



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

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

MAR 19 2009

Stephen P. Carson  
Director of Legal Affairs  
Daugherty Petroleum, Inc.  
120 Prosperous Place, Suite 201  
Lexington, Kentucky 40509

RE: Daugherty Petroleum, Inc. - Executed Consent Agreements and Final Orders, Docket  
Nos. CWA-04-2009-5135(b) and CWA-04-2009-5136(b)

Dear Mr. Carson:

Please find enclosed copies of the fully executed Consent Agreements and Final Orders (CAFOs) docketed CWA-04-2009-5135(b) and CWA-04-2009-5136(b), for Daugherty Petroleum, Inc. The CAFOs were effective upon filing, and payment of the civil penalties of \$3,139.00 for CWA-04-2009-5135(b) and \$2,773.00 for CWA-04-2009-5136(b) is due within thirty (30) days of this date.

Please do not hesitate to contact me at (404) 562-9539 with any questions concerning this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Sawyer".

Bonnie Sawyer  
Associate Regional Counsel

Enclosures



2. The Respondent, at all times relevant to this Consent Agreement and Final Order, was the operator within the meaning of Section 311(a) (6) of the Act, 33 U.S.C. § 1321(a) (6), and 40 C.F.R. § 110.1 of an oil production facility ("Facility") located at Longitude: -83.816104, Latitude: 36.743301 near Pineville in Bell County, Kentucky.

3. The Facility is an onshore facility within the meaning of Section 311(a) (10) of the Act, 33 U.S.C. § 1321(a) (10).

4. Centers Branch is a water body subject to the jurisdiction of Section 311 of the Act as defined in Section 502(7) of the Act, 33 U.S.C. § 1362(7), and 40 C.F.R. § 110.1.

5. Section 311(b)(3) of the Act, 33 U.S.C. § 1321(b)(3), prohibits the discharge of oil into or upon the navigable waters of the United States or adjoining shorelines in such quantities that have been determined may be harmful to the public health or welfare or environment of the United States.

6. For purposes of Section 311(b)(3) and (b)(4) of the Act, 33 U.S.C. § 1321(b)(3) and (b)(4), discharges of oil into or upon the navigable waters of the United States in such quantities that have been determined may be harmful to the public health or welfare or environment of the United States are defined in 40 C.F.R. § 110.3 to include discharges of oil that (1) violate applicable water quality standards or (2) cause a film or a sheen upon or discoloration of the surface of the water or adjoining shorelines or cause a sludge or emulsion to be deposited beneath the surface of the water or upon the adjoining shorelines.

7. Respondent admits the jurisdictional statements contained herein.

Complainant alleges, and Respondent neither admits nor denies, that:

### **Allegations**

8. On April 13, 2008, Respondent discharged 2 barrels of oil as defined in Section 311(a)(1) of the Act, 33 U.S.C. § 1321(a)(1), and 40 C.F.R. § 110.1, from its Facility into or upon Centers Branch and/or its adjoining shorelines.

9. Respondent's April 13, 2008, discharge of oil from its Facility caused a sheen upon or discoloration of the surface of Centers Branch and/or its adjoining shorelines, and, therefore, was in a quantity that has been determined may be harmful under 40 C.F.R § 110.3, in violation of Section 311(b)(3) of the Act.

### **Waiver of Rights**

10. Respondent waives the right to contest the allegations contained herein, to a hearing under Section 311(b)(6)(B)(i) of the Act, 33 U.S.C. § 1321(b)(6)(B)(i), to appeal any Final Order in this matter under Section 311(b)(6)(G)(i) of the Act, 33 U.S.C. § 1321(b)(6)(G)(i), and consents to the issuance of a Final Order without further adjudication.

11. Respondent waives any right it may have pursuant to 40 C.F.R. § 22.8 to be present during any discussions with, or to be served with and reply to, any memorandum or communication addressed to EPA officials where the purpose of such discussion, memorandum or communication is to persuade such official to accept and issue this Consent Agreement or the Final Order.

### **Penalty**

12. The Complainant proposes, and Respondent consents to, the assessment of a civil penalty of \$2,773.00.

**Payment Terms**

Based on the forgoing, the parties, in their own capacity or by their attorneys or authorized representatives, hereby agree that:

13. No later than 30 days after the effective date of the Final Order, the Respondent shall pay the amount of \$2,773.00 by means of a corporate cashier's or certified check, or by electronic funds transfer (EFT). If paying by check, the Respondent shall submit a corporate cashier's or certified check, payable to "Environmental Protection Agency," and bearing the notation "OSLTF – 311." If the Respondent sends payment by the U.S. Postal Service, the payment shall be addressed to:

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

If paying by EFT, the Respondent shall transfer \$2,773.00 to [www.pay.gov](http://www.pay.gov). Enter SFO 1.1 into the "search public forms" field. Open the form and enter the requested information.

