



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

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

NOV 19 2013

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Henry Honaker
Southern Oil and Gas
5050 Woodburn Allen Springs Road
Bowling Green, Kentucky 42104

SUBJ: Consent Agreement and Final Order:
Docket No. CWA-04-2012-7005(b)

Dear Mr Honaker:

Enclosed is a copy of the Consent Agreement and Final Order for the above referenced matter. This CAFO became effective on the date of filing with the Regional Hearing Clerk as required by 40 C.F.R. §§ 22.6 and 22.31, and as indicated on the Certificate of Service.

The United States Environmental Protection Agency hereby notifies you that the Expedited Settlement Agreement (ESA) has been executed by both parties and is binding on the EPA and you. Upon receipt of your assessed penalty of \$1,500, the EPA will take no further action against you for the violations cited in the ESA. Your copy of the executed ESA is enclosed.

You must submit your payment within thirty (30) days of your receipt of this letter by either electronic funds transfer, certified or cashier's check made payable to "Environmental Protection Agency." The check and a letter accompanying the check shall reference the name of the responsible party (Oil Spill Liability Trust Fund-311, Southern Oil and Gas) and the EPA docket number CWA-04-2012-5021, and shall be sent depending upon your preferred method of payment identified in Enclosure A.

At the same time, you shall send a separate copy of each check and a written statement that the payment is being made in accordance with this CAFO, to the persons at the following addresses:

Ms. Patricia Bullock
Regional Hearing Clerk
U.S. EPA - Region 4
61 Forsyth Street S.W.
Atlanta, Georgia 30303-8960

Ms. Quantindra Smith
RCRA and OPA Enforcement and Compliance Branch
U.S. Environmental Protection Agency, Region 4
61 Forsyth Street S.W.
Atlanta, Georgia 30303

If you have any questions, please contact Quantindra Smith at (404) 562-8564.

Sincerely,

A handwritten signature in black ink, appearing to read "César A. Zapata", with a long horizontal flourish extending to the right.

César A. Zapata, Chief
RCRA and OPA Enforcement and Compliance
Branch
RCRA Division

Enclosures

cc: USCG



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 4
61 FORSYTH ST S.W. ATLANTA, GEORGIA 30303-8960
SPCC EXPEDITED SETTLEMENT AGREEMENT (ESA)**

DOCKET NO.: CWA-04-2013-7005(b)

On March 16, 2010 at 9:30 a.m., the United States Environmental Protection Agency (EPA) inspected the English Lease oil storage facility located at 930 Greencastle Road, Bowling Green, Warren County, Kentucky, operated by Southern Oil and Gas (Respondent), to determine compliance with the Spill Prevention, Control and Countermeasures (SPCC) regulations promulgated at 40 CFR Part 112 under Section 311(j) of the Clean Water Act, 33 U.S.C. § 1321(j), (the Act), and found that Respondent had failed to comply with the SPCC regulations as noted on the attached SPCC INSPECTION FINDINGS, ALLEGED VIOLATIONS, AND PROPOSED PENALTY FORM (Form), which is hereby incorporated by reference.

The EPA finds Respondent's conduct is subject to the SPCC regulations and Respondent has violated the SPCC regulations as further described in the Form. Respondent admits being subject to 40 CFR Part 112 and that the EPA has jurisdiction over Respondent and the Respondent's conduct as described in the Form. Respondent does not contest the Inspection Findings and neither admits nor denies the Allegations in the Form.

The EPA is authorized to enter into this Expedited Settlement Agreement (ESA) under the authority vested in the Administrator of the EPA by Section 311(b)(6)(B)(i) of the Act, 33 U.S.C. § 1321(b)(6)(B)(i), as amended by the Oil Pollution Act of 1990, and by 40 CFR § 22.13(b). The parties enter into this ESA in order to settle the civil violations described in the Form for a penalty of \$1,500. Respondent consents to the assessment of this penalty.

This ESA is also subject to the following terms and conditions: Respondent certifies, subject to civil and criminal penalties for making a false submission to the United States Government, that the violations have been corrected and Respondent agrees to payment of the penalty within thirty (30) days of receiving written notice that the ESA has been executed and is effective. **Do not enclose payment.** The EPA will provide instructions in writing on the procedures for making penalty payments to the "Oil Spill Liability Trust Fund".

