATLANTA FEDERAL CENTER
61 FORSYTH STREET
ATLANTA, GEORGIA 30303-8960

JUL 30 2013

CERTIFIED MAIL 7010 1060 0002 1703 1175
RETURN RECEIPT REQUESTED

Mr. John Bruynell
President, Newport Energy Corporation
6 Gardenwood Drive
Asheville, North Carolina 28803

Re: Consent Agreement and Final Order Docket No. SDWA-04-2013-1006(b)

Dear Mr. Bruynell:

Enclosed is a copy of the Consent Agreement and Final Order (CA/FO) in this matter that has been filed with the Regional Hearing Clerk and served on the parties as required by 40 C.F.R. §22.6. This CA/FO was effective upon the date signed by the Regional Judicial Officer and you are hereby ordered to comply immediately with the terms of the subject Order. Please make note of the provisions under "PENALTY AND INJUNCTIVE RELIEF" with respect to compliance actions and stipulated penalties.

Thank you for your cooperation in settling this matter. Should you have any questions or concerns please contact Mr. Randy Vaughn, Underground Injection Control Enforcement, at (404) 562-9793.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Giattina".

James D. Giattina
Director
Water Protection Division

Enclosure

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 4

RECEIVED
EPA REGION IV

2013 JUL 30 AM 9:48

HEARING CLERK

IN THE MATTER OF

Newport Energy Corporation
Water's Edge Office Center
2963 Gulf to Bay Boulevard, Suite
323
Clearwater, Florida 33759

Consent Agreement and Final Order

Docket No. SDWA-04-2013-1006(b)

Respondent

STATUTORY AUTHORITY

1. Pursuant to 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 (Consolidated Rules of Practice or Part 22), specifically Subpart I, published at 64 Fed. Reg. 40138 (July 23, 1999) and the delegated authority of the Administrator of the U.S. Environmental Protection Agency (EPA or Complainant) under Section 1423 of the Safe Drinking Water Act (SDWA), 42 U.S.C. § 300h-2, the EPA, as Complainant, hereby enters into the following Consent Agreement and Final Order (CA/FO) with Newport Energy Corporation (Respondent).
2. Section 1450(a)(1) of the SDWA, 42 U.S.C. § 300j-9(a)(1), authorizes the Administrator to prescribe such regulations as are necessary or appropriate to carry out her functions under the SDWA. These regulations are found at 40 C.F.R. Parts 124, 144, 146, 147, and 148, and set forth requirements for the Underground Injection Control (UIC) program promulgated under Part C of the SDWA, 42 U.S.C. § 300h, *et seq.*
3. Injection well owners and operators are required to comply with the UIC program requirements. The Class II UIC program for the State of Florida, including all Indian lands, is administered by the EPA. *See* 40 C.F.R. § 147.901(a).

ALLEGATIONS

4. Respondent is a corporation organized under the laws of Florida and is doing business in the State of Florida, with a business address of Water's Edge Office Center, 2963 Gulf to Bay Boulevard, Suite 323, Clearwater, Florida 33759.

5. Respondent is the owner and/or operator of the Class II underground injection well that is subject to this Order (Subject Well).

<u>EPA ID No.</u>	<u>EPA Permit No.</u>	<u>Well</u>	<u>Status</u>
FLS0510013	FYI0007	Red Cattle 27-3	Active

6. The Subject Well is a "facility" as that term is defined in 40 C.F.R. § 144.3.

7. The SDWA, 42 U.S.C. § 300f, *et seq.* and 40 C.F.R. § 144.51(a) require the permittee to comply with all conditions of the permit.

8. Part II, Section H, Paragraph 1, of the permit, requires that the permittee shall maintain continuous compliance with the requirement to maintain financial responsibility (FR) and resources to close, plug, and abandon the underground injection well, in accordance with 40 C.F.R. § 144.52(a)(7).

9. There was no evidence in the EPA's records that indicated Respondent had provided FR for the Subject Well. Therefore, in the April 3, 2013, Notice of Violation the EPA sent to Respondent failure to maintain FR was alleged as a violation of the UIC permit, the SDWA and the implementing regulations.

10. On April 26, 2013, Respondent participated in a show cause hearing with representatives of the EPA to discuss the alleged violations of the SDWA and the implementing regulations.

11. During the Show Cause the Respondent was able to demonstrate that there was FR for the Subject Well. The FR was in the Respondent's partner's name and did provide for the closure of the Subject Well as required by 40 C.F.R. § 144.52(a)(7).

