



REGION 6
DALLAS, TX 75270

February 2, 2026

TRANSMITTED VIA E-MAIL

Reggie Howard
Joy Holdings, Ltd.
PO Box 27209
Houston, TX 77227-7209
rhoward@joyholdings.com

Re: Consent Agreement and Final Order
Docket No. **CWA-06-2023-4803**
Caddo County, Oklahoma

Dear Mr. Howard:

Enclosed for your records is a copy of the fully executed Consent Agreement and Final Order for the Spill Prevention, Control and Countermeasures (SPCC) plan violations found at the Stellar Drilling Fluids, LLC – Stellar Drilling Mud Plant in Caddo County, Oklahoma.

If you have any questions regarding this matter, please contact Enoch Johnbull at 214-665-3173 or Edwin Quinones at 214-665-8035.

Sincerely,

Jeanne Eckhart
Section Supervisor
Energy Sector Compliance Section
Water Enforcement Branch

Enclosure

REGION 6

IN THE MATTER OF

Stellar Drilling Fluids, LLC
Stellar Drilling Mud Plant
Caddo County, Oklahoma

Respondent.

CWA SECTION 311 CLASS I
CONSENT AGREEMENT
AND FINAL ORDER
UNDER 40 CFR § 22.13(b)

Docket No. CWA-06-2023-4803

LEGAL AUTHORITY

1. This Consent Agreement is proposed and entered into under the authority vested in the Administrator of the U.S. Environmental Protection Agency ("EPA") by Section 311(b)(6)(B)(i) of the Clean Water Act ("Act"), 33 U.S.C. § 1321(b)(6)(B)(i), as amended by the Oil Pollution Act of 1990, and under the authority provided by 40 CFR §§ 22.13(b) and 22.18(b)(2). The Administrator has delegated these authorities to the Regional Administrator of EPA, Region 6. Pursuant to the April 17, 2019, Region 6 Realignment: General Delegation Memo (General Delegation Memo), the Regional Administrator delegated these authorities to the successor Division Director or Office Director in accordance with the Region 6 2019 reorganization, to wit: the Enforcement and Compliance Assurance Division of EPA, Region 6. The General Delegation Memo has, in turn, further redelegated these authorities to the comparable official subordinate to the Enforcement and Compliance Assurance Division

Director, to wit: the Branch Chief, Water Enforcement Branch in Region 6.

CONSENT AGREEMENT

SPCC Stipulations

The parties, in their own capacity or by their attorneys or other authorized representatives, hereby stipulate:

2. Section 311(j)(1)(C) of the Act, 33 USC § 1321(j)(1)(C), provides that the President shall issue regulations "establishing procedures, methods, and equipment and other requirements for equipment to prevent discharges of oil from onshore or offshore vessels and from onshore or offshore facilities, and to contain such discharges...."

3. Initially by Executive Order 11548 (July 20, 1970), 35 Fed. Reg. 11677 (July 22, 1970), and most recently by Section 2(b)(1) of Executive Order 12777 (October 18, 1991), 56 Fed. Reg. 54757 (October 22, 1991), the President delegated to EPA his Section 311(j)(1)(C) authority to issue the regulations referenced in the preceding Paragraph for non-transportation-related onshore facilities.

4. EPA subsequently promulgated the Spill Prevention Control & Countermeasure (SPCC) regulations pursuant to delegated statutory authorities, and pursuant to its authorities under the Clean Water Act, 33 USC § 1251 et seq., which established certain procedures, methods and other requirements upon each owner and operator of a non-transportation-related onshore or off-shore facility, if such facility, due to its location, could reasonably be expected to discharge oil into or upon the navigable waters of the United States and their adjoining shorelines in such quantity as EPA has determined in 40 CFR § 110.3 may be harmful

to the public health or welfare or the environment of the United States (“harmful quantity”).

5. In promulgating 40 CFR § 110.3, which implements Section 311(b)(4) of the Act, 33 USC § 1321(b)(4), EPA has determined that discharges of harmful quantities include oil discharges that cause either (1) a violation of applicable water quality standards or (2) a film, sheen upon, or discoloration of the surface of the water or adjoining shorelines, or (3) a sludge or emulsion to be deposited beneath the surface of the water or upon adjoining shorelines.

6. Respondent is a firm conducting business in the State of Oklahoma, with a place of business located at 705 US Highway 277, Cyril, OK 73029, and is a person within the meaning of Sections 311(a)(7) and 502(5) of the Act, 33 USC. §§ 1321(a)(7) and 1362(5), and 40 CFR § 112.2.