After this ESA becomes effective, the EPA will take no further action against Respondent for the violations of the SPCC regulations described in the Form. However, the EPA does not waive any rights to take any enforcement action for any other past, present, or future violations by Respondent of the SPCC

regulations or of any other federal statute or regulations. Upon signing and returning this ESA to the EPA, Respondent waives the opportunity for a hearing or appeal pursuant to Section 311 of the Act, and consents to the EPA's approval of the ESA without further notice.

This ESA is binding on the parties signing below, and is effective upon the EPA's filing of the ESA with the Regional Hearing Clerk. If Respondent does not sign and return this ESA as presented within fifteen (15) days of the date of its receipt, the proposed ESA will be withdrawn without prejudice to the EPA's ability to file any other enforcement action for the noncompliance identified in the Form.

APPROVED BY RESPONDENT:

Name (print): HENRY HOWAKER

Title (print): OWNER

Henry Howaker Date 8-25-2013
Signature

APPROVED BY EPA:

César Zapata Date 10/23/13
César Zapata, Chief

RCRA/OPA Enforcement & Compliance Branch
RCRA Division

IT IS SO ORDERED:

Susan B. Schub Date: 11/19/13
Susan B. Schub,
Regional Judicial Officer

HEARING CLERK
2013 NOV 19 PM 3:47
RECEIVED
EPA REGION IV

Docket No. CWA-04-2013-7005(b)

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the attached Consent Agreement and Final Order, in the Matter of Southern Oil and Gas, Docket No. CWA-04-2013-7005(b) (filed with the Regional Hearing Clerk on 11-19, 2013) was served on 11-19, 2013 in the manner specified to each of the person set forth below:

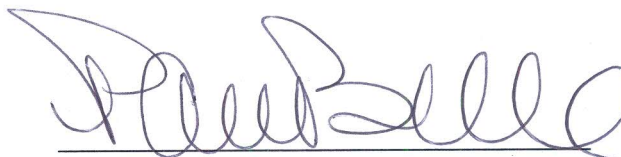
Mr. Henry Honaker, Facility
Southern Oil and Gas
5050 Woodburn Allen Springs Road
Bowling Green, Kentucky 42104

CERTIFIED MAIL
Return Receipt Requested

Quantindra Smith
RCRA & OPA Enforcement & Compliance Branch
U.S. EPA - Region 4
61 Forsyth Street
Atlanta, Georgia 30303

EPA's Internal Mail and PDF

Date: 11-19-13



Patricia Bullock, Regional Hearing Clerk
United States Environmental
Protection Agency, Region 4
Atlanta Federal Center
61 Forsyth Street, S.W.
Atlanta, Georgia 30303
(404) 562-9511

Spill Prevention Control and Countermeasure Inspection Findings, Alleged Violations, and Proposed Penalty Form

(Note: Do not use this form if there is no secondary containment)

These Findings, Alleged Violations and Penalties are issued by EPA Region 4 under the authority vested in the Administrator of EPA by Section 311(b)(6)(B)(I) of the Clean Water Act, as amended by the Oil Pollution Act of 1990.

Company Name		Docket Number:	
Southern Oil and Gas		CWA-04-2013-7005(b)	
Facility Name		Date	
English Lease location		03/16/2010	
Address		Inspection Number	
930 Green Castle Road		KY1002-001	
City:		Inspectors Name:	
Bowling Green		Rick Jardine	
State:	Zip Code:	EPA Approving Official:	
KY	42101	John C. Goodwin	
Contact:		Enforcement Contacts:	
Henry Honaker, Southern Oil and Gas		John C. Goodwin	



Summary of Findings (Bulk Storage Facilities)

GENERAL TOPICS: 112.3(a), (d), (e); 112.5(a), (b), (c); 112.7 (a), (b), (c), (d)
(When the SPCC Plan review penalty exceeds \$1,500.00 enter only the maximum allowable of \$1,500.00.)

