

FILED

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION 6
DALLAS, TEXAS

22 MAY 17 AM 9:12

REGIONAL HEARING CLERK
EPA REGION VI

IN THE MATTER OF:

Diamond Offshore Drilling, Inc.

RESPONDENT

§
§
§
§
§
§
§
§
§

Consent Agreement and Final Order
USEPA Docket No. RCRA-06-2022-0931

CONSENT AGREEMENT AND FINAL ORDER

I. PRELIMINARY STATEMENT

1. This Consent Agreement and Final Order ("CAFO") is entered into by the United States Environmental Protection Agency, Region 6 ("EPA" or "Complainant") and Respondent, Diamond Offshore Drilling, Inc. ("Diamond Offshore") and concerns four vessels owned and operated by affiliates of Diamond Offshore (Diamond Offshore and its affiliates are collectively referred to as "Respondent") in the U.S. Gulf of Mexico on the Outer Continental Shelf of the United States.
2. Notice of this action has been given to the State of Texas, under Section 3008(a)(2) of the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. § 6928(a)(2)¹.

¹ On December 26, 1984, the State of Texas received final authorization for its base Hazardous Waste Management Program (49 FR 48300). Subsequent revisions have been made to the Texas Hazardous Waste Program and authorized by the EPA. Except as otherwise provided, all citations found within this order are to the "EPA-Approved Texas Statutory and Regulatory Requirements Applicable to the Hazardous Waste Management Program" dated December 2015, incorporated by reference under 40 C.F.R. § 272.2201(c)(1)(i) effective on April 10, 2020. 85 Fed. Reg. 20190 (April 10, 2020); 40 C.F.R. 272.2201: Texas State-Administered Program: Final Authorization. References and citations to the "EPA-Approved Texas Statutory and Regulatory Requirements Applicable to the

3. For the purpose of this CAFO, Respondent admits the jurisdictional allegations herein; however, Respondent neither admits nor denies the specific factual allegations and conclusions of law contained in this CAFO. This CAFO states a claim upon which relief may be granted.
4. Respondent waives any right to contest the allegations and its right to appeal the proposed final order contained in this CAFO and waives all defenses which have been raised or could have been raised to the claims in the CAFO.
5. The CAFO resolves those violations which are alleged herein. The CAFO is entered into as a result of EPA's Opportunity to Confer ("OTC") program which has as its main goal to bring parties into compliance.
6. Respondent consents to the issuance of this CAFO as the most appropriate means of settling this matter. EPA also agrees, per its letter to Respondent of October 26, 2021, to this means of settlement. Therefore, without the taking of any testimony and without any adjudication of issues of law or fact, Respondent agrees to the assessment and payment of the civil penalty in the amount and by the method set out in this CAFO, and consents to the compliance order in this CAFO.

II. JURISDICTION

7. This CAFO is issued by EPA pursuant to Section 3008(a) of RCRA, 42 U.S.C. § 6928(a), as amended by the Hazardous and Solid Waste Amendments of 1984 and is simultaneously commenced and concluded through the issuance of this CAFO under 40 Code of Federal Regulations (C.F.R.) §§ 22.13(b) and 22.18(b)(2) and (3).
8. Respondent agrees to undertake and complete all actions required by the terms and conditions of this CAFO. In any action by EPA or the United States to enforce the terms of this CAFO,

Hazardous Waste Management Program" may vary slightly from the State of Texas' published version. The corresponding C.F.R. citations are also provided.

Respondent agrees not to contest the authority or jurisdiction of EPA to issue or enforce this CAFO and agrees not to contest the validity of this CAFO or its terms or conditions.

III. FINDINGS OF FACT AND CONCLUSIONS OF LAW

9. Respondent is a corporation organized and existing pursuant to the laws of the State of Delaware and authorized to transact in the State of Texas.
10. Respondent is a "person" within the meaning of Section 1004(15) of RCRA, 42 U.S.C. § 6903(15), and 30 Texas Admin. Code § 3.2(25), [40 C.F.R. § 260.10].
11. During the calendar years 2019, 2020 and 2021, Respondent was the operator of the following vessels:

OCEAN BLACKHAWK (IMO. No. 9618898);
OCEAN BLACKLION (IMO. No. 9662631);
OCEAN BLACKHORNET (IMO No. 9618903); and
OCEAN BLACKRHINO (IMO No. 9629641).

Each of the above vessels is a drillship registered in the Republic of the Marshall Islands, and each vessel is classified with the American Bureau of Shipping.

