

**BEFORE THE MISSOURI DEPARTMENT OF NATURAL RESOURCES**

**In the Matter of:** )  
 )  
**Southern Star Central Gas Pipeline, Inc.** )  
 )  
**Serve:** ) **Order No. 2016-WPCB-1421**  
 )  
**Robert Bahnick, Vice President** )  
**and Chief Operations Officer** )  
**4700 Highway 56** )  
**Owensboro, KY 42301** )

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**ADMINISTRATIVE ORDER ON CONSENT**

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**NOTICE TO RECIPIENTS OF ADMINISTRATIVE ORDERS**

The issuance of this Administrative Order on Consent (Order) No. 2016-WPCB-1421, by the Department of Natural Resources (Department), is a formal administrative action by the state of Missouri and is being issued because Southern Star Central Gas Pipeline, Inc. (Respondent) violated the Missouri Clean Water Law (MCWL) (Respondent and Department may be referred to collectively as Parties). This Order is issued under the authorities of Sections 644.056 and 644.079, RSMo.

**FINDINGS OF FACT**

1. Respondent owns a natural gas transmission pipeline operating in and through the state of Missouri.
2. Respondent commenced a pipeline replacement project in 2014 to replace approximately six miles of pipeline in Johnson County, Missouri. Prior to commencing the project, Respondent obtained Land Disturbance Permit No. MO-RA05172 from the Department.

3. A large portion of the pipeline replacement project took place within Knob Noster State Park, which is operated by the Department's Division of State Parks.

4. Respondent reported inadvertent discharges of drilling mud to the department on December 8, 2014 and January 21, February 19, February 20, February 21, March 5, and March 11, 2015. On various dates in 2014 and 2015, Department staff inspected the project site and observed releases of drilling mud in and around East Bear Creek and its tributaries and tributaries to Clear Fork Blackwater River, waters of the state. Those dates included: December 8, 2014; January 21, February 18, 20-21, March 5, 11, and 17, 2015. During each visit, Respondent was actively cleaning up and removing the drilling mud.

5. On April 7, 2015 the Department issued Notice of Violation No. KC2014122615400612 to Respondent for the releases of the drilling materials.

6. On September 23, 2015, the Department sent Respondent correspondence citing the violations to the MCWL documented during inspections conducted by Department staff and offered Respondent the opportunity to resolve the violations through an out of court agreement.

7. On November 10, 2015, Department staff met with Respondent to discuss an out of court agreement, the civil penalty assessed for the violations associated with the case and options for the possibility of a Supplemental Environmental Project.

8. The MCWL and Section 644.096, RSMo, authorize the state, or any political subdivision or agency to recover actual damages, including all costs and expenses necessary to establish or collect any sums under Sections 644.006 to 644.141, RSMo, and the costs and expenses of restoring any waters of the state to their condition as they existed before the violation, sustained by it because of any violation.

9. Section 644.076.1, RSMo, makes it unlawful to violate the MCWL and regulations promulgated pursuant thereto and establishes penalties up to \$10,0000.00 per day per violation.

### **STATEMENT OF VIOLATIONS**

The Respondent has violated the MCWL, its implementing regulations and state park regulations as follows:

10. Caused pollution of East Bear Creek and its tributaries, and tributaries to Clear Fork Blackwater River, waters of the state, or placed or caused or permitted to be placed a water contaminant, bentonite drilling mud, in locations where it was reasonably certain to cause pollution of waters of the state in violation of Sections 644.051.1(1) and 644.076.1, RSMo.

11. Operated, used or maintained a water contaminant source, bentonite drilling mud, which discharged to East Bear Creek and its tributaries, and tributaries to Clear Fork Blackwater River, waters of the state, through frac-out events, without a Missouri State Operating Permit (MSOP) in violation of Sections 644.051.2 and 644.076.1, RSMo, and 10 CSR 20-6.010(1)(A) and (5)(A); and

12. Discharged a water contaminant, bentonite drilling mud, into waters of the state, which reduced the quality of such waters below the Water Quality Standards established by the Missouri Clean Water Commission, in violation of Sections 644.051.1(1) and 644.076.1, RSMo, and 10 CSR 20-7.031 or applicable subsections of 10 CSR 20-7.031.

### **AGREEMENT**

13. The Department and Respondent desire to amicably resolve all claims that the Department might bring against Respondent for the violation(s) of the MCWL described above and within NOV No. KC2014122615400612 , without Respondent admitting the validity or

accuracy of such claims. The Department and Respondent agree that this Order resolves only the specific violations described herein, that this Order shall not be construed as a waiver or a modification of any requirements of the MCWL and regulations or any other source of law, and that this Order does not resolve any claims based on any failure by Respondent to meet the requirements of this Order, or claims for past, present, or future violations of any statutes or regulations other than those specifically referenced herein.

14. The provisions of this Order shall apply to and be binding upon the Parties executing this Order, their successors, assigns, agents, subsidiaries, affiliates, and lessees, including the officers, agents, servants, corporations, and any persons acting under; through; or for the parties. Any changes in ownership or corporate status, including but not limited to any transfer of assets or real or personal property, shall not affect the responsibilities of the Respondent under this Order.

15. The Respondent, in compromise and satisfaction of the Department's claims relating to the above referenced violations, agrees, without admitting liability or fault, to pay the amounts listed in Subparagraphs a. through c., below, within 15 days of the effective date of this Order. Such payment shall be delivered to:

Accounting Program  
Department of Natural Resources  
P.O. Box 477  
Jefferson City, MO 65102-0477

Respondent will pay the following:

- a. A penalty in the amount of \$5,000.00 by check made payable to the "Johnson County Treasurer, as custodian of the Johnson County School Fund."
- b. Reimbursement of the state's investigative costs in the amount of \$5,986.85 in the form of a check made payable to the "State of Missouri."

c. Payment for the natural resources damages sustained as a result of the releases in the amount of \$65,000.00 in the form of a check made payable to the “State of Missouri” for deposit in the Natural Resources Protection Fund—Damages Subaccount. Such sum will be used by the Department to complete a natural resource restoration project that benefits the watershed of Clear Fork Blackwater River. Specifically, the Department plans to implement a wetland restoration project within Knob Noster State Park.

16. Contingent upon Respondent’s compliance with this Order, the Department agrees not to bring or cause to be brought any civil action against Respondent for penalties arising out of the violations of the MCWL and/or regulations or for property damage as referenced in this Order.

17. The Respondent agrees to comply with the MCWL, Chapter 644, RSMo, and its implementing regulations at all times in the future.

18. By signing this Order, all signatories assert that they have read and understand the terms of this Order, that they had the opportunity to consult with counsel, and that they have the authority to sign this Order on behalf of their respective parties.

19. This Order shall be construed and enforced according to the laws of the State of Missouri, and the terms stated herein shall constitute the entire and exclusive agreement of the parties hereto with respect to the matters addressed herein. The terms of this Order supersede all previous memoranda of understanding, notes, conversations, and agreement whether expressed or implied. Any modifications of this Order shall be in writing. This Order may not be modified orally.

20. If any provision of this Order is found to be unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

21. Nothing in this Order excuses Respondent for any future non-compliance with the laws of the State of Missouri, and the Department expressly reserves the right to address future noncompliance in any manner authorized by law.

22. This Order will become final, effective, and fully enforceable upon the date the Department signs it. The Department shall send a fully executed copy of this Order to Respondent for their records.

#### **SUBMISSIONS**

23. Any other documentation submitted to the Department for compliance with this Order shall be submitted to:

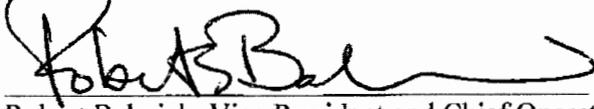
Ms. Erin Meyer Heidolph  
Department of Natural Resources  
Water Protection Program  
Compliance and Enforcement Section  
P.O. Box 176  
Jefferson City, Missouri 65102-0176

#### **NOTICE OF APPEAL RIGHTS**

By signing this Order, the Respondent consents to its terms and waives any right to appeal, seek judicial review, or otherwise challenge the terms and conditions of this Order pursuant to Sections 621.250, 644.056.3, 644.079.2, Chapter 536 RSMo, 644.145, RSMo, 10 CSR 20-1.020, 10 CSR 20-3.010, 10 CSR 20-6.020(5), the Missouri Constitution, or any other source of law.

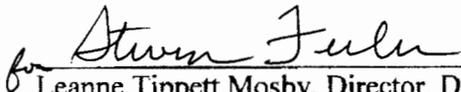
**SIGNATURE AUTHORITY**

Agreed to this 17<sup>th</sup> day of August, 2016



Robert Bahnick, Vice President and Chief Operations Officer  
Southern Star Central Gas Pipeline, Inc.

Agreed to this 25<sup>th</sup> day of August, 2016



Leanne Tippett Mosby, Director, Division of Environmental Quality  
Missouri Department of Natural Resources

- c: Mr. Mitchell Roberts, Director, Kansas City Regional Office  
Ms. Diane Huffman, Environmental Protection Agency  
Ms. Erin Meyer Heidolph, WPP Compliance and Enforcement Section  
Missouri Clean Water Commission  
Accounting Program