7. Respondent is the owner within the meaning of Section 311(a)(6) of the Act, 33 USC § 1321(a)(6), and 40 CFR § 112.2 of a drilling fluid/mud, diesel fuel, brine/oil and waste oil storage facility, located in Caddo County (“the facility”). The approximate coordinates of the facility are 34.886073° N and -98.206429° W. Drainage from the facility drains West and South into a tributary, thence South to Little Washita River.

8. The facility has an aggregate above-ground storage capacity greater than 1320 gallons of oil in containers each with a shell capacity of at least 55 gallons. Facility capacity is approximately 723,450 gallons.

9. Little Washita River is a navigable water of the United States within the meaning of 40 CFR § 112.2.

10. Respondent is engaged in the operation of a drilling fluids mixing plant that uses

or consumes oil.

11. The facility is therefore a non-transportation-related onshore facility which, due to its location, could reasonably be expected to discharge oil to a navigable water of the United States or its adjoining shorelines in a harmful quantity ("an SPCC-regulated facility").

12. Pursuant to Section 311(j)(1)(C) of the Act, E.O. 12777, and 40 CFR § 112.1 Respondent, as the owner of an SPCC-regulated facility, is subject to the SPCC regulations.

SPCC Allegations

13. Paragraphs 6 through 12 above are re-stipulated as though fully set forth herein.

14. 40 CFR § 112.3 requires that the owner or operator of an SPCC-regulated facility must prepare a SPCC plan in writing and implement that plan in accordance with 40 CFR § 112.7 and any other applicable section of 40 CFR Part 112.

15. On September 14, 2022, EPA inspected the facility and found that Respondent had failed to update and implement an updated SPCC plan for the facility as follows:

- a. Respondent failed to implement adequate drainage and secondary containment for multiple undiked areas of the facility, in violation of 40 CFR § 112.8(b)(3) & (4). Specifically, at the time of the inspection, the facility lacked containment for the multiple drilling mud totes and drums stored outdoors.
- b. The inspection documented the presence of a large tree growing in the northeast corner of the containment dike in violation of 40 CFR § 112.8(c)(2). Vegetation of this nature can compromise the structural integrity of the dike, thereby impairing its ability to contain a discharge.
- c. Respondent failed to promptly correct visible discharges at the facility which resulted in a loss of oil from the containers and other pertinent parts (seams, gaskets piping, pumps, valves, rivets, and bolts) as required in 40 CFR § 112.8(c)(10). Specifically, diked areas were not promptly drained as required, and visible standing water with loose oil was observed at the drilling mud tank battery pad during the inspection.

16. Paragraphs 6 through 15 allege a violation of 40 C.F.R. § 112.3.

Waiver of Rights

17. Respondent and EPA have each independently determined that it is in their respective best interests to settle the issues in this Final Order and to avoid the time, expense, inconvenience and/or uncertainty of continued litigation; and are entering into this Consent Agreement and Final Order only in order to avoid further trouble, litigation, and expense, and to avoid disruption and further business inconvenience and interruption. Neither Party is admitting liability or damage as a result of the alleged acts or omissions that form the basis of the Consent Agreement and Final Order. Neither the execution of this Consent Agreement and Final Order nor anything contained herein shall be construed in any way as an acknowledgment of the correctness of any factual allegation made by a Party in any pleading in the Consent Agreement and Final Order or as an admission of liability by any Party, all such liability being expressly denied. Respondent agrees to the jurisdictional authority to issue and enter into this Consent Agreement and Final Order. Respondent waives the right to a hearing under Section 311(b)(6)(B)(i) of the Act, 33 U.S.C. § 1321(b)(6)(B)(i), and to appeal any Final Order in this matter under Section 311(b)(6)(G)(i) of the Act, 33 U.S.C. §1321(b)(6)(G)(i), and consents to the issuance of a Final Order without further adjudication.

Penalty

18. The Complainant proposes, and Respondent consents to, the assessment of a civil penalty of **\$23,800.00**.

Payment Terms

Based on the forgoing, the parties, in their own capacity or by their attorneys or authorized representatives, hereby agree that:

19. The Respondent shall submit this Consent Agreement and Final Order, with original signature, via electronic mail to:

Energy Sector Compliance Section
U. S. Environmental Protection Agency
Region 6 (6ECD-WE)
1201 Elm Street
Dallas, TX 75270-2102
johnbull.enoch@epa.gov

20. Within thirty (30) days of the effective date of the Final Order, the Respondent shall pay the amount of **\$23,800.00** to settle the violations as alleged in the CAFO.

