

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

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

DEC 06 2016

<u>CERTIFIED MAIL</u> 7013 2630 0000 0292 4245 RETURN RECEIPT REQUESTED

Mr. Charles H. Robinson, Vice President Robinson Engineering & Oil Company, Inc. 1410 North Cullen Avenue Evansville, Indiana 47716

Re: Consent Agreement and Final Order (CA/FO) Docket No. SDWA-04-2016-1008(b) Robinson Engineering & Oil Company, Inc.

Dear Mr. Robinson:

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 filed with the Regional Hearing Clerk and you are hereby ordered to comply immediately with the terms of the subject Order.

Thank you for your cooperation in settling this matter. Should you have any questions or concerns, please contact Ms. Carol Chen, Underground Injection Control Enforcement at (404) 562-9415.

Sincerely,

James D. Giattina

Director

Water Protection Division

Diene-Burante

Enclosure

cc: Regional Hearing Clerk

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY REGION 4

IN THE MATTER OF

Robinson Engineering & Oil Company, Inc. 1410 North Cullen Avenue Evansville, Indiana 47716

Respondent

Consent Agreement and Final Order -6 AH 7: 32

Docket No. SDWA-04-2016-1008(b)

Docket No. SDWA-04-2016-1008(b)

I. STATUTORY AUTHORITY

- 1. This is a civil proceeding pursuant to Section 1423 of the Safe Drinking Water Act (SDWA), 42 U.S.C. § 300h-2 and 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 specifically Subpart I, published at 64 Fed. Reg. 40138 (July 23, 1999), codified at 40 Code of Federal Regulations (C.F.R.) Part 22 (Part 22). The authority to take action under Section 1423 of the SDWA, is delegated to the Administrator of the U.S. Environmental Protection Agency (EPA). The Administrator has delegated this authority to the Regional Administrator, Region 4, who in turn has delegated this authority to the Director of the Water Protection Division, of the EPA Region 4 (Complainant) pursuant to Region 4 Delegation 9-34.
- 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 UIC program for the Commonwealth of Kentucky, including all Indian lands, is administered by the EPA. See 40 C.F.R. § 147.901(a).

II. ALLEGATIONS

- 4. Respondent is a corporation organized under the laws of Indiana and doing business in the Commonwealth of Kentucky, with a principal business address of 1410 North Cullen Avenue, Evansville, Indiana 47716.
- 5. Respondent is a "person" as that term is defined in Section 1401(12) of the SDWA, 42 U.S.C. § 300f(12), and 40 C.F.R. § 144.3.

6. Respondent is the owner and/or operator of the following Class II UIC wells that are subject to this Order (Subject Wells), listed below.

UIC Permit No.	EPA ID No.	<u>Well</u>	Status	County
KYI0436	KYS0590325	Towery #1	Active	Daviess
KYI0248	KYS1010490	Edds #W-1	Active	Henderson
KYI0189	KYS1010518	C. T. Frields #W-1	Active	Henderson
KYI0799	KYS1010561	J. F. Powell #3-W	Active	Henderson
KYI0616	KYS2250041	Robinson #2	Inactive	Union
KYI0648	KYS2250235	Proctor #8	Active	Union
KYI0631	KYS2250229	Koch Etal #4	Inactive	Union

- 7. Each of the Subject Wells is a "facility" as that term is defined in 40 C.F.R. § 144.3.
- 8. On August 15, 1990, the EPA issued to Respondent the UIC Permit No. KYI0436, with an effective date of August 15, 1990.
- 9. On December 18, 2003, the EPA modified the UIC Permit No. KYI0248 to reflect the transfer from Gallagher Drilling Company to Respondent, with an effective date of December 18, 2003.
- 10. On April 28, 2000, the EPA modified the UIC Permit No. KYI0189 to reflect the transfer from Shamrock Oil & Gas Company to Respondent, with an effective date of April 28, 2000.
- 11. On October 26, 2004, the EPA issued to Respondent the UIC Permit No. KYI0799, with an effective date of October 28, 2004.
- 12. On October 6, 1993, the EPA issued to Respondent the UIC Permit No. KYI0616, with an effective date of October 6, 1993.
- 13. On October 11, 1995, the EPA issued to Respondent the UIC Permit No. KYI0648, with an effective date of October 11, 1995.
- 14. On April 1, 1994, the EPA issued to Respondent the UIC Permit No. KYI0631, with an effective date of April 1, 1994.
- 15. The Subject Wells are permitted in accordance with 40 C.F.R. § 144.31 and are subject to the requirements of the SDWA 42 U.S.C. § 300f, et seq. and the UIC regulations.
- 16. The SDWA 42 U.S.C. § 300f, et seq. and 40 C.F.R. § 144.51(a) require the permittee of a permitted UIC well to comply with all conditions of their permit.
- 17. Part II, Section G, Paragraph 3, of the UIC Permit Nos. KYI0436, KYI0248, KYI0189, KYI0799, and KYI0648, requires that a demonstration of mechanical integrity in accordance with 40 C.F.R. § 146.8 be made no later than 5 years from the last approved demonstration.