12. During the calendar years 2019, 2020 and 2021, the drillships OCEAN BLACKHAWK, OCEAN BLACKLION and OCEAN BLACKHORNET engaged in activities in the U.S. Gulf of Mexico on the Outer Continental Shelf of the United States. During the course of those activities, each vessel engaged in the act or process of producing hazardous waste as defined in Section 1004 of RCRA, 42 U.S.C. § 6903(c).
13. During the calendar years 2019 and 2020, the drillship OCEAN BLACKRHINO engaged in activities in the U.S. Gulf of Mexico on the Outer Continental Shelf of the United States. During the course of those activities, the vessel engaged in the act or process of producing hazardous waste as defined in Section 1004 of RCRA, 42 U.S.C. § 6903(c).

Diamond Offshore Drilling, Inc.
RCRA-06-2022-0931

14. From December 2021 to February 2022, EPA conducted a RCRA record review of the Respondent's activities as a generator of hazardous waste.
15. EPA determined that Respondent generated, and offered for transport and treatment, hazardous wastes as defined in 30 Texas Admin. Code § 335.1(70), [40 C.F.R. §§ 261.21, 261.22, 261.24, and 261.33].
16. Based on its review, EPA determined that Respondent generated the hazardous waste streams in quantities that exceeded the threshold amount of 100 kilograms of non-acute hazardous waste in a month, corresponding to Small Quantity Generator status under 30 Texas Admin. Code, Chapter 335, Subchapter C, [40 C.F.R. Part 262], for the periods that such wastes remained onsite.
17. EPA determined that Respondent is a "generator" of "hazardous waste" as those terms are defined in 30 Texas Admin. Code §§ 335.1(66) & (70) [40 C.F.R. § 260.10].
18. EPA determined that, as a generator of hazardous waste, Respondent is subject to Sections 3002 and 3010 of RCRA, 42 U.S.C. §§ 6922 and 6930, and the regulations set forth in 30 Texas Admin. Code Chapter 335, Subchapter C, [40 C.F.R Part 262].

IV. ALLEGED VIOLATIONS

Claims 1. Notification Requirements

19. The allegations in Paragraphs 1-18 are re-alleged and incorporated herein by reference.
20. Pursuant to 30 Texas Admin. Code § 335.6(c), Section 3010(a) of RCRA, [42 U.S.C. § 6930(a)], any person generating a characteristic or listed hazardous waste shall file with EPA or the authorized state a notification stating the location and general description of such activity and the identified characteristic or listed hazardous waste handled by such person. No identified characteristic or listed hazardous waste subject to this subchapter may be transported, treated, stored, or disposed of unless notification has been given as required by Section 3010(a) of RCRA, 42 U.S.C. § 6930(a).

Diamond Offshore Drilling, Inc.
RCRA-06-2022-0931

21. Respondent did not file with the EPA or the State of Texas, an authorized state, an adequate and timely notification of its hazardous waste activities during calendar years 2019, 2020, and 2021 in violation of 30 Texas Admin. Code § 335.6(c), Section 3010(a) of RCRA [42 U.S.C. § 6930(a)].

V. COMPLIANCE ORDER

22. Pursuant to Section 3008(a) of RCRA, 42 U.S.C. § 6928(a), Respondent is hereby ordered to take the following actions, and within one year (365 calendar days) of the effective date of this CAFO, Respondent shall provide in writing the following:

- A. Respondent shall certify that it has assessed all its solid waste streams pertaining to its vessels operating in the U.S. Gulf of Mexico on the Outer Continental Shelf of the United States to determine accurate waste codes and has developed and implemented standard operating procedures ("SOPs") to ensure that Respondent is operating in compliance with RCRA and the regulations promulgated thereunder, including, but not limited to, procedures for: (a) making hazardous waste determinations; (b) managing hazardous wastes; (c) reporting, transporting, and disposing of hazardous waste; (d) preparing its manifests; and (e) meeting the requirements of the land disposal requirements. These are small quantity generator requirements set forth in 40 C.F.R. Part 262 and do not include any future RCRA requirement, interpretations, or amendments that may be applicable to vessels.
- B. Respondent shall certify that it has accurately and adequately complied with its RCRA Section 3010 notification for vessels operating in the U.S. Gulf of Mexico on the Outer Continental Shelf of the United States and within the prescribed time period; and
- C. Respondent shall provide, with its certification, a copy of Respondent's SOPs as described in subparagraph A above.

