



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

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

JUL 02 2010

CERTIFIED MAIL 7007 2680 0000 9841 8776  
RETURN RECEIPT REQUESTED

Mark R. Hutchinson, Registered Agent  
Ohio Valley Energy, Inc.  
611 Frederica Street  
Owensboro, Kentucky 42301

SUBJECT: Consent Agreement and Final Order (CA/FO)  
Docket No. SDWA-04-2010-1012(b)

Dear Mr. Hutchinson:

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,

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

James D. Giattina  
Director  
Water Protection Division

Enclosure

cc: Regional Hearing Clerk

Internet Address (URL) • <http://www.epa.gov>

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The Law Offices of

**WILSON, HUTCHINSON, POTEAT & LITTLEPAGE**

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Owensboro, Kentucky 42301  
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[ttommy@whplawfirm.com](mailto:ttommy@whplawfirm.com)

**CERTIFIED MAIL  
RETURN RECEIPT REQUESTED**

May 12, 2010

Mr. Fred McManus, Chief  
Ground Water and SDWA Enforcement Section  
U.S. EPA – Regional 4  
61 Forsyth Street SW  
Atlanta, GA 30303-8960

Dear Mr. McManus:

I am returning herewith the Consent Agreement and final Order in Docket No. SDWA-04-2010-1012(b) which Mr. Hutchinson has now signed. Thanks.

Sincerely,

  
Bonnie Krahwinkel  
Assistant to Mark R. Hutchinson

2010 JUL -2 AM 7:29

HEARNO CLENN

**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 4**

**IN THE MATTER OF**

**Ohio Valley Energy, Inc.  
611 Frederica Street  
Owensboro, Kentucky 42301**

**Respondent**

**Consent Agreement and Final Order**

**Docket No. SDWA-04-2010-1012(b)**

**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 Part C of the Safe Drinking Water Act (SDWA or the Act), 42 U.S.C. § 1421, et seq., the EPA, as Complainant, hereby enters into the following Consent Agreement and Final Order ("CAFO") with Ohio Valley Energy, Inc. (Respondent).

2. Section 1450 of the SDWA 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 CFR 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 EPA. See 40 CFR § 147.901(a).

**ALLEGATIONS**

4. Respondent is a corporation doing business in the Commonwealth of Kentucky, with a business address of 611 Frederica Street, Owensboro, Kentucky 42301.

5. Respondent is a person as that term is defined in Section 1401(12) of the SDWA, 42 U.S.C. Section 300f(12) and 40 CFR §144.3.

6. Respondent owns and/or operates the following Class II injection wells (subject wells):

<u>Permit No.</u>	<u>EPA ID No.</u>	<u>Well</u>	<u>Status</u>	<u>County</u>
KYI0639	KYS1490187	Edwin Tucker #4	Active	McLean
KYA0792	KYS1490197	Prentice Ayer #1	Active	McLean
KYA0810	KYS1490198	Jureczko #1	Active	McLean
KYA0810	KYS1490199	Jureczko-Hale #1	Active	McLean
KYA0810	KYS1490200	Logsdon #2	Active	McLean
KYA0810	KYS1490201	Hoover-Jureczko #1	Active	McLean
KYA0832	KYS1490204	Taylor-Rouse-Taylor #1W	Active	McLean

7. Each of these wells constitutes a "facility" as that term is defined in 40 CFR §144.3, and is subject to the requirements of the SDWA and the UIC regulations.

8. The subject wells are permitted in accordance with 40 CFR § 144.31.

9. The SDWA, 42 U.S.C. §300f, *et seq.*, and 40 CFR §144.51(a) require the permittee to comply with all conditions of the permit. Noncompliance constitutes a violation of the SDWA and is grounds for an enforcement action. EPA, in accordance with Part II, Section G, Paragraph 3, of the permit, requires the permittee to demonstrate mechanical integrity at least once every five years.

10. These wells were overdue for mechanical integrity, as follows, but were subsequently plugged in April of 2010.

<u>Permit No.</u>	<u>EPA ID No.</u>	<u>Well</u>	<u>Prior MIT</u>	<u>Due Date</u>
KYI0639	KYS1490187	Edwin Tucker #4	1/30/03	1/30/08
KYA0792	KYS1490197	Prentice Ayer #1	4/07/04	4/07/09

11. Therefore, Respondent violated 40 CFR §144.51 (a), its permit, and the SDWA by failing to timely demonstrate the mechanical integrity of these wells.

