



REGION 8

DENVER, CO 80202

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Sep 16, 2026

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**U.S. EPA REGION 8
HEARING CLERK**

In the Matter of:

CHS INC.
5500 Cenex Drive
Inner Grove Heights, Minnesota 55077

Respondent.

Docket No. CAA-08-2026-0009

CONSENT AGREEMENT

I. INTRODUCTION

1. This is an administrative penalty assessment proceeding pursuant to sections 22.13(b) and 22.18(b)(2) and (3) of the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties and the Revocation/Termination or Suspension of Permits (Consolidated Rules of Practice), as codified at 40 C.F.R. part 22.
2. Complainant, the authorized representative of the U.S. Environmental Protection Agency, and Respondent, CHS Inc., having agreed settlement of this action is in the public interest, consents to the entry of this consent agreement (Agreement) without adjudication of any issues of law or fact herein, and Respondent agrees to comply with the terms of this Agreement.
3. This proceeding is subject to the Consolidated Rules of Practice, under which a proceeding may be simultaneously commenced and concluded by a final order from a Regional Judicial Officer or Regional Administrator ratifying a consent agreement. 40 C.F.R. §§ 22.13(b), 22.18(b), 22.4(b).

II. JURISDICTION

4. This Agreement is entered into under the authority vested in the Administrator of EPA by section 113(d) of the Clean Air Act (CAA or the Act), 42 U.S.C. § 7413(d). The undersigned EPA official has been duly authorized to institute this action as the Complainant.
5. The EPA and the United States Department of Justice jointly determined that this matter, although it involves alleged violations that occurred more than one year

before the initiation of this proceeding, is appropriate for administrative penalty assessment. 42 U.S.C. § 7413(d), 40 C.F.R § 19.4.

III. GOVERNING LAW

6. The Administrator is authorized to promulgate regulations regarding the prevention and detection of accidental releases of certain regulated substances under section 112(r)(7) of the CAA, 42 U.S.C. § 7412(r)(7). The Administrator is required to promulgate regulations requiring the owners of stationary sources where a regulated substance is present above a threshold quantity to prepare a risk management plan (RMP) to prevent or minimize risks of accidental releases of those regulated substances under section 112(r)(7)(B) of the CAA, 42 U.S.C. § 7412(r)(7)(B). The regulations, promulgated by EPA pursuant to section 112(r)(7) of the CAA, 42 U.S.C. § 7412(r)(7), are set forth in 40 C.F.R. part 68.
7. 40 C.F.R. § 68.3 defines the term “Stationary Source” to mean “any buildings, structures, equipment, installations, or substance emitting stationary activities which belong to the same industrial group, which are located on one or more contiguous properties, which are under the control of the same person (or persons under common control) and from which an accidental release may occur.”
8. 40 C.F.R. § 68.3 defines the term “Regulated substance” to mean “any substance listed pursuant to section 112(r)(3) of the [CAA] as amended, in § 68.130.” Threshold quantities for the regulated substances are included in 40 C.F.R. § 68.130.
9. Section 302(e) of the CAA, 42 U.S.C. § 7602(e), defines the term “person” to include in relevant part, an individual, corporation, partnership, or association.
10. The regulations at 40 C.F.R. § 68.10 set forth how the Chemical Accident Prevention Provisions of 40 C.F.R. part 68 apply to each program level of covered processes. Pursuant to 40 C.F.R. § 68.10(l), a covered process is subject to Program 3 requirements if the process does not meet the requirements of 40 C.F.R. § 68.10(g), and if it is in a specified North American Industrial Classification System (NAICS) code or is subject to the Occupational Safety and Health Administration (OSHA) process safety management standard at 29 C.F.R. § 1910.119.

IV. RESPONDENT

11. Respondent is a Minnesota corporation authorized to do business in the state of Montana.
12. Respondent is a “person” for purposes of section 302(e) of the CAA, 42 U.S.C. § 7602(e).
13. Respondent is the owner and operator of a refinery, a stationary source, located at 803 Highway 212 South Laurel, Montana 59044 (the Facility).