- No Spill Prevention Control and Countermeasure Plan-112.3\$1,500.00
- Plan not certified by a professional engineer- 112.3(d) 450.00
- Certification lacks one or more required elements - 112.3(d)(1)..... 100.00
- No management approval of plan- 112.7.....450.00
- Plan not maintained on site (if manned at least four (4) hrs/day) or not available for review - 112.3(e)(1)300.00
- No evidence of five-year review of plan by owner/operator- 112.5(b).....75.00
- No plan amendment(s) if the facility has had a change in: design, construction, operation, or maintenance which affects the facility's discharge potential- 112.5(a).....75.00
- Amendment(s) not certified by a professional engineer- 112.5(c).....150.00
- Plan does not follow sequence of the rule and/or cross-reference not provided- 112.7150.00
- Plan does not discuss additional procedures/methods/equipment not yet fully operational- 112.7.....75.00

- Plan does not discuss alternative environmental protection to SPCC requirements- 112.7(a)(2)200.00
- Plan has inadequate or no facility diagram- 112.7(a)(3) 75.00
- Inadequate or no listing of type of oil and storage capacity layout of containers- 112.7(a)(3)(i).....50.00
- Inadequate or no discharge prevention measures- 112.7(a)(3)(ii) 50.00
- Inadequate or no description of drainage controls- 112.7(a)(3)(iii) 50.00
- Inadequate or no description of countermeasures for discharge discovery, response and cleanup- 112.7(a)(3)(iv) ... 50.00
- Recovered materials not disposed of in accordance with legal requirements- 112.7(a)(3)(v)..... 50.00
- No contact list & phone numbers for response & reporting discharges- 112.7(a)(3)(vi) 50.00
- Plan has inadequate or no information and procedures for reporting a discharge- 112.7(a)(4) 100.00
- Plan has inadequate or no description and procedures to use when a discharge may occur- 112.7(a)(5)150.00
- Inadequate or no prediction of equipment failure which could result in discharges- 112.7(b)150.00
- Plan does not discuss and facility does not implement appropriate containment/diversionary structures/equipment- 112.7(c)400.00

- If claiming impracticability of appropriate containment/diversionary structures:

- Impracticability has not been clearly denoted and demonstrated in plan- 112.7(d)..... 100.00
- No contingency plan- 112.7(d)(1)..... 150.00
- No written commitment of manpower, equipment, and materials- 112.7(d)(2) 150.00
- No periodic integrity and leak testing , if impracticability is claimed - 112.7(d) .150.00
- Plan has no or inadequate discussion of general requirements not already specified-112.7(j)75.00

QUALIFIED FACILITY REQUIREMENTS: 112.6

- Qualified Facility: No Self certification- 112.6(a) 450.00
- Qualified Facility: Self certification lacks required elements- 112.6(a) 100.00
- Qualified Facility: Technical amendments not certified- 112.6(b) 150.00
- Qualified Facility: Un-allowed deviations from requirements- 112.6(c) 100.00
- Qualified Facility: Environmental Equivalence or Impracticability not certified by PE- 112.6(d) 350.00

WRITTEN PROCEDURES AND INSPECTION RECORDS 112.7(e)

- Plan does not include inspections and test procedures in accordance with 40 CFR Part 112 - 112.7(e) 75.00
- Inspections and tests required are not in accordance with written procedures developed for the facility- 112.7(e).. 75.00

No Inspection records were available for review - 112.7(e) 200.00

- Written procedures and/or a record of inspections and/or customary business records:

Are not signed by appropriate supervisor or inspector- 112.7(e) 75.00

Are not maintained for three years- 112.7(e) 75.00

PERSONNEL TRAINING AND DISCHARGE PREVENTION PROCEDURES 112.7(f)

No training on the operation and maintenance of equipment to prevent discharges and or facility operations - 112.7(f)(1) 75.00

No training on discharge procedure protocols- 112.7(f)(1) 75.00

No training on the applicable pollution control laws, rules, and regulations and/or SPCC plan- 112.7(f)(1) 75.00

Training records not maintained for 3 years- 112.7(f)(1) 75.00

No designated person accountable for spill prevention- 112.7(f)(2) 75.00

Spill prevention briefings are not scheduled and conducted at least annually- 112.7(f)(3) 75.00

