



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 6
1201 ELM STREET, SUITE 500
DALLAS, TEXAS 75270

August 17, 2022

TRANSMITTED VIA E-MAIL

Mr. Eddie Rongey
President
Dexxon, Inc.
P.O. Box 348
Kiefer, OK 74041
erongey@dexxon.us

Re: Expedited Settlement Offer for Violations of Spill Prevention Control and Countermeasure Regulations
Docket No. CWA-06-2022-4333
Page Lease Tank Battery
Osage County, Oklahoma

Dear Mr. Rongey:

On July 22, 2022, Region 6 of the U.S. Environmental Protection Agency (EPA) conducted an inspection of the Dexxon, Inc. Page Lease Tank Battery. The purpose of the inspection was to evaluate Dexxon, Inc.'s compliance with the Oil Pollution Prevention regulations promulgated at 40 CFR Part 112 under Section 311(j) of the Clean Water Act, as amended, (33 U.S.C. § 1321(j), (the "Act" or "CWA")) (commonly known as the Spill Prevention Control and Countermeasure or "SPCC" regulations).

The inspection revealed instances in which Dexxon, Inc. appeared not to have complied with the SPCC requirements. The apparent violations are outlined in the enclosed SPCC Inspection Findings, Alleged Violations, and Proposed Penalty Form (Violations Form).

The EPA has authority under Section 311(b) of the Act to take enforcement actions, including seeking civil penalties, for the alleged violations outlined in the Violations Form. At this time, rather than undertake a more traditional enforcement action for civil penalties, the EPA is offering Dexxon, Inc. the opportunity to enter into the enclosed Expedited Settlement Agreement (ESA), provided Dexxon, Inc. (1) corrects the deficiencies cited in the inspection report and in the Violations Form and (2) agrees to pay an administrative civil penalty of \$1,050.00.

It is important for all deficiencies identified in the Violations Form and inspection report to be corrected promptly. Before the EPA agrees to enter into the ESA, you will need to submit evidence, including photographs, demonstrating all such deficiencies have been corrected. Please note that by signing the ESA, Dexxon, Inc. will certify all violations alleged in the Violations Form have been corrected.

If you intend to enter into this ESA, please sign and return the original, together with documentation of the deficiencies having been corrected, within 30 days of your receipt of this letter to:

Energy Sector Compliance Section
U. S. Environmental Protection Agency
Region 6 (ECD-WE)
1201 Elm Street, Suite 500
Dallas, Texas 75270-2102
blaha.michael@epa.gov

Although the ESA will commit DEXXON, Inc. to pay a civil administrative penalty, you do **not** need to make that payment at the time you return the signed ESA to the EPA. Upon EPA's receipt of the signed Settlement Agreement, it will be forwarded to the Director, of the Enforcement and Compliance Assurance Division to issue a Final Order approving the ESA. You will then be notified of the issuance of the Final Order, and your penalty will be due 10 days after the Final Order is signed. The mechanics for payment are set forth in the Expedited Settlement Agreement Payment Instructions accompanying the ESA.

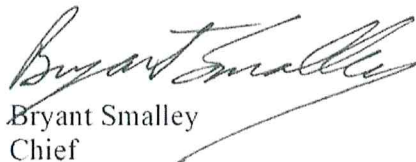
Entering into the enclosed ESA and paying the penalty will resolve DEXXON, Inc.'s liability for federal civil penalties for the violations alleged in the Violations Form. In other words, for all violations alleged in the Violations Form there will be no additional civil penalties. As with any settlement of administrative civil penalties, regardless of whether you enter into the ESA, the EPA reserves its rights to issue an administrative compliance order, to seek a court injunction directing compliance, and/or to pursue criminal sanctions, in the event any such actions are appropriate.

This offer is open for a period of 30 days from your receipt of this letter. EPA may, at its discretion, grant up to a 90 day extension for you to come into compliance with the SPCC requirements but only if you demonstrate that it is technically infeasible or impracticable to achieve compliance within 30 days. You must submit a request for an extension to Energy Sector Compliance Section at the above address within 14 days of your receipt of this letter. If EPA grants the extension request, you will receive an approval letter. You must correct the violations within the approved time frame.

If you do not return the signed ESA and documentation of corrective action within the allotted time, this offer will be automatically withdrawn, and the EPA may pursue a more formal enforcement action for penalties. This could involve a longer process and result in a greater penalty. Under the Clean Water Act, the EPA is authorized to seek civil penalties of up to \$20,719 per day of violation, 33 U.S.C. § 1321(b)(6). In addition, the EPA may take further enforcement action if you sign the ESA but do not pay the penalty.

The EPA encourages expeditious settlements and is committed to settling this matter fairly and expeditiously. If you have any questions or comments, such as how to document corrective actions, please contact Michael Blaha at 214-665-8574. If you are represented by an attorney in this matter who has questions, please ask the attorney to contact Amy Salinas at 214-665-8063 or Edwin Quinones at 214-665-8035.

Sincerely,



Bryant Smalley
Chief
Water Enforcement Branch

Enclosures:

SPCC Inspection Findings and Violations Form
Expedited Settlement Agreement
Payment Instructions



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 6, 1201 ELM STREET, DALLAS, TEXAS 75270-2102

EXPEDITED SPILL PREVENTION CONTROL AND COUNTERMEASURE
SETTLEMENT AGREEMENT

FILED

17 SEP 24 PM 03:10

REGIONAL HEARING CLERK
EPA REGION 6

In the matter of Dexxon, Inc. (Respondent)
Docket No. CWA-06-2022-4333

On July 22, 2022, an authorized representative of the United States Environmental Protection Agency (EPA) conducted an inspection of Respondent's facility known as the Page Lease Tank Battery, located off Shell