V. ALLEGED FACTS

14. From September 12–16, 2022, authorized representatives of the EPA conducted an inspection of the Facility to assess compliance with section 112(r)(7) of the CAA, 42 U.S.C. § 7412(r)(7), and 40 C.F.R. part 68.
15. During that inspection, the EPA representatives observed alleged violations of section 112(r)(7) of the CAA, 42 U.S.C. § 7412(r)(7), and 40 C.F.R. part 68. The alleged violations identified by authorized representatives of the EPA during the inspection are described in section VI of this Agreement, below.
16. Respondent is, and at times referred to herein was, the owner and operator of a “stationary source,” as the term is defined in section 112(r)(2)(C) of the CAA, 42 U.S.C. § 7412(r)(2)(C), and 40 C.F.R. § 68.3.
17. The Facility uses, handles, and/or stores more than a threshold quantity of substances, including flammable mixtures, propane, butane, isobutane, and hydrofluoric acid, which are regulated substances, as specified at 40 C.F.R. §§ 68.115 and 68.130.
18. Pursuant to section 112(r)(7) of the CAA, 42 U.S.C. § 7412(r)(7), Respondent is required to prepare and implement a risk management program to detect and prevent or minimize accidental release of the substances identified in paragraph 17, above.
19. The Facility is subject to the RMP Regulations applicable to “Program 3” facilities within the meaning of 40 C.F.R. §§ 68.10(d) and 68.12(d).
20. In addition to the general requirements of 40 C.F.R. part 68, 40 C.F.R. § 68.12(d)(3) requires owners and operators of stationary sources with a process subject to Program 3 to implement the Program 3 prevention requirements of 40 C.F.R. §§ 68.65–68.87.

VI. ALLEGED VIOLATIONS OF LAW

21. 40 C.F.R. § 68.10(a) requires that except as provided in paragraphs (b) through (f) of this section, an owner or operator of a stationary source that has more than a threshold quantity of a regulated substance in a process, as determined under § 68.115, shall comply with the requirements of this part. Respondent did not include their entire flare system as part of an RMP covered process. A process flow diagram for the flare system identified connections and collocation to other RMP covered processes and the ability to contain regulated substances. The flare was observed to be operating at the time of the inspection. Respondent’s failure to include its flare system as part of an RMP covered process is a violation of 40 C.F.R. § 68.10(a).
22. 40 C.F.R. § 68.36(a) requires that the offsite consequence analysis be reviewed and updated at least once every five years. The flammables worst-case release scenario documentation that was provided included the original calculations based off of

chemical quantities from 1996 to 1998, which were different than the current maximum intended inventory calculations provided. Additionally, the flammables worst-case release scenario map indicated that it was last revised in 1969. Respondent's failure to update the RMP is a violation of 40 C.F.R. § 68.36(a).

23. 40 C.F.R. § 68.65(d)(1)(ii) requires that Respondent complete a compilation of written process safety information (PSI) before conducting any process hazard analysis (PHA) required by the rule, including piping and instrumentation diagrams (P&IDs) pertaining to the equipment in the process. Respondent's P&IDs were inconsistent between the drawings and in the field for the sample of equipment inspected, including a valve off of the acid transfer pump and a flange on the top of the HF rapid dump vessel. Respondent's failure to maintain current process safety information, including accurate P&IDs, is a violation of 40 C.F.R. § 68.65(d)(1)(ii).
24. 40 C.F.R. § 68.65(d)(2) requires that the owner or operator document that equipment complies with recognized and generally accepted good engineering practices. Respondent would not have been able to document that equipment in the process complied with recognized and generally accepted good engineering practices due to the lack of visible unique pipe labeling. Specifically, the Facility lacked visible unique pipe labeling in the pipe rack going to the Rapid Dump System within the alkylation unit and between the hydrofluoric acid lines and the other lines going to Butane sphere 97 which contain flammable mixtures. Additionally, that same pipe rack is not included in the highlighted HF designated areas in the HF training video presented to the EPA inspectors and other individuals who enter the facility. The recommended industry practice and standard of care is to label all system pipes. *See, e.g.,* American National Standards Institute/American Society of Mechanical Engineers Standard A13.1: Scheme for the Identification of Piping Systems. Respondent's inability to have been able to document that equipment in the process complied with recognized and generally accepted good engineering practices is a violation of 40 C.F.R. § 68.65(d)(2).
25. 40 C.F.R. § 68.67(c)(3) requires that the PHA addresses the interrelationship between the applicable hazards and engineering and/or administrative controls. At the time of the inspection, Respondent's two most recent PHAs for the saturate liquids, HF alkylation, and butamer units had instances where non-specific "[t]ypical causes of loss of containment" for hazard identification were used, which included over 40 causes of "loss of containment" and which were overly broad. The generic statement used in the PHA does not identify a specific hazard; and, therefore, no actual safeguard can be tied to the hazard and its interrelationships evaluated for risk reduction or mitigation. Additionally, these PHAs also identified many safeguards as "[g]eneric safeguards preventing or mitigating process material releases" but they did not specify which of the general safeguards were being evaluated. Respondent's failure to identify and evaluate the interrelationship between the identified hazards and the associated engineering and/or administrative controls is a violation of 40 C.F.R. § 68.67(c)(3).