18. Respondent failed to timely demonstrate the mechanical integrity tests for the Subject Wells, as shown below.

UIC Permit No.	EPA ID No.	<u>Well</u>	Status	Last MIT	MIT Due	MIT Done
KYI0436	KYS0590325	Towery #1	Active	4/25/06	4/25/11	Not yet
KYI0248	KYS1010490	Edds #W-1	Active	3/31/09	3/31/14	Not Yet
KYI0189	KYS1010518	C. T. Frields #W-1	Active	8/27/09	8/27/14	Not Yet
KYI0648	KYS2250235	Proctor #8	Active	8/27/09	8/27/14	Not Yet
KYI0799	KYS1010561	J. F. Powell #3-W	Active	8/27/09	8/27/14	6/30/16

- 19. Therefore, Respondent is in violation of the SDWA, 42 U.S.C. § 300f, et seq., 40 C.F.R. § 146.8, and the UIC Permit Nos. KYI0436, KYI0248, KYI0189, KYI0799 and KYI0648, for failure to timely demonstrate the mechanical integrity of the active permitted Subject Wells, as shown above.
- 20. Part II, Section F, Paragraph 3, of the UIC Permit Nos. KYI0631 and KYI0616, requires the permittee after a cessation of injection for 2 years to close, plug and abandon the Subject Well.
- 21. Based on the EPA's records and field inspections, the following permitted Subject Wells are inactive and have not been plugged, closed and abandoned.

UIC Permit No.	EPA ID No.	<u>Well</u>	<u>Status</u>	Last MIT
KYI0631	KYS2250229	Koch Etal #4	Inactive	2/25/10
KYI0616	KYS2250041	Robinson #2	Inactive	2/25/10

- 22. Therefore, Respondent is in violation of the SDWA, 42 U.S.C. § 300f, et seq. 40 C.F.R. § 144.51(a), and the conditions of the UIC Permit Nos. KYI0631 and KYI0616, for failure to comply with the permit condition to close, plug and abandon the inactive Subject Wells, as shown above.
- 23. Part I, Section C, Paragraph 3, of the UIC Permit Nos. KYI0436, KYI0248, KYI0189, KYI0799, KYI0616, KYI0648 and KYI0631, require the permittee to conduct injection fluid analyses beginning within 12 months of the effective date of the permit and at least once every 12 months thereafter and whenever changes are made to the injection fluid. Part I, Section D, Paragraph 2, requires the results of these injection fluid analyses to be submitted annually to the EPA.
- 24. Injection fluid analysis results for the following permitted Subject Wells were not annually submitted, as shown below.

Permit No.	EPA ID No.	<u>Well</u>	<u>Status</u>	Permit Effective	Fluid Analyses
KYI0436	KYS0590325	Towery #1	Active	8/15/90	None
KYI0248	KYS1010490	Edds #W-1	Active	12/18/03	None
KYI0189	KYS1010518	C. T. Frields #W-1	Active	4/28/00	None
KYI0799	KYS1010561	J. F. Powell #3-W	Active	10/28/04	None
KYI0616	KYS2250041	Robinson #2	Inactive	10/06/93	09/15/99
KYI0648	KYS2250235	Proctor #8	Active	10/11/95	None
KYI0631	KYS2250229	Koch Etal #4	Inactive	4/01/94	None

- 25. Therefore, Respondent is in violation of SDWA, 42 U.S.C. § 300f, et seq., 40 C.F.R. § 144.51(a), and the UIC Permit Nos. KYI0436, KYI0248, KYI0189, KYI0799, KYI0616, KYI0648 and KYI0631, for failure to submit results of injection fluid analyses, as shown above.
- 26. Respondent is the owner and/or operator of the following Class II UIC wells that are subject to this Order (Subject Wells), listed below.

EPA ID No.	<u>Well</u>	<u>Status</u>	County
KYS1010301	Clarence Wood #5	Active	Henderson
KYS2250128	Agnes Proctor #5	Active	Union
KYS2250132	Verona Coal #C-1	Active	Union
KYS2250133	Verona Coal #A-2	Active	Union
KYS2250179	Zimmerman Kuesta #2	Active	Union

- 27. Each of the Subject Wells is a "facility" as that term is defined in 40 C.F.R. § 144.3.
- 28. The Subject Wells were in existence on June 25, 1984, the effective date of the UIC program in Kentucky as implemented by the EPA and are authorized by rule as that term is defined in 40 C.F.R. § 144.21(a).
- 29. The SDWA 42 U.S.C. § 300f, et seq. and 40 C.F.R. § 144.28(a) require the owner or operator of a rule-authorized injection well to comply with all applicable statutory and regulatory requirements.
- 30. The regulations at 40 C.F.R. §§ 144.28(g)(2)(iv) and 146.8, require the owner or operator of an active rule-authorized injection well to demonstrate the mechanical integrity of the well at least once every 5 years.
- 31. The information contained in the EPA's records, indicates Respondent is in violation of 40 C.F.R. §§ 144.28(g)(2)(iv) and 146.8, for failure to timely demonstrate mechanical integrity of the rule-authorized Subject Wells, as shown below.

