

Case at a Glance:***U.S. v. Nami Resources Company, LLC***

- Nami Resources Company, LLC, an oil and natural gas exploration and production company based out of London, Kentucky, pleaded guilty on October 15, 2009, to Federal charges of violating the Endangered Species Act (ESA) and Clean Water Act and was ordered to pay a fine of \$50,000.
- A Federal investigation conducted by special agents of the U.S. Fish and Wildlife Service and the Environmental Protection Agency, with significant support from the U.S. Attorney's Office for the Eastern District of Kentucky, linked the company's natural gas drilling operations in Knox County, Kentucky, with stream degradation and the death of federally protected fish.
- The investigation showed that subcontractors working for the company at four gas wells adjacent to Acorn Fork in May and June 2007 failed to dispose properly of drilling and "fracing" fluids used during the establishment of the wells.
- Fracing involves injecting a fluid into subsurface rock at pressures high enough to fracture the rock and facilitate gas recovery. In some cases, acid-based fluids are used for fracing; they not only fracture the rock but dissolve more rock within the newly formed fractures, increasing potential gas flow from the well.
- Fracing fluids used at the Nami wells were unlawfully discharged into the upper reaches of Acorn Fork, contaminating narrow streamflows with hydrochloric acid and other chemicals.
- The discharges killed virtually all aquatic wildlife in a significant portion of the fork, including fish and invertebrates.
- The U.S. Attorney's Office for the Eastern District of Kentucky filed Federal charges against the company under the ESA and Clean Water Act via an information in August 2009.
- The ESA charge was based on the recovery of two dead blackside dace from the fork immediately downstream from one of the gas wells. This small, minnow-like fish has been listed as threatened under Federal law since 1987.
- Investigators believe that additional blackside dace specimens were in all likelihood among the other fish killed by the contaminated water, which affected aquatic life throughout much of the fork.
- This investigation represents the first U.S. criminal case involving blackside dace; the fine assessed is the largest ever for a violation of the ESA in the State of Kentucky.

- Blackside dace are found primarily in the upper Cumberland River drainage in southeastern Kentucky and to a lesser extent in northeastern Tennessee. The fish are designated as threatened by wildlife authorities in both States as well as under Federal law.
- These small, less than 3-inch fish, which usually feed in schools of 5 to 10, are sensitive to changes in water quality and thus function as an indicator of a stream's environmental "health."
- They thrive best in silt-free streams in well-forested watersheds where tree cover helps keep water temperatures cool.
- The blackside dace was listed as a federally threatened species under the ESA due to population declines caused by habitat degradation.
- Threats included past coal mining practices that allowed unregulated acid mine drainage and stream impoundments as well as in-stream silt buildup linked to agriculture, logging, mining, and road construction.
- Believed to have once existed in as many as 90 streams, the species at the time of its ESA listing was known to occupy only about 14 stream miles spread over 30 streams.