26. 40 C.F.R. § 68.67(c)(7) requires that the PHA addresses a qualitative evaluation of a range of the possible safety and health effects of failure of controls. At the time of the inspection, Respondent's two most recent PHAs for the saturate liquids, HF alkylation, and butamer units included a qualitative risk evaluation matrix, but not all the hazards identified in the PHAs were risk-ranked. This process would not allow the facility to assess and determine that the identified safeguards were appropriate in function and number to meet an established minimum risk standard. Respondent's failure to address a qualitative evaluation of a range of the possible safety and health effects of failure of controls in its PHA is a violation of 40 C.F.R. § 68.67(c)(7).
27. 40 C.F.R. § 68.79(d) requires that the owner or operator promptly determine and document an appropriate response to each of the findings of the compliance audit and document that deficiencies have been corrected. For the 2021 compliance audit, PSM/RMP MI-1 Action Item was incorrectly marked as complete on September 6, 2022. At the time of the inspection, the action item still had not been completed. Respondent's failure to promptly determine and document an appropriate response to each of the findings of the compliance audit and document that deficiencies have been corrected is a violation of 40 C.F.R. § 68.79(d).
28. 40 C.F.R. § 68.85(b) requires that the permit documents that the fire prevention and protection requirements in 29 C.F.R. § 1910.252(a) have been implemented prior to beginning the hot work operations, and it shall indicate the date(s) authorized for hot work and identify the object on which hot work is to be performed. The permit identifies the fire prevention and protection requirements but does not document that they have been implemented prior to issuing the permit, which allows the hot work to begin. Respondent's failure to document on its hot work permit that the fire prevention and protection requirements in 29 C.F.R. § 1910.252(a) had been implemented prior to beginning the hot work operations is a violation of 40 C.F.R. § 68.85(b).
29. 40 C.F.R. § 68.195(a) requires that the owner or operator of a stationary source for which a RMP was submitted shall correct the RMP as follows: New accident history information - For any accidental release meeting the five-year accident history reporting criteria of § 68.42 and occurring after April 9, 2004, the owner or operator shall submit the data required under §§ 68.168, 68.170(j), and 68.175(l) with respect to that accident within six months of the release or by the time the RMP is updated under § 68.190, whichever is earlier. The facility submitted, for the first time, the two following accidental releases meeting the five-year accident history reporting criteria as part of their RMP re-submission on January 13, 2023; the submission exceeded six months from the time of both the releases: A February 23, 2018, release of hydrogen that led to an employee or contractor injury and \$50,000 of on-site property damage; and a January 31, 2022 release of flammable mixture that also led to an employee or contractor injury. Respondent's failure to correct the RMP with new accident history after releases described above is a violation of 40 C.F.R. § 68.195(a).

