



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 4
ATLANTA FEDERAL CENTER
61 FORSYTH STREET
ATLANTA, GEORGIA 30303 8960

OCT 28, 2010

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. G. Stephen Guido, President
KFG Petroleum Corporation
118 Lower Woodville Road, Suite 2
Natchez, Mississippi 39120

SUBJ: Consent Agreement and Final Order:
Docket No. CWA-04-2010-7004
SPCC Case No: MS08902-010

Dear Mr. Guido:

Enclosed is a copy of the Consent Agreement and Final Order (CAFO) 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 (EPA) hereby notifies you that the Expedited Settlement Agreement has been executed by both parties and is binding on EPA and you. Upon receipt of your assessed penalty of \$ 1,550.00, EPA will take no further action against you for the violations cited in the Settlement Agreement. Your copy of the executed agreement is enclosed.

You must submit your payment within seven (7) days of your receipt of this letter by either electronic funds transfer, certified or cashiers 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, KFG Petroleum Corporation) and the EPA docket number CWA-04-2010-7004, 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

Mel Rechtman
U.S. EPA - Region 4
RCRA and OPA Enforcement and Compliance Branch
RCRA Division
61 Forsyth Street, S.W.
Atlanta, Georgia 30303-8960

If you have any questions, please contact Mel Rechtman at (404) 562-8745.

Sincerely,



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

Enclosures:

1. Expedited Settlement Agreement
2. Payment Information

cc: USCG

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 314-418-4087

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, MD 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

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.



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

DOCKET NO.: CWA-04-2010-7004

On: January 16, 2008 Time: 10:35

At: KFG Petroleum-Armstrong SED & Armstrong #4TB, Adams County, Mississippi, owned or operated by KFG Petroleum Corporation (Respondent), an authorized representative of the United States Environmental Protection Agency (EPA) conducted an inspection 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 (SFVP), which is hereby incorporated by reference.

EPA finds the Respondent is subject to the SPCC regulations and has violated the SPCC regulations as further described in the SFVP. The Respondent admits being subject to 40 CFR § 112 and that EPA has jurisdiction over the Respondent and the Respondent's conduct as described in the SFVP. Respondent neither admits or denies the Inspection Findings, and waives any objections Respondent may have to EPA's jurisdiction.

EPA is authorized to enter into this Proposed Settlement Agreement under the authority vested in the Administrator of 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 Proposed Settlement Agreement in order to settle the civil violations described in the Letter of Deficiencies for a penalty of \$1,550.00. The Respondent consents to the assessment of this penalty.

This Proposed Settlement Agreement 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 upon written notice that the Proposed Settlement Agreement has been executed and is effective. **Do not enclose payment.** EPA will provide instructions in writing on the procedures for making penalty payments to the "Oil Spill Liability Trust Fund".

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

Upon signing and returning this Proposed Settlement Agreement to EPA, Respondent waives the opportunity for a hearing or appeal pursuant to Section 311 of the Act, and consents to EPA's approval of the Proposed Settlement Agreement without further notice.

This Proposed Settlement Agreement is binding on the parties signing below, and is effective upon the Regional Hearing Clerks signature. If Respondent does not sign and return this Proposed Settlement Agreement as presented within 30 days of the date of its receipt, this Proposed Settlement Agreement is withdrawn without prejudice to EPA's ability to file any other enforcement action for the noncompliance identified in the SFVP.

APPROVED BY RESPONDENT

Name (print): G. Stephen Guido

Title (print): Pres

Signature: [Handwritten Signature] Date: 7-28-10

APPROVED BY EPA:

[Handwritten Signature] Date: 10/26/10
Caroline Y. F. Robinson, Chief
RCRA and OPA Enforcement and Compliance Branch
RCRA Division

IT IS SO ORDERED:

[Handwritten Signature] Date: 10/28/10
Susan B. Schub,
Regional Judicial Officer

RECEIVED
EPA REGION 4
OCT 27 9:15 AM '10



SPILL Prevention Control and Countermeasure Inspection Findings, Alleged Violations, and proposed Penalty Form

KFG Petroleum Corporation
Docket No. CWA-04-20120-7024
SPCC Case No. MS0820-010

- 1) Failure to prepare a written Spill Prevention Control and Countermeasure (SPCC) Plan for the facility as required by 40 CFR § 112.3(a) in accordance with the guidelines for plan preparation at 40 CFR § 112.7
 - a) Plan did not discuss methods of disposal of recovered materials as required by 40 CFR § 112.7(a)(v);
 - b) Plan did not include a site specific prediction of the direction, rate of flow, and total quantity of oil that could be discharged for each type of major equipment failure as required by 40 CFR § 112.7(b);
 - c) Plan did not include a Contingency Plan that follows 40 CFR § 109 as required by 40 CFR § 112.7(d)(1);
 - d) Plan did not include a written commitment to cleanup an oil spill as required by 40 CFR § 112.7(d) (2);
 - e) Plan did not include a discussion of applicable more stringent State rules, regulations, and guidelines as required by 40 CFR § 112.7(j);
 - f) Plan did not adequately discuss secondary containment for tank battery and treating facilities as required by 40 CFR § 112.9(c)(2). The specific material used to construct the dike system is not identified and there is no discussion of containment for the treater units.
- 2) The Professional Engineer's certification statement in the SPCC Plan did not include all of the attestations as required by 40 CFR § 112.3(d).
- 3) Failure to implement an SPCC Plan as required by 40 CFR § 112.3(a) in accordance with the guidelines for plan implementation at 40 CFR § 112.7 and § 112.9:
- 4) Secondary containment is not provided for the treater units as required by 40 CFR § 112.9(c)(2);

- 5) Inadequate inspection of containers for deterioration and maintenance needs as required by 40 CFR § 112.9(c)(3). A plug on Tank #5 at Armstrong SWD was leaking oil.