Plan has inadequate or no discussion of personnel and spill prevention procedures-112.7(a)(1)75.00

SECURITY (excluding Production Facilities) 112.7(g)

Facility not fully fenced and entrance gates are not locked and/or guarded when plant is unattended or not in production- 112.7(g)(1)150.00

Master flow and drain valves that permit direct outward flow to the surface are not secured in closed position when in a non-operating or standby status- 112.7(g)(2)300.00

Starter controls on pumps are not locked in the "off" position or located at a site accessible only to authorized personnel when pumps are not in a non-operating or standby status- 112.7(g)(3)75.00

Loading and unloading connection(s) of piping/pipelines are not capped or blank-flanged when not in service or standby status- 112.7(g)(4)75.00

Facility lighting not adequate to facilitate the discovery of spills during hours of darkness and to deter vandalism- 112.7(g)(5)150.00

Plan has inadequate or no discussion of facility security-112.7(a)(1)75.00

FACILITY TANK CAR AND TANK TRUCK LOADING/UNLOADING 112.7(c) and/or (h-j)

Inadequate containment for Loading Area (not consistent with 112.7(c)) - 112.7(c) 400.00

Inadequate secondary containment, and/or rack drainage does not flow to catchment basin, treatment system, or quick drainage system- 112.7(h)(1)750.00

- Containment system does not hold at least the maximum capacity of the largest single compartment of any tank car or tank truck- 112.7(h)(1). 450.00
- There are no interlocked warning lights, or physical barrier system, or warning signs, or vehicle brake interlock system to prevent vehicular departure before complete disconnect from transfer lines- 112.7(h)(2)..... 300.00
- There is no inspection of lowermost drains and all outlets prior to filling and departure of any tank car or tank truck- 112.7(h)(3)..... 150.00
- Plan has inadequate or no discussion of facility tank car and tank truck loading/unloading rack-112.7(a)(1). 75.00

QUALIFIED OIL OPERATIONAL EQUIPMENT 112.7(k)

- Failure to establish and document procedures for inspections or a monitoring program to detect equipment failure and/or a discharge- 112.7(k)(2)(i) 150.00
- Failure to provide an oil spill contingency plan- 112.7(k)(2)(ii)(A) 150.00
- No written commitment of manpower, equipment, and materials- 112.7(k)(2)(ii)(B) 150.00

FACILITY DRAINAGE 112.8(b) & (c)

- Secondary Containment circumvented due to containment bypass valves left open and/or pumps and ejectors not manually activated to prevent a discharge- 112.8(b)(1)&(2) and 112.8(c)(3)(i). 600.00
- Dike water is not inspected prior to discharge and/or valves not open & resealed under responsible supervision- 112.8(c)(3)(ii)&(iii)..... 450.00
- Adequate records (or NPDES permit records) of drainage from diked areas not maintained- 112.8(c)(3)(iv)..... 75.00
- Drainage from undiked areas do not flow into catchment basins ponds, or lagoons, or no diversion systems to retain or return a discharge to the facility- 112.8(b)(3)&(4). 450.00
- Two "lift" pumps are not provided for more that one treatment unit- 112.8(b)(5) 50.00
- Plan has inadequate or no discussion of facility drainage-112.7(a)(1)..... 75.00

BULK STORAGE CONTAINERS 112.8(c)

- Plan has inadequate or no risk analysis and/or evaluation of field-constructed aboveground tanks for brittle fracture- 112.7(i)..... 75.00
- Failure to conduct evaluation of field-constructed aboveground tanks for brittle fracture- 112.7(i) 300.00
- Material and construction of tanks not compatible to the oil stored and the conditions of storage such as pressure and temperature- 112.8(c)(1). 450.00
- Secondary containment appears to be inadequate- 112.8(c)(2) 750.00
- Containment systems, including walls and floors are not sufficiently impervious to contain oil- 112.8(c)(2) 375.00
- Excessive vegetation which affects the integrity 150.00