VII. TERMS OF CONSENT AGREEMENT

30. For this proceeding, Respondent:
- a. admits the jurisdictional allegations in section II of this Agreement;
 - b. neither admits nor denies the factual allegations stated in sections V and VI of this Agreement;
 - c. consents to the assessment of a civil penalty as stated below;
 - d. consents to any conditions specified in this Agreement;
 - e. acknowledges this Agreement constitutes an enforcement action for purposes of considering Respondent's compliance history in any subsequent enforcement actions;
 - f. waives any right to contest the alleged violations of law set forth in section VI of this Agreement;
 - g. waives any right to appeal the final order accompanying this Agreement; and
 - h. waives any rights or defenses that Respondent has or may have for this matter to be resolved in federal court, including but not limited to any right to a jury trial, and waives any right to challenge the lawfulness of the final order accompanying this Agreement.

VIII. CIVIL PENALTY.

31. Section 113(d)(1)(B) of the CAA, 42 U.S.C. § 7413(d)(1)(B), and 40 C.F.R part 19 authorizes EPA to assess a civil penalty in this matter.
32. Pursuant to section 113(e) of the CAA, 42 U.S.C. § 7413(e), the EPA is required to consider, in addition to such other factors as justice may require, to the extent known, the size of Respondent's business, the economic impact of the penalty on the business, the Respondent's full compliance history and good faith efforts to comply, the duration of the violations as established by any credible evidence, payment by the Respondent of penalties previously assessed for the same violation, the economic benefit of non-compliance, and the seriousness of the violations.
33. Based on the Alleged Violations of Law, and after consideration of the statutory factors in paragraph 32 above, EPA has determined a civil penalty of \$ 240,000 is appropriate to settle this matter.
34. Respondent agrees to pay a civil penalty of \$ 240,000 (Penalty) within 30 calendar days after the Effective Date.
35. Respondent must pay the Penalty and any interest, fees, or other charges due using any method, or combination of appropriate method, as provided on the website:

<https://www.epa.gov/financial/makepayment>. For additional instructions see: <https://www.epa.gov/financial/additional-instructions-making-payments-epa>.

36. When making a payment, Respondent must:
- a. identify each and every payment with Respondent's name and the docket number that appears on the final order; and
 - b. Respondent must send proof of payment to the Regional Hearing Clerk at r8_hearing_clerk@epa.gov, Jeremy Deyoe at deyoe.jeremy@epa.gov, and EPA Cincinnati Finance Center at CINWD_AcctsReceivable@epa.gov within 24 hours of payment of the EPA Penalty.
 - c. "Proof of payment" means confirmation of credit card or debit card payment, confirmation of wire or automated clearinghouse transfer, and any other information required to demonstrate payment has been made according to the EPA requirements, in the amount due, and identified with the docket number and Respondent's name.
37. **Interest, Charges, and Penalties on Late Payments.** Pursuant to 31 U.S.C. § 3717, 31 C.F.R. § 901.9, and 40 C.F.R. § 13.11, if Respondent fails to timely pay the full amount of the Penalty per this Agreement, EPA is authorized to recover, in addition to the amount of the unpaid Penalty, the following amounts:
- a. **Interest.** Interest begins to accrue from the Effective Date. If the Penalty is paid in full within 30 days, interest accrued is waived. If the Penalty is not paid in full within 30 days, interest will continue to accrue until any unpaid portion of the Penalty as well as any interest, penalties, and other charges are paid in full. To protect the interests of the United States the rate of interest is set at the Internal Revenue Service (IRS) standard underpayment rate, any lower rate would fail to provide Respondent adequate incentive for timely payment.
 - b. **Handling Charges.** Respondent will be assessed monthly a charge to cover EPA's costs of processing and handling overdue debts. If Respondent fails to pay the Penalty in accordance with this Agreement, EPA will assess a charge to cover the costs of handling any unpaid amounts for the first 30-day period after the Effective Date. Additional handling charges will be assessed every 30 days, or any portion thereof, until the unpaid portion of the Penalty as well as any accrued interest, penalties, and other charges are paid in full.
 - c. **Late Payment Penalty.** A late payment penalty of six percent per annum will be assessed monthly on all debts, including any unpaid portion of the Penalty, interest, penalties, and other charges, that remain delinquent more than 90 days. Any such amounts will accrue from the Effective Date.
38. **Late Penalty Actions.** In addition to the amounts described in the prior paragraph, if Respondent fails to timely pay any portion of the Penalty, interest, or

other charges and penalties per this Agreement, EPA may take additional actions. Such actions EPA may take include, but are not limited to, the following:

- a. Refer the debt to a collection agency or a credit reporting agency. 40 C.F.R. §§ 13.13 and 13.14.
- b. Collect the debt by administrative offset (i.e., the withholding of money payable by the United States government to, or held by the United States government for, a person to satisfy the debt the person owes the United States government), which includes, but is not limited to, referral to the IRS for offset against income tax refunds. 40 C.F.R. part 13, subparts C and H.
- c. Suspend or revoke Respondent's licenses or other privileges, or suspend or disqualify Respondent from doing business with EPA or engaging in programs EPA sponsors or funds. 40 C.F.R. § 13.17.
- d. Refer this matter to the United States Department of Justice for litigation and collection. 40 C.F.R. § 13.33.

39. **Allocation of Payments.** A partial payment of debt will be applied first to outstanding handling charges, second to late penalty charges, third to accrued interest, and last to the principal that is the outstanding Penalty amount. 31 C.F.R. § 901.9(f) and 40 C.F.R. § 13.11(d),
40. **Tax Treatment of Penalties.** Penalties, interest, and other charges paid pursuant to this Agreement are not deductible for purposes of federal taxes.
41. Upon incorporation into a final order this Agreement applies to and is binding upon the parties, and Respondent's officers, directors, members, employees, agents, successors, and assigns. Any change in ownership or business organization of Respondent, including but not limited to any transfer of assets or real or personal property, will not alter Respondent's responsibilities under this Agreement.

IX. CONDITIONS OF SETTLEMENT

42. **Compliance Measures:** Respondent agrees to establish and implement a pipe labeling scheme that meets the minimum requirements set forth in Respondent's Pipe Labeling Policy, SFT-SM-41.27 (July 2026). The scheme will ensure that workers in the refinery can identify piping and other equipment to correct the violations cited above in paragraph 24. Within one year of the Effective Date of this Agreement, Respondent shall submit to EPA written certification of compliance with the required action (accompanied by a copy of appropriate supporting documentation).
43. **Certification:**
 - a. Respondent must submit its certification of compliance with the required action described in paragraph 42, above, in writing to Jeremy Deyoe at deyoe.jeremy@epa.gov.

- b. All documents submitted to EPA in the course of implementing this Agreement shall be available to the public unless identified as confidential by Respondent pursuant to 40 C.F.R. Part 2 Subpart B, and determined by EPA to merit treatment as confidential business information in accordance with applicable law.

X. TAX IDENTIFICATION AND TAX REPORTING

- 44. **Tax Identification.** 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. § 1.162-21(b)(2), performance of any conditions of this Agreement and any payment of the Penalty, plus any interest if applicable, are restitution, remediation, or required to come into compliance with the law.
- 45. **Tax Reporting.** EPA is required to annually send to the IRS a completed IRS Form 1098-F (“Fines, Penalties, and Other Amounts”) with respect to any court order or settlement agreement (including administrative settlements) that require a payor to pay an aggregate amount that EPA reasonably believes will be equal to, or in excess of, \$50,000 for the payor’s violation of any law or the investigation or inquiry into the payor’s potential violation of any law, including amounts paid for “restitution or remediation of property” or to come “into compliance with a law.” 26 U.S.C. § 6050X and 26 C.F.R. § 1.6050X-1. EPA is required to furnish a written statement, which provides the same information provided to the IRS, to each payor (i.e., a copy of IRS Form 1098-F). Respondent’s failure to comply with providing IRS Form W-9 or Tax Identification Number (TIN), as described below, may subject Respondent to a penalty. 26 U.S.C. § 6723, 26 U.S.C. § 6724(d)(3), and 26 C.F.R. § 301.6723-1. To provide EPA with sufficient information to enable it to fulfill these obligations, Respondent must complete the following actions as applicable.
 - a. Respondent must complete an IRS Form W-9 (“Request for Taxpayer Identification Number and Certification”), which is available at <https://www.irs.gov/pub/irs-pdf/fw9.pdf>.
 - b. Respondent must therein certify that its completed IRS Form W-9 includes Respondent’s correct TIN or that Respondent has applied and is waiting for issuance of a TIN.
 - c. Respondent must email its completed Form W-9 to EPA’s Cincinnati Finance Division at chalifoux.jessica@epa.gov on or before the date that Respondent’s Penalty payment is due, pursuant to paragraph 34 of the Agreement or within 7 days of the Effective Date should the order become effective between December 15 and December 31 of the calendar year. EPA recommends encrypting IRS Form W-9 email correspondence.
 - d. In the event that Respondent has certified in its completed IRS Form W-9 that it does not yet have a TIN but has applied for a TIN, Respondent must provide EPA’s Cincinnati Finance Division with Respondent’s TIN, via email, within 5 days of Respondent’s receipt of a TIN issued by the IRS.

XI. EFFECT OF CONSENT AGREEMENT AND FINAL ORDER

46. Completion of the terms of this Agreement resolves only Respondent's liability under section 113(d) of the CAA, 42 U.S.C. § 7413(d), for federal civil penalties for the violations alleged above. 40 C.F.R. § 22.18(c).
47. By signing this Agreement, Respondent acknowledges this Agreement will be available to the public and agrees this Agreement does not contain any confidential business information or personally identifiable information.
48. The undersigned representative of Respondent certifies they are fully authorized to execute and enter into the terms and conditions of this Agreement and has the legal capacity to bind the party they represent to this Agreement.
49. The parties agree this Agreement may be signed in any number of counterparts, each of which will be deemed an original and, when taken together, constitute one agreement; the counterparts are binding on the parties individually as fully and completely as if the parties had signed one single instrument, so that the rights and liabilities of the parties will be unaffected by the failure of any of the undersigned to execute any or all of the counterparts; any signature page and any copy of a signed signature page may be detached from any counterpart and attached to any other counterpart of this Agreement and any signature page with digital certificates for signatures may be transmitted electronically (e.g., a PDF file).
50. By signing this Agreement, both parties agree each party's obligations under this Agreement constitute sufficient consideration for the other party's obligations.
51. By signing this Agreement, Respondent certifies that to the best of its knowledge the information it has supplied concerning this matter was at the time of submission true, accurate, and complete for each such submission, response, and statement. Respondent acknowledges there are significant penalties for submitting false or misleading information, including the possibility of fines and imprisonment for knowing submission of such information, under 18 U.S.C. § 1001.
52. By signing this Agreement, Respondent certifies that the alleged violations listed in the Agreement, except for those listed in paragraph 24, have been corrected, and Respondent has submitted true and accurate documentation of such correction.
53. Each party bears its own attorneys' fees, costs, and disbursements incurred in this proceeding.
54. This Agreement constitutes the entire agreement and understanding of the parties and supersedes any prior agreements or understandings, whether written or oral, among the parties with respect to the subject matter hereof.
55. EPA reserves its legal and equitable rights if EPA finds that any information provided by Respondent was materially false or inaccurate at the time the information was provided to EPA.

56. This Agreement does not relieve Respondent of the duty to comply with all applicable provisions of the CAA and other federal, state, tribal, or local laws, restrict EPA's authority to seek compliance with any applicable laws or regulations, or be construed to be a ruling on, or determination of, any issue related to any federal, state, tribal, or local permit.
57. This agreement does not limit EPA's power to undertake any action against Respondent or any person in response to conditions that may present an imminent and substantial endangerment to the public health, welfare, or the environment.
58. Each party consents to service of the final order approving this Agreement by e-mail at the following valid e-mail addresses: eakins.shaula@epa.gov (for Complainant), and twebster@sidley.com (for Respondent).

XII. EFFECTIVE DATE

59. This Agreement and subsequently issued final order become effective on the date indicated in the final order (Effective Date).

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, REGION 8,

SCOTT PATEFIELD

Digitally signed by SCOTT PATEFIELD
Date: 2026.09.14 08:00:28 -06'00'

Scott Patefield, Branch Manager
Air and Toxics Branch
Enforcement and Compliance Assurance Division

Complainant, for the United States Environmental Protection Agency.

CHS INC.



Authorized Representative for Respondent
Name: Shane LaCasse
Title: Vice President Refining
Date: September 8, 2026

Respondent