



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

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

MAR 13 2014

CERTIFIED MAIL 7010 1060 0002 1704 8722
RETURN RECEIPT REQUESTED

Mr. Charles L. Stinson
Logsdon Valley Oil Company, Inc.
Post Office Box 246
105 Bedford Court
Horse Cave, Kentucky 42749

Re: Consent Agreement and Final Order (CA/FO)
Docket No. SDWA-04-2014-1001(b)

Dear Mr. Stinson:

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 cursive script that reads "Gail Mitchell, for".

James D. Giattina
Director
Water Protection Division

Enclosure

cc: Regional Hearing Clerk

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 4

RECEIVED
EPA REGION IV
2014 MAR 13 AM 7:54
HEARING CLERK

IN THE MATTER OF

Logsdon Valley Oil Company, Inc.
105 Bedford Court
Horse Cave, Kentucky 42749

Respondent

Consent Agreement and Final Order

Docket No. SDWA-04-2014-1001(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 Section 1423 of the Safe Drinking Water Act (SDWA), 42 U.S.C. § 300h-2, the EPA, as Complainant, hereby enters into the following Consent Agreement and Final Order (CA/FO) with Logsdon Valley Oil Company, Inc. (Respondent).
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 his 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).

ALLEGATIONS

4. Respondent is a corporation organized under the laws of Kentucky and doing business in the Commonwealth of Kentucky, with a principal business address of 105 Bedford Court, Horse Cave, Kentucky 42749.
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 underground injection well (Subject Well). This well is a "facility" as that term is defined in 40 C.F.R. § 144.3:

<u>State Permit No.</u>	<u>EPA ID No.</u>	<u>Well</u>	<u>County</u>	<u>Status</u>
37849	None	Charles L. Stinson #6	Hart	Plugged

7. During a joint inspection on July 18, 2012, of injection wells in the Hart County, Kentucky area, by the Kentucky Department of Environmental Protection (KDEP) and the EPA-authorized inspector, it was discovered that produced fluids from oil production were being illegally injected into the Subject Well.

8. While inspecting the Payton Lease, operated by the Respondent, inspectors observed a buried 2-inch PVC injection line that led from the tank battery, where produced fluids from oil production were stored, to a well casing.

9. The inspectors found a red lid placed over the top of the well casing, and the lid covered with wood and brush. After the inspectors cleared the wood and brush away and removed the lid, they discovered that produced fluids from oil production were being injected into the Subject Well through the buried 2-inch PVC line.

10. 40 C.F.R. § 144.11 prohibits any underground injection except into a well authorized by rule or permit issued under the UIC program. The construction of any well required to have a permit is prohibited until the permit has been issued. Any violation of a UIC regulation also constitutes a violation of the SDWA, as provided in Part C of the SDWA, 42 U.S.C. § 300h, et seq.

11. A review of the EPA's records indicated that the Subject Well was not rule authorized as no inventory information had been submitted as required by 40 C.F.R. § 144.26 for rule authorization. The EPA's records also revealed that no permit had been issued for construction of the Subject Well nor had a permit application been submitted for injection into the Subject Well.

12. Therefore, Respondent is in violation of Part C of the SDWA, 42 U.S.C. § 300h, et seq. and 40 C.F.R. § 144.11 for unauthorized construction of an underground injection well and unauthorized underground injection.

STIPULATIONS AND FINDINGS

13. Respondent admits the jurisdictional allegations and facts and findings of violations 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.

14. 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 CA/FO will simultaneously commence and conclude this matter.

PENALTY AND INJUNCTIVE RELIEF

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

15. Respondent shall pay a civil penalty of **\$10,000 (ten thousand dollars)** in accordance with the terms set forth below.

16. Within 60 days of receipt of a fully-executed copy of this CA/FO, Respondent shall submit a cashiers or certified check in the amount of **\$10,000 (ten thousand 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 cashiers check.

17. 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 UIC Section
U.S. EPA - Region 4
61 Forsyth Street SW
Atlanta, GA 30303-8960

18. Pursuant to Section 1423(2)(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.

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

For Respondent:

Charles L. Stinson
Logsdon Valley Oil Company, Inc.
105 Bedford Court
Horse Cave, Kentucky 42749
270-537-4440

For the EPA:

Wilda Cobb, Associate Regional Counsel
U.S. EPA - Region 4
61 Forsyth Street SW
Atlanta, GA 30303-8960
404-562-9530

20. In addition to payment of the penalty described above, Respondent shall perform the following injunctive relief:

Within 90 days of receipt of this Order, Respondent is ordered to provide adequate documentation that the Subject Well, the Stinson #6 (the well used for illegal injection) is plugged and abandoned in a manner that protects underground sources of drinking water from contamination; if this documentation cannot be provided to the EPA, then Mr. Stinson must take appropriate action to plug and abandon the Stinson #6 in accordance with an EPA-approved plugging and abandonment plan. Plugging and abandonment must be witnessed by an authorized EPA inspector.