12. Part I, Section D, Paragraph 3, requires the permittee to perform injection fluid analysis at least once every 12 months. Part I, Section E, Paragraph 2, of the permit, requires the results of these injection fluid analyses to be submitted annually.

13. No fluid analyses were submitted for the following wells until February 19, 2009.

<u>Permit No.</u>	<u>EPA ID No.</u>	<u>Well</u>	<u>Permit Effective Dates</u>
KYI0639	KYS1490187	Edwin Tucker #4	11/15/94
KYA0792	KYS1490197	Prentice Ayer #1	04/26/04
KYA0810	KYS1490198	Jureczko #1	04/15/05
KYA0810	KYS1490199	Jureczko-Hale #1	04/15/05
KYA0810	KYS1490200	Logsdon #2	04/15/05
KYA0810	KYS1490201	Hoover-Jureczko #1	04/15/05

14. Therefore, Respondent violated 40 CFR §144.51 (a), its permit, and the SDWA for failure to annually perform injection fluid analyses, and to submit these reports to EPA.

15. On April 20, 2010, Respondent participated in a show cause hearing with EPA representatives via telephone to discuss its permit violations, the SDWA, and the implementing regulations.

16. Respondent and Complainant have negotiated a settlement of the foregoing violation and Respondent has agreed to pay a penalty.

### **STIPULATIONS AND FINDINGS**

17. Respondent admits the jurisdictional allegations set forth above and neither admits nor denies the facts and findings of violation 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.

18. Complainant and Respondent have conferred for the purpose of settlement, pursuant to 40 CFR § 22.18, and desire to resolve this matter and settle the violations described herein without resort 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 CFR § 22.13(b), this CA/FO will simultaneously commence and conclude this matter.

### **PENALTY**

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

19. Respondent shall pay a civil penalty of **\$1,500.00 (Fifteen Hundred Dollars)** in accordance with the terms set forth below.

20. Within sixty (60) days of receipt of a fully-executed copy of this CA/FO, Respondent shall submit a cashiers or certified check in the total amount of the penalty set forth in the preceding paragraph, 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.

21. 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 SDWA Enforcement Section  
U. S. EPA - Region 4  
61 Forsyth Street SW  
Atlanta, GA 30303-8960

22. 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.

23. Pursuant to 40 CFR Part 13 and 31 U.S.C. §3717 et seq., if 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, EPA will assess an administrative fee of \$15 for each subsequent thirty (30) day period. EPA will also assess, on a monthly basis, a six per cent (6%) per annum penalty on any principal amount not paid within ninety (90) days of the due date.

24. A copy of the check shall be sent to the Ground Water and SDWA Enforcement Section, Safe Drinking Water Branch, U. S. Environmental Protection Agency, Region 4, 61 Forsyth Street SW, Atlanta, Georgia 30303-8960. Respondent shall state the docket number of this CA/FO on the face of any such check.

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

For Respondent:

Mark R. Hutchinson  
Ohio Valley Energy, Inc.  
Frerica Street  
Owensboro, Kentucky 42301  
270-926-5011

promulgated thereunder. 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 thereunder, 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.

28. 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.

29. 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 EPA orally within four (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 EPA within ten (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.

30. 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. 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 EPA with written notice as provided herein or for failure to provide adequate proof for the cause of the delay.

31. The parties acknowledge and agree that final approval by 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.

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

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

34. 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**

Date: 5-12-10   
Mark R. Hutchinson  
Ohio Valley Energy, Inc.

**COMPLAINANT**

Date: 6/30/10   
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:

July 1, 2010

Susan B. Schub  
Susan Schub  
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 Ohio Valley Energy, Inc.; Docket No. SDWA-04-2010-1012(b), on the parties listed below in the manner indicated:

**Carol Chen**

Via EPA Internal Mail

**Wilda Cobb**


Via EPA Internal Mail

**Mark R. Hutchinson  
Ohio Valley Energy, Inc.  
611 Frederica Street  
Owensboro, Kentucky 42301**

Via Certified Mail/ Return Receipt  
Requested

Date:

7-2-10

  
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