- Walls of containment system slightly eroded or have low areas300.00
- Completely buried tanks are not protected from corrosion or are not subjected to regular pressure testing- 112.8(c)(4).....150.00
- Partially buried tanks do not have buried sections protected from corrosion- 112.8(c)(5).150.00
- Aboveground tanks are not subject to visual inspections- 112.8(c)(6).....450.00
- Aboveground tanks are not subject to periodic integrity testing, such as hydrostatic, nondestructive methods, etc.- 112.8(c)(6).450.00
- Records of inspections (or customary business records) do not include inspections of tank supports/foundation, deterioration, discharges and/or accumulations of oil inside diked areas- 112.8(c)(6).75.00
- Steam return /exhaust of internal heating coils which discharge into an open water course are not monitored, passed through a settling tank, skimmer, or other separation system- 112.8(c)(7).150.00
- Tank battery installations are not in accordance with good engineering practice because none of the following are present- 112.8(c)(8).....450.00
- No testing of liquid level sensing devices to ensure proper operation- 112.8(c)(8)(v)75.00
- Effluent treatment facilities which discharge directly to navigable waters are not observed frequently to detect oil spills- 112.8(c)(9)150.00
- Causes of leaks resulting in accumulations of oil in diked areas are not promptly corrected- 112.8(c)(10)450.00
- Mobile or portable storage containers are not positioned to prevent discharged oil from reaching navigable water- 112.8(c)(11).....150.00
- Secondary containment inadequate for mobile or portable storage tanks- 112.8(c)(11)500.00
- Plan has inadequate or no discussion of bulk storage tanks-112.7(a)(1)75.00

FACILITY TRANSFER OPERATIONS, PUMPING, AND FACILITY PROCESS 112.8(d)

-
- Buried piping is not corrosion protected with protective wrapping, coating, or cathodic protection -112.8(d)(1)... 150.00
 - Corrective action is not taken on exposed sections of buried piping when deterioration is found- 112.8(d)(1) 450.00
 - Not-in-service or standby piping are not capped or blank-flanged and marked as to origin- 112.8(d)(2)75.00
 - Pipe supports are not properly designed to minimize abrasion and corrosion, and allow for expansion and contraction- 112.8(d)(3).....75.00
 - Aboveground valves, piping and appurtenances are not inspected regularly- 112.8(d)(4)300.00
 - Periodic integrity and leak testing of buried piping is not conducted- 112.8(d)(4)150.00
 - Vehicle traffic is not warned of aboveground piping or other oil transfer operations- 112.8(d)(5).150.00
 - Plan has inadequate or no discussion of facility transfer operations, pumping, and facility process-112.7(a)(1).75.00

Plan does not include a signed copy of the Certification of the Applicability of the Substantial Harm Criteria per 40 CFR Part 112.20(e) 150.00
(Do not use this if FRP subject, go to traditional enforcement)

TOTAL \$1,500.

ENCLOSURE A

COLLECTION INFORMATION

CHECK PAYMENTS:

U.S. Environmental Protection Agency
Fines and Penalties
P.O. Box 979077
St. Louis, Missouri 63197-9000

WIRE TRANSFERS:

Wire transfers should be directed to the Federal Reserve Bank of New York

Federal Reserve Bank of New York
ABA = 021030004
Account = 68010727
SWIFT address = FRNYUS33
33 Liberty Street
New York, New York 10045
Field Tag 4200 of the Fedwire message should read "D 68010727 Environmental Protection Agency"

OVERNIGHT MAIL:

U.S. Bank
1005 Convention Plaza
Mail Station SL-MO-C2GL
St. Louis, Missouri 63101

Contact: Natalie Pearson (314) 425-1818

ACH (also known as REX or remittance express)

Automated Clearinghouse (ACH) for receiving U.S. currency
US Treasury REX / ACH Receiver
5700 Rivertech Court
Riverdale, Maryland 20737
Contacts: John Schmid 202-874-7028 or
Remittance Express 1-866-234-5681
ABA = 051036706
Transaction Code 22 – checking
Environmental Protection Agency
Account 310006
CTX Format

ON LINE PAYMENT:

There is now an On Line Payment Option, available through the Dept. of Treasury.
This payment option can be accessed from the information below:

www.pay.gov

Enter sfo 1.1 in the search field

Open form and complete required fields.