<u>EPA ID No.</u>	<u>Well</u>
37849	Charles L. Stinson #6

21. Respondent agrees to pay stipulated civil penalties for violation of the condition set forth in Paragraph 20 above, as follows. For failure to comply with the condition described in Paragraph 20 above, Respondent shall pay a stipulated civil penalty according to the following schedule:

- a. \$300 for any portion of the first 7 calendar days Respondent is in violation of this Agreement; and
- b. \$200 per day for each day after the first 7 calendar days Respondent is in violation of this Agreement.

22. Stipulated penalties shall become due and payable no later than 30 days after receipt of demand from the EPA. Payment shall be in the form of a certified or cashier's check made payable to the Treasurer of the United States of America and sent to the following address:

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

23. A copy of the check shall be sent to:

Ground Water & UIC Section,
Safe Drinking Water Branch,
U.S. EPA - Region 4,
61 Forsyth Street, S.W.,
Atlanta, GA 30303-8960

Respondent shall state the docket number of this Order on the face of any such check. The stipulated civil penalties set forth above shall be in addition to any other remedies or sanctions which are or may be available to the EPA.

GENERAL PROVISIONS

24. 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.

25. 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 Respondents liability for federal civil penalties for the violations and facts stipulated herein.

26. 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.

27. 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.

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. 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.

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

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

32. 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

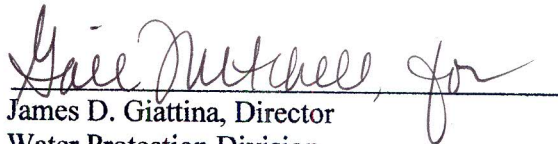
Date 12-19-13



Charles L. Stinson
Logsdon Valley Oil Company, Inc.

COMPLAINANT

Date 3/5/14



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 March 11, 2014

Susan 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 Logsdon Valley Oil Company, Inc.; Docket No. SDWA-04-2014-1001(b), on the parties listed below in the manner indicated:

Carol Chen

Via EPA Internal Mail

Wilda Cobb

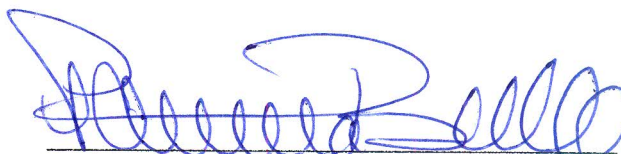
Via EPA Internal Mail

Charles L. Stinson
Logsdon Valley Oil Company, Inc.
105 Bedford Court
Horse Cave, Kentucky 42749

Via Certified Mail/ Return Receipt Requested

Date

3-13-14



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

CONCURRENCE

CERTIFIED MAIL 7010 1060 0002 1704 8081
RETURN RECEIPT REQUESTED

Charles L. Stinson
Logsdon Valley Oil Company, Inc.
Post Office Box 246
105 Bedford Court
Horse Cave, Kentucky 42749

Re: Consent Agreement and Final Order (CA/FO) Docket No. SDWA-04-2014-1001(b)

Dear Mr. Stinson:

In accordance with 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" (Part 22), specifically Subpart I, the U.S. Environmental Protection Agency (EPA) has agreed to enter into the enclosed CA/FO to address violations of the Safe Drinking Water Act (SDWA), 42 U.S.C. § 300h, *et seq.* and the Underground Injection Control (UIC) regulations promulgated under Section 1450(a)(1) of the SDWA, 42 U.S.C. § 300j-9(a)(1). The details of such violations are set forth in the enclosed CA/FO.

If you agree with the terms of this CA/FO, please sign and return it within 10 days of your receipt of this letter. By signing this CA/FO you waive your right to request a hearing on or to appeal any matter which you have stipulated to in the CA/FO. The fully-executed CA/FO will become effective upon the date that it is filed with the Regional Hearing Clerk.

If you agree with the terms of this CA/FO, please sign and return it within 10 days of your receipt of this letter. By signing this CA/FO you waive your right to request a hearing on or to appeal any matter which you have stipulated to in the CA/FO. The fully-executed CA/FO will become effective upon the date that it is filed with the Regional Hearing Clerk.

Sincerely,

Fred McManus
Chief
Ground Water & UIC Section

C.Chen/cgc:4WPD-SDWB:404-562-9415/10-28-13/G:/SDWB/GroundWater&UIC Correspondence/
UIC/UIC-ENF/Chen/StinsonPropcvr.ltr.doc

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