Summary of Findings

1) Failure to prepare an adequate SPCC Plan	\$1,000.00
2) Inadequate containment	500.00
3) No written records of Inspection	<u>50.00</u>
<u>Total Proposed Penalty</u>	<u>\$1,550.00</u>

AUG 1 2 2010

WILCOX ENERGY COMPANY

Oil and Gas Producer



TEL. (601) 442-5191

304 FRANKLIN STREET
NATCHEZ, MISSISSIPPI 39120

FAX. (601) 443-9822

July 29, 2010

Mr. Met Rechtman
ROECB 10th Floor
U. S. Environmental Protection Agency
Region 4
61 Forsyth Street
Atlanta Georgia 30303-8960

Re: KFG Petroleum Corporation
Armstrong #4 TB and Armstrong SWD
SPCC CASE Number MS0802-010
Big River Field
Adams County, Mississippi

Dear Mr. Rechtman:

KFG Petroleum Corporation recently received from EPA notification of a \$1,550 fine for violation of certain SPCC requirements. Wilcox Energy Company, WECO, became operator of record effective 2/1/09 of this oil production installation replacing KFG and has taken over responsibility of this matter. WECO has performed the corrective actions required by EPA including submitting a new SPCC plan.

Please find enclosed copies of the Mississippi Oil & Gas Form 2 change of operator and an executed EPA settlement agreement. The settlement agreement has been executed by KFG but the fine will be paid by WECO. Please note that the Armstrong SWD is the incorrect name of the saltwater disposal system. The correct name of this system is the Big River Field SWD #2.

Sincerely,

A handwritten signature in cursive script that reads "Mike Hopkins".

V. P. Wilcox Energy Company

Docket No. CWA-04-2010-7004

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the attached Consent Agreement and Final Order, in the Matter of KFG Petroleum Corporation, Docket No. CWA-04-2010-7004 (filed with the Regional Hearing Clerk on 10-28, 2010) was served on 10-23, 2010 2010 in the manner specified to each of the person set forth below.

Mr. G, Stephen Guido, President
KFG Petroleum Corporation
118 Lower Woodville Road, Suite 2
Natchez, Mississippi 39120

CERTIFIED MAIL
Return Receipt Requested

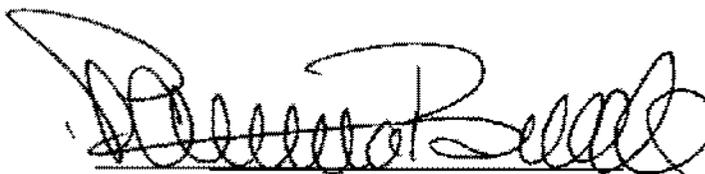
Mel Rechtman
RCRA and OPA Enforcement and Compliance Branch
U.S. EPA - Region 4
61 Forsyth Street, S.W.
Atlanta, Georgia 30303

Via EPA's Internal Mail

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

Via EPA's Internal Mail and PDF

Date: 10-28-10



Patricia A. 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

EPA ACCOUNTS RECEIVABLE CONTROL NUMBER FORM

PAYMENT DUE DATE: _____

TO BE COMPLETED BY THE ORIGINATING OFFICE:

(Attach a copy of the final order and transmittal letter to Defendant/Respondent)

This form was originated by: Mel Rechtman on 8/12/10
(Name) (Date)

in the ROECB at 404/562-8745
(Office) (Phone Number)

- | | |
|--|--|
| <input type="checkbox"/> Non-SF Judicial Order/Consent Decree
USAO COLLECTS | <input checked="" type="checkbox"/> Administrative Order/Consent Agreement
FMO COLLECTS PAYMENT |
| <input type="checkbox"/> SF Judicial Order/Consent Decree
DOJ COLLECTS | <input type="checkbox"/> Oversight Billing - Cost Package required:
Sent with bill |
| <input type="checkbox"/> Other Receivable | <input type="checkbox"/> Not sent with bill |
| <input type="checkbox"/> This is an original debt | <input type="checkbox"/> Oversight Billing - Cost Package not required |
| | <input type="checkbox"/> This is a modification |

FAYEE: KFG Petroleum Corporation

The Total Dollar Amount of the Receivable: \$1,550.00
(If installments, attach schedule of amounts and respective due dates. See other side of this form.)

The Case Docket Number: CWA-04-2010-7004
The Site Specific Superfund Account Number: n

The Designated Regional/Headquarters Program Office: RCRA Division

To Be Completed By Cincinnati Finance Center

The IPMS Accounts Receivable Control Number is: _____ Date: /2010

DISTRIBUTION:

A. **JUDICIAL ORDERS:** Copies of this form with an attached copy of the front page of the **FINAL JUDICIAL ORDER** should be mailed to:

- | | |
|--|---|
| 1. Debt Tracking Officer
Environmental Enforcement Section
Department of Justice RM 1647
P.O. Box 7611, Benjamin Franklin Station
Washington, D.C. 20044 | 2. Originating Office (EAD)
3. Designated Program Office |
|--|---|

B. **ADMINISTRATIVE ORDERS:** Copies of this form with an attached copy of the front page of the Administrative Order should be to:

- | | |
|--|---|
| 1. Originating Office
2. Regional Hearing Clerk | 3. Designated Program Office
4. Regional Counsel (EAD) |
|--|---|