Diamond Offshore Drilling, Inc.
RCRA-06-2022-0931

23. In all instances in which this CAFO requires written submission to EPA, the submittal made by Respondent shall be signed by an owner or officer of the Respondent and shall include the following certification:

"I certify under the penalty of law that this document and all its attachments were prepared by me or under my direct supervision in accordance with a system designed to assure that qualified personnel properly gathered and evaluated the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations."

Copies of all documents required by this CAFO shall be sent to the following:

U.S. EPA, Region 6
1201 Elm Street, Suite 500
Enforcement and Compliance Assurance Division (ECDSR)
ATTN: Fred Deppe
Dallas, Texas 75270-2102

Where required, notice shall be sent electronically by email or telephone to Enforcement Officer Fred Deppe, respectively at deppe.fred@epa.gov or at 214-665-7591.

VI. TERMS OF SETTLEMENT

A. Penalty Provisions

24. Pursuant to the authority granted in Section 3008 of RCRA, 42 U.S.C. § 6928, and upon consideration of the entire record herein, including the above referenced Findings of Fact and Conclusions of Law, which are hereby adopted and made a part hereof, upon the seriousness of the alleged violations, and Respondent's good faith efforts to comply with the applicable regulations, it is ordered that Respondent be assessed a civil penalty of one hundred thousand, five hundred and eighty-four dollars (\$100,584) based on number of vessels, which is based upon a negotiated penalty amount for eleven (11) violations. Respondent operated three drillship vessels (OCEAN BLACKHAWK, OCEAN BLACKHORNET, and OCEAN BLACKLION) in the U.S.

Diamond Offshore Drilling, Inc.
RCRA-06-2022-0931

Gulf of Mexico on the Outer Continental Shelf of the United States for 2019, 2020 and 2021, and operated one vessel (OCEAN BLACKRHINO) there from 2019 and 2020.

25. The penalty shall be paid within sixty (60) calendar days of the effective date of this CAFO and made payable to the Treasurer United States.

26. The EPA web address, <https://www.epa.gov/financial/additional-instructions-making-payments-epa>, provides a list of options available for transmitting payment of penalties.

Options for payment include:

A. Electronic payments via Pay.gov. <https://www.pay.gov/public/form/start/11751879>

B. Remittance by Regular Mail, U.S. Postal Mail (including certified mail) or U.S. Postal Service Express Mail. The check should be remitted to:
U.S. Environmental Protection Agency
Fines and Penalties
Cincinnati Finance Center
P.O. Box 979077
St. Louis, Missouri 63197-9000

C. Overnight Mail (non-U.S. Postal Service), the check should be remitted to:

U.S. Bank
Government Lockbox 979077
U.S. EPA Fines and Penalties
1005 Convention Plaza
SL-MO-C2-GL
St. Louis, Missouri 63101
314-418-1028

D. Wire Transfer:
Federal Reserve Bank of New York
ABA: 021030004
Account No. 68010727
SWIFT address = FRNYUS33
33 Liberty Street
New York, NY 10045

i.

Diamond Offshore Drilling, Inc.
RCRA-06-2022-0931

The case name and docket number (**In the Matter of Diamond Offshore Drilling Inc., Docket No. RCRA-06-2022-0931**) shall be clearly documented on or within the chosen method of payment to ensure proper credit.

27. The Respondent shall send a simultaneous notice of such payment to the following:

Lorena S. Vaughn
Regional Hearing Clerk (ORC)
U.S. EPA, Region 6
1201 Elm Street, Suite 500
Dallas, Texas 75270-2102

U.S. EPA, Region 6
1201 Elm Street, Suite 500
Enforcement and Compliance Assurance Division (ECDSR)
ATTN: Fred Deppe
Dallas, Texas 75270-2102

Respondent's adherence to this request will ensure proper credit is given when penalties are received by EPA.

28. Pursuant to 31 U.S.C. § 3717 and 40 C.F.R. § 13.11, unless otherwise prohibited by law, EPA will assess interest and late payment penalties on outstanding debts owed to the United States and a charge to cover the cost of processing and handling a delinquent claim. Interest on the civil penalty assessed in this CAFO will begin to accrue on the effective date of the CAFO and will be recovered by EPA on any amount of the civil penalty that is not paid within sixty (60) calendar days of the civil penalty's due date and will be assessed at the rate of the United States Treasury tax and loan rate in accordance with 40 C.F.R. § 13.11(a).