21. Respondent shall pay the Assessed Penalty and any interest, fees, and other charges due using any method, or combination of appropriate methods, as provided on the EPA website: <https://www.epa.gov/financial/makepayment>. For additional instructions see: <https://www.epa.gov/financial/additional-instructions-making-payments-epa>. However, for any payments made after September 30, 2025, and in accordance with the March 25, 2025 Executive Order on Modernizing Payments To and From America's Bank Account, Respondent shall pay using one of the electronic payments methods listed on EPA's How to Make a Payment website and will not pay with a paper check.

22. When making a payment, Respondent shall:

- a. Identify every payment with "OSTLF-311" and the docket number of this Agreement, Docket No CWA-06-2023-4803,
- b. Concurrently with any payment or within 24 hours of any payment, Respondent

shall also serve, via electronic mail, proof of such payment to the following person(s):

Lorena Vaughn
Regional Hearing Clerk (ORCD)
U.S. EPA, Region 6
1201 Elm Street, Suite 500
Dallas, TX 75270-2102
vaughn.lorena@epa.gov

Energy Sector Compliance Section
U. S. Environmental Protection Agency
Region 6 (6ECD-WE)
1201 Elm Street
Dallas, TX 75270-2102
johnbull.enoch@epa.gov

and

U.S. Environmental Protection Agency
Cincinnati Finance Center
CINWD_AcctsReceivable@epa.gov

23. Failure by the Respondent to pay the penalty assessed by the Final Order in full by its due date may subject Respondent to a civil action to collect the assessed penalty, plus interest, attorney's fees, costs and an additional quarterly nonpayment penalty pursuant to Section 311(b)(6)(H) of the Act, 33 USC §1321(b)(6)(H) and in accordance with 40 C.F.R. Part 13. In any such collection action, the validity, amount and appropriateness of the penalty agreed to herein shall not be subject to review.

24. Tax Treatment of Penalties. Penalties, interest, and other charges paid pursuant to this Agreement shall not be deductible for purposes of federal taxes.

General Provisions

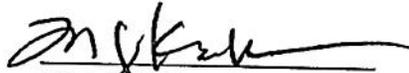
The Final Order shall be binding upon Respondent and Respondent's officers, directors, agents,

servants, employees, and successors or assigns.

25. The Final Order does not constitute a waiver, suspension or modification of the requirements of Section 311 of the Act, 33 USC §1321, or any regulations promulgated thereunder, and does not affect the right of the Administrator or the United States to pursue any applicable injunctive or other equitable relief or criminal sanctions for any violation of law. Payment of the penalty pursuant to this Consent Agreement resolves only Respondent's liability for federal civil penalties for the violations and facts stipulated to and alleged herein.

Stellar Drilling Fluids, LLC

Date: 1/29/2024



Michael J. Karonka
President
Stellar Drilling Fluids, LLC

U.S. ENVIRONMENTAL PROTECTION AGENCY

Date: 2/02/2026



Digitally signed by BRYANT
SMALLEY
Date: 2026.02.02 07:12:46 -06'00'

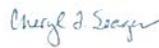
Bryant Smalley
Chief
Water Enforcement Branch

FINAL ORDER

Pursuant to Section 311(b)(6) of the Act, 33 USC §1321(b)(6) and the delegated authority of the undersigned, and 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," codified at 40 CFR Part 22, the forgoing Consent Agreement is hereby approved and incorporated by reference into this Final Order, and the Stipulations by the parties and Allegations by the Complainant are adopted as Findings in this Final Order.

The Respondent is ordered to comply with the terms of the Consent Agreement.

Date: _____



Digitally signed by
CHERYL SEAGER
Date: 2026.02.02
13:01:55 -06'00'

Cheryl T Seager, Director
Enforcement and
Compliance Assurance Division

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Consent Agreement and Final Order was filed with 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 on this day in the following manner to the email address:

Copy via Email to Respondent – Delivery Receipt Requested

Reggie Howard
rhoward@joyholdings.com
Joy Holdings, Ltd.
PO Box 27209
Houston, TX 77227-7209

Edwin Quinones

Edwin Quinones
Senior Assistant Regional Counsel
Office of Regional Counsel
US EPA Region 6