12. Therefore, no penalty was assessed for the violation of the UIC permit and the SDWA for failure to maintain FR for the Subject Well.

13. Part I, Section C, Paragraph 3, of the UIC permits, requires the permittee to conduct injection fluid analyses at least once every 12 months and whenever changes are made to the injection fluid, in accordance with 40 C.F.R. § 146.23(b)(1). Part I, Section D, Paragraph 2, requires the results of these injection fluid analyses to be submitted annually to the EPA, beginning within 12 months of the permit effective date, in accordance with 40 C.F.R. § 146.23(c).

14. The information contained in the EPA records shows that that the Respondent failed to submit annual fluid analysis results for the Subject Well for the years 2011 and 2012.

15. Therefore, the Respondent is in violation of the UIC permit and the SDWA for failure to timely submit the annual fluid analysis results for the Subject Well.

STIPULATIONS AND FINDINGS

16. Respondent admits the jurisdictional allegations and facts and findings of violations as alleged herein. Respondent waives any right to a hearing and waives any right to appeal a final order in this matter, and consents to the issuance of a final order without further adjudication.

17. Complainant and Respondent have conferred for the purpose of settlement, pursuant to 40 C.F.R. § 22.18 and desire to resolve this matter and settle the violations described herein without resorting to a formal hearing. Therefore, without the taking of any evidence or testimony, the making of an argument or the adjudication of any issue in this matter and in accordance with 40 C.F.R. § 22.13(b), this CA/FO will simultaneously commence and conclude this matter.

PENALTY AND INJUNCTIVE RELIEF

Based upon the foregoing findings, the parties hereby agree and consent to entry of the following Order:

18. Respondent shall pay a civil penalty of \$3,000 (three thousand dollars), for failure to submit injection fluid analyses for two years, in accordance with the terms set forth below.

19. Within 60 days of receipt of a fully-executed copy of this CA/FO, Respondent shall submit a cashiers or certified check in the amount of \$3,000 (three thousand dollars). The penalty payment as set forth shall be made payable to the Treasurer, United States of America at the following address:

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

Respondent shall note the title and docket number of the case on the penalty payment certified or cashiers check.

20. Respondent shall submit copies of the check to the following persons:

Regional Hearing Clerk
U.S. EPA - Region 4
61 Forsyth Street SW
Atlanta, GA 30303-8960

Fred McManus, Chief
Ground Water and UIC Section
U. S. EPA - Region 4
61 Forsyth Street SW
Atlanta, GA 30303-8960

21. Pursuant to Section 1423(2)(c)(7) of the SDWA, 42 U.S.C. § 300h-2(c)(7), failure by Respondent to pay the penalty assessed by this CA/FO in full by its due date may subject Respondent to a civil action in an appropriate district court to recover the amount assessed (plus costs, attorneys fees, and interest at currently prevailing rates from the date the order is effective). In such an action, the validity, amount and appropriateness of the penalty shall not be subject to review. Additionally, pursuant to 40 C.F.R. Part 13 and 31 U.S.C. § 3717 et seq., if the EPA does not receive payment of the penalty assessed by this CA/FO in full by its due date, interest shall accrue on the unpaid balance from the due date through date of payment at an annual rate equal to the rate of the current value of funds to the United States Treasury as prescribed and published by the Secretary of the Treasury. If all or part of the payment is overdue, the EPA shall assess an administrative fee of \$15 for each subsequent 30 day period: The EPA shall assess, on a monthly basis, a 6% per annum penalty on any principal amount not paid within 90 days of the due date.

22. The names, addresses and telephone numbers of the individuals authorized to receive service relating to the proceeding are listed below.

For Respondent: Mr. John Bruynell
President, Newport Energy Corporation
6 Gardenwood Drive
Ashville, North Carolina 28803
828-277-5448

For the EPA: Michele Wetherington, Associate Regional Counsel
U.S. EPA - Region 4
61 Forsyth Street SW
Atlanta, GA 30303-8960
404-562-9613

GENERAL PROVISIONS

23. The provisions of this CA/FO shall be binding upon Respondent and its officers, directors, agents, servants, employees and successors or assigns. Notice of this CA/FO shall be given to any successors in interest prior to transfer of the ownership or operational control of the facility.

24. This CA/FO does not constitute a waiver, suspension or modification of the requirements of Part C of the SDWA, 42 U.S.C. § 300h, et seq. or any regulations promulgated there under. This CA/FO is not and shall not be interpreted to be, a permit for the injection of fluids under Section 1421 of the SDWA, 42 U.S.C. § 300h, nor shall it in any way relieve Respondent of any obligation imposed by any permit issued there under, or of Respondent's obligation to comply with any provision of the SDWA, its implementing regulations, or any other local, state or federal law. Payment of the penalty agreed to in this CA/FO shall not in any way affect the right of the Agency or the United States to pursue appropriate injunctive or other equitable relief or criminal sanctions for any other violations of law. Full payment of the penalty and performance of the injunctive relief agreed to in this CA/FO resolves only Respondents liability for federal civil penalties for the violations and facts stipulated herein.

25. If any event beyond the control of Respondent, its successors or assigns, occurs which causes or may cause a delay in the achievement of any requirement of this CA/FO, Respondent shall notify the EPA orally within 4 days of the time it has knowledge of the occurrence of such event. A written report of said event shall be submitted by certified mail to the EPA within 10 days of the date Respondent received knowledge of the event. Said report shall describe the violation or failure, its cause and all attendant circumstances, and the measures taken or to be taken to prevent or minimize any such violation or failure and to comply with the pertinent requirements of this CA/FO as soon as possible, and the timetable by which those measures are proposed to be implemented.

26. The burden of proving that any violation or failure is caused by circumstances beyond the control of and without fault of Respondent and the length of the delay attributable to such circumstances shall rest with Respondent. Financial, economic, or business conditions or changes in same, unanticipated or increased costs or expenses, or problems relating to reasonably foreseeable technological infeasibility associated with the implementation of actions called for by this CA/FO, shall not relieve Respondent of any obligation imposed under the terms of this CA/FO, nor from payment of any penalty set forth in this CA/FO. The EPA will notify Respondent of its determination that certain circumstances are considered to be beyond Respondent's control and the extension of time, if any, for completion of the affected requirements. Respondent shall waive this right to any extension for failure to provide the EPA with written notice as provided herein or for failure to provide adequate proof for the cause of the delay.

27. For the purposes of state and federal income taxation, Respondent shall not be entitled to and agrees not to attempt to claim a deduction for any penalty payment made pursuant to this CA/FO. Any attempt to deduct any such penalty shall constitute a violation of this CA/FO.

28. The parties acknowledge and agree that final approval by the EPA of this CA/FO is subject to 40 C.F.R. § 22.45(c)(4) which sets forth requirements under which a person not a party to this proceeding may petition to set aside a consent agreement and final order on the basis that material evidence was not considered.

29. Each party shall bear its own costs and attorneys fees in connection with this action.

30. This CA/FO shall become effective upon the date that it is filed with the Regional Hearing Clerk.

31. The undersigned representative of Respondent certifies that he or she is fully authorized to enter into the terms and conditions of this Consent Agreement and to execute and legally bind the Party he or she represents to this Agreement.

RESPONDENT

NEWPORT ENERGY CORPORATION

Date May 30, 2013



John Bruynell, President

COMPLAINANT

Date 7/23/13



James D. Giattina, Director
Water Protection Division

Docket No. SDWA-04-2013-1006(b)

FINAL ORDER

Pursuant to the Consolidated Rules of Practice and the delegated authority of the Administrator under the SDWA, the above and foregoing Consent Agreement is hereby approved and incorporated by reference into this Final Order. Respondent is ordered to comply immediately with the terms of the Consent Agreement, which are fully incorporated into this Final Order.

U.S. ENVIRONMENTAL PROTECTION AGENCYDate: July 29, 2013

Susan S. Schub
Susan Schub
Regional Judicial Officer

Consent Agreement and Final Order, in the Matter of Newport Energy Corporation,
Docket No. SDWA-04-2013-1006(b), on the parties listed below in the manner indicated:

Randy Vaughn

Via EPA Internal Mail

Wilda Cobb

Via EPA Internal Mail

John Bruynell
6 Gardenwood Drive
Asheville, North Carolina 28803

Via Certified Mail/ Return Receipt Requested

Date:

7-30-13



Patricia A. Bullock, Regional Hearing Clerk
United States EPA - Region 4
Atlanta Federal Center
61 Forsyth Street, S.W.
Atlanta, GA 30303-8960
(404) 562-9511