29. Moreover, the costs of the Agency's administrative handling overdue debts will be charged and assessed monthly throughout the period the debt is overdue. 40 C.F.R. § 13.11(b). EPA will also assess a \$15.00 administrative handling charge for administrative costs on unpaid penalties for the sixty (60) day period after the payment is due and an additional \$15.00 for each subsequent sixty

(60) day period the penalty remains unpaid. In addition, a penalty charge of up to six percent (6%) per year will be assessed monthly on any portion of the debt which remains delinquent more than ninety (90) days. 40 C.F.R. § 13.11(b). Should a penalty charge on the debt be required, it shall accrue from the first day payment is delinquent. 31 C.F.R. § 901.9(d). Other penalties for failure to make a payment may also apply.

30. For purposes of the identification requirement in Section 162(f)(2)(A)(ii) of the Internal Revenue Code, 26 U.S.C. § 162(f)(2)(A)(ii), and 26 C.F.R. § 162-21(b)(2), performance of the Compliance Order and payment of the civil penalty are restitution, remediation, or required to come into compliance with the law.

B. Costs

31. Each party shall bear its own costs and attorney's fees. Furthermore, Respondent specifically waives its right to seek reimbursement of its costs and attorney's fees under the Equal Access to Justice Act (5 U.S.C. § 504), as amended by the Small Business Regulatory Enforcement Fairness Act (P.L. 04-121), and any regulations promulgated pursuant to those Acts.

C. Termination and Satisfaction

32. When Respondent believes that it has complied with all the requirements of this CAFO, including compliance with the Compliance Order and payment of the civil penalty, Respondent shall also certify this in writing and in accordance with the certification language set forth in Section V (Compliance Order). Unless the EPA, Region 6 objects in writing within sixty (60) days of EPA's receipt of Respondent's certification, then this CAFO is terminated on the basis of Respondent's certification.

D. Effective Date of Settlement

33. This CAFO shall become effective upon filing with the Regional Hearing Clerk.

Diamond Offshore Drilling, Inc.
RCRA-06-2022-0931

THE UNDERSIGNED PARTIES CONSENT TO THE ENTRY OF THIS CONSENT AGREEMENT AND FINAL ORDER:

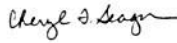
FOR THE RESPONDENT:

Date: 15 May 2022



Diamond Offshore Drilling, Inc.
on behalf of itself and its affiliates

FOR THE COMPLAINANT:



Digitally signed by
CHERYL SEAGER
Date: 2022.05.16
13:46:55 -05'00'

Cheryl T. Seager
Director
Enforcement and
Compliance Assurance Division
U. S. EPA, Region 6

Diamond Offshore Drilling, Inc.
RCRA-06-2022-0931

FINAL ORDER

Pursuant to the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties, 40 C.F.R. Part 22, the foregoing CAFO is hereby ratified. This Final Order shall not in any case affect the right of EPA or the United States to pursue appropriate injunctive or other equitable relief or criminal sanctions for any violations of law. This Final Order shall resolve only those causes of action alleged herein. Nothing in this Final Order shall be construed to waive, extinguish, or otherwise affect Respondent's (or its officers, agents, servants, employees, successors, or assigns) obligation to comply with all applicable federal, state, and local statutes and regulations, including the regulations that were the subject of this action. Respondent is ordered to comply with the terms of settlement and the civil penalty payment instructions as set forth in the CAFO. Pursuant to 40 C.F.R. § 22.31(b) this Final Order shall become effective upon filing with the Regional Hearing Clerk.

THOMAS
RUCKI

Digitally signed by THOMAS RUCKI
DN: cn=THOMAS RUCKI,
ou=Environmental Protection Agency,
o=U.S. Government,
c=US
Date: 2022.05.17 09:41:42 -0500

Thomas Rucki
Regional Judicial Officer

Diamond Offshore Drilling, Inc.
RCRA-06-2022-0931

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing Consent Agreement and Final Order was electronically delivered to the Regional Hearing Clerk, U.S. EPA - Region 6, 1201 Elm Street, Suite 500, Dallas, Texas 75270-2102, and that a true and correct copy was sent this day in the following manner to the email addresses:

Copy via Email to Complainant:
Lawrence Pittman
pittman.lawrence@epa.gov

Copy via Email to Respondent:
Mr. David Roland
roland@dodi.com

**LORI
JACKSON**
Ms. Lori Jackson
Paralegal

Digitally signed by LORI JACKSON
DN: c=US, o=U.S. Government,
ou=Environmental Protection Agency,
cn=LORI JACKSON,
0.9.2342.19200300.100.1.1=6800100365539
Date: 2022.05.17 12:01:59 -05'00'