EPA ID No.	<u>Well</u>	<u>Status</u>	Last MIT	MIT Due	MIT Done
KYS1010301	Clarence Wood #5	Active	5/25/06	5/25/11	Not Yet
KYS2250128	Agnes Proctor #5	Active	1/30/06	1/25/11	Not Yet
KYS2250133	Verona Coal #A-2	Active	2/25/10	2/25/15	Not Yet

- 32. Therefore, Respondent is in violation of the SDWA, 42 U.S.C. § 300f, et seq., and 40 C.F.R. §§ 144.28(g)(2)(iv), 146.8 and 144.28(a), for failure to timely demonstrate the mechanical integrity of the rule-authorized Subject Wells, as shown above.
- 33. The regulation at 40 C.F.R. § 144.28(c)(2)(iv), states that after a cessation of injection for 2 years, the owner or operator of a rule-authorized underground injection well shall close, plug and abandon the well.

34. Based on the EPA's field inspections, the following rule-authorized Subject Well is inactive and has not been plugged, closed and abandoned.

EPA ID No.	<u>Well</u>	<u>Status</u>	<u>Last MIT</u>
KYS2250179	Zimmerman-Kuester #2	Inactive	7/27/10

- 35. Therefore, Respondent is in violation of the SDWA 42 U.S.C. § 300f, et seq. and 40 C.F.R. § 144.28(a) and § 144.28(c)(2)(iv) for failure to close, plug and abandon the inactive Subject Well, as shown above.
- 36. The regulation at 40 C.F.R. § 144.28(f)(6)(ii) states that the maximum allowable injection pressure measured at the wellhead shall not exceed the maximum pounds per square inch (psig) and that injecting at a pressure which initiates or propagates fractures into the confining zone or causes the movement of injection or formation fluids into an underground source of drinking water is prohibited.
- 37. The Completion Report, contained in Respondent's file, was received by the UIC program on June 21, 1985, and indicates that 450 psig is the established maximum well head injection pressure.
- 38. The EPA-authorized field inspector observed the following gauge readings on the injection tubing of the Subject Well, as shown below.

EPA ID No.	<u>Well</u>	Injection Pressure Limit	Overpressure on Reports
KYS2250133	Verona Coal #A-2	450 psig	650 psig on monitoring report
KYS2250133	Verona Coal #A-2	450 psig	650 psig on pump on 1/23/14
KYS2250133	Verona Coal #A-2	450 psig	610 psig on pump on 1/29/13

- 39. Therefore, Respondent is in violation of the SDWA, 42 U.S.C. § 300f, et seq. and 40 C.F.R. § 144.28(a) and § 144.28(f)(6)(ii) for exceeding the maximum injection pressure limitation of 450 psig, as established by the completion report, contained in Respondent's file for the Subject Well, as shown above.
- 40. On July 7, 2016, Respondent participated in a show cause hearing with representatives of the EPA to discuss these alleged violations of the SDWA and the implementing regulations.

III. STIPULATIONS AND FINDINGS

- 41. 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 Consent Agreement and Final Order (CA/FO) will simultaneously commence and conclude this matter.
- 42. For purposes of this CAFO Respondent admits the jurisdictional allegations and facts and findings of violations as alleged herein.

- 43. The Respondent consents to the assessment of and agrees to pay the civil penalty as set forth in this CA/FO and consents to any specified compliance or corrective action set forth in this CA/FO.
- 44. Respondent waives any right to a hearing and waives any right to appeal a final order in this matter.

IV. PENALTY AND INJUNCTIVE RELIEF

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

- 45. Respondent shall pay a civil penalty of \$12,960.00 (twelve thousand nine hundred sixty dollars) in accordance with the terms set forth below.
- 46. Within 30 days of the Effective Date of this CA/FO, Respondent shall submit a cashiers or certified check in the amount \$12,960.00 (twelve thousand nine hundred sixty 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 cashier's check.