14. If paying by check, the Respondent shall note on the penalty payment check the title and docket number of this case. The Respondent shall submit copies of the check (or, in the case of an EFT transfer, copies of the EFT confirmation) to the following people:

Patricia Bullock  
Regional Hearing Clerk  
U.S. Environmental Protection Agency  
Region 4  
SNAFC  
61 Forsyth Street, SW  
Atlanta, GA 30303

Doug McCurry, Chief  
North Enforcement and Compliance Section  
RCRA and OPA Enforcement and Compliance Branch  
RCRA Division  
U.S. Environmental Protection Agency  
Region 4  
SNAFC  
61 Forsyth Street, SW  
Atlanta, GA 30303

15. Respondent's failure to pay the penalty assessed by the Final Order in full by its due date may subject Respondent to a civil action to collect the assessed penalty, plus interest, attorney's fees, costs and an additional quarterly nonpayment penalty pursuant to Section 311(b)(6)(H) of the Act, 33 U.S.C. § 1321(b)(6)(H). In any such collection action, the validity, amount and appropriateness of the penalty agreed to herein shall not be subject to review.

**General Provisions**

16. The Final Order shall be binding upon Respondent and Respondents officers, directors, agents, servants, employees, and successors or assigns.

17. The Final Order does not constitute a waiver, suspension or modification of the requirements of Section 311 of the Act, 33 U.S.C. § 1321, or any regulations promulgated there under, and does not affect the right of the Administrator or the United States to pursue any applicable injunctive or other equitable relief or criminal sanctions for any violation of law. Payment of the penalty pursuant to this Consent Agreement resolves only Respondents liability for federal civil penalties for the violations and facts stipulated to and alleged herein.

18. The undersigned representative of Respondent hereby certifies that he/she is fully authorized to enter into the terms and conditions of this Consent Agreement and to execute and legally bind Respondent to this Consent Agreement.

19. The following attorney represents EPA in this matter and is authorized to receive service for EPA in the proceeding:

Bonnie Sawyer  
Associate Regional Counsel  
United States Environmental Protection Agency, Region 4  
Sam Nunn Atlanta Federal Center,  
61 Forsyth Street, SW  
Atlanta, Georgia 30303

The following attorney represents Respondent in this matter and is authorized to receive service for Respondent in the proceeding:

Stephen P. Carson, Esq.  
Director of Legal Affairs  
Daugherty Petroleum, Inc.  
120 Prosperous Place, Suite 201  
Lexington, Kentucky 40509

**Effective Date**

20. This Consent Agreement and attached Final Order is effective upon the filing of the Final Order with the Regional Hearing Clerk.

For DAUGHERTY PETROLEUM, INC.

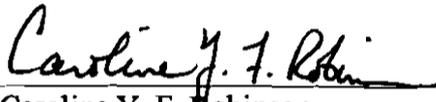
Date: \_\_\_\_\_



William G. Barr III  
Chief Executive Officer

For U.S. ENVIRONMENTAL PROTECTION AGENCY

Date: 3/18/09



Caroline Y. F. Robinson  
Chief, RCRA and OPA Enforcement and  
Compliance Branch  
RCRA Division

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 4

IN THE MATTER OF	)	
	)	CWA SECTION 311 CLASS I
	)	CONSENT AGREEMENT AND
Daugherty Petroleum, Inc.	)	FINAL ORDER
	)	
	)	UNDER 40 C.F.R. § 22.13(b)
Respondent	)	Docket No. CWA-04-2009-5136(b)
_____	)	

**FINAL ORDER**

Pursuant to Section 311(b)(6) of the Clean Water Act, 33 U.S.C. § 1321(b)(6), and the delegated authority of the undersigned, 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, and the Stipulations by the parties and Allegations by the Complainant are adopted as Findings in this Final Order.

Daugherty Petroleum, Inc., the Respondent, is ordered to comply with the terms of the Consent Agreement, Docket No. CWA-04-2009-5136(b).

Date: March 18, 2009

Signature: Susan Schub  
**Susan Schub**  
**Regional Judicial Officer**

Lexington, Kentucky 40509

Dated this 19 day of march, 2009.

A handwritten signature in black ink, appearing to read "Patricia Bullock", written over a horizontal line.

Ms. Patricia Bullock  
Regional Hearing Clerk  
U.S. EPA – Region 4  
Sam Nunn Atlanta Federal Center  
61 Forsyth Street, SW  
Atlanta, Georgia 30303-8960