47. 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

Brian J. Smith, Chief
Ground Water and UIC Section
Grants and Drinking Water Protection Branch
U. S. EPA - Region 4
61 Forsyth Street SW
Atlanta, GA 30303-8960

- 48. Pursuant to Section 1423(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.
- 49. In accordance with 40 C.F.R. § 22.5, the individuals below are authorized to receive service related to this proceeding:

For Respondent: Charles H. Robinson, Vice President

Robinson Engineering & Oil Company, Inc.

1410 North Cullen Avenue Evansville, Indiana 47716

For the EPA: Wilda Cobb, Associate Regional Counsel

U.S. EPA - Region 4 61 Forsyth Street SW Atlanta, GA 30303-8960 404-562-9530

- 50. In addition to payment of the penalty described above, Respondent shall perform the following injunctive relief:
 - a. Within 90 days of the Effective Date of the Final Order, Respondent is ordered to request an increase to the maximum injection pressure limit for the rule-authorized Subject Well, by submitting an acceptable step rate test or a minifrac/acid job, without sand. Step rate tests may also include an EPA representative to witness such a test. The Director of the Water Protection Division must concur with the results before injection may commence. The submission of requests and proper documentation for the Subject Well shall be sent to the following:

EPA ID No. KYS2250133

Well Verona Coal #A-2 Jason B. Meadows, Permit Writer
Ground Water and UIC Section,
Grants and Drinking Water Protection Branch,
U.S. EPA - Region 4,
61 Forsyth Street, SW
Atlanta, GA 30303-8960

Brian J. Smith, Chief Ground Water and UIC Section, Grants and Drinking Water Protection Branch, U.S. EPA - Region 4, 61 Forsyth Street SW Atlanta, GA 30303-8960

b. Within 90 days of the Effective Date of the Final Order, Respondent is ordered to provide current fluid analysis results to the EPA for the following Subject Wells, as shown below.

UIC Permit No.	EPA ID No.	<u>Well</u>
KYI0436	KYS0590325	Towery #1
KYI0248	KYS1010490	Edds #W-1
KYI0189	KYS1010518	C. T. Frields #W-1
KYI0799	KYS1010561	J. F. Powell #3-W
KYI0616	KYS2250041	Robinson #2
KYI0648	KYS2250235	Proctor #8
KYI0631	KYS2250229	Koch Etal #4

c. Within 90 days of the Effective Date of the Final Order, Respondent is ordered to successfully demonstrate the mechanical integrity or close, plug and abandon the Subject Wells listed below. Mechanical integrity testing or plugging and abandonment must be witnessed by the authorized EPA inspector.

UIC Permit No.	EPA ID No.	<u>Well</u>
KYI0436	KYS0590325	Towery #1
KYI0248	KYS1010490	Edds #W-1
KYI0189	KYS1010518	C. T. Frields #W-1
KYI0648	KYS2250235	Proctor #8
KYI0631	KYS2250229	Koch Etal #4
KYI0616	KYS2250041	Robinson #2
	KYS2250128	Agnes Proctor #5
	KYS2250133	Verona Coal #A-2
	KYS2250179	Zimmerman-Kuester #2
	KYS1010301	Clarence Wood #5

Pursuant to Section 1423(b)(1) of the SDWA 42 42 U.S.C. § 300h-2(b)(1) any person who violates an order requiring compliance under subsection (c) of 1423 of the SDWA shall be subject to a civil penalty of not more than \$37,500 for each day of such violation.

V. GENERAL PROVISIONS

- 52. 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.
- 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 Respondent's liability for federal civil penalties for the violations and facts stipulated herein.
- 54. 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.
- 55. 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.
- 56. 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.

- 57. 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.
- 58. Each party shall bear its own costs and attorneys' fees in connection with this action.
- 59. 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.

VI. EFFECTIVE DATE

60. The effective date of this CA/FO shall be the date that it is filed with the Regional Hearing Clerk.

RESPONDENT

Date September 6th, 2016

Charles H. Robinson, Vice President Robinson Engineering & Oil Company, Inc.

COMPLAINANT

Date 11/30/2016

James D. Giattina, Director Water Protection Division

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 AGENCY

Date: December 1, 2016

Tanya Floyd

Regional Judicial Officer

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served a true and correct copy of the foregoing Consent Agreement and Final Order, in the Matter of Robinson Engineering & Oil Company, Inc.; Docket No. SDWA-04-2016-1008(b), on the parties listed below in the manner indicated:

Carol Chen

Via EPA Internal Mail

Wilda Cobb

Via EPA Internal Mail

Charles H. Robinson, Vice President Robinson Engineering & Oil Company, Inc. 1410 North Cullen Avenue Evansville, Indiana 47716 Via Certified Mail/ Return Receipt Requested

Date: 12 - 6 - 16

Patricia A. Bullock, Regional Hearing Clerk

United States EPA - Region 4

Atlanta Federal Center 61 Forsyth Street SW Atlanta, GA 30303-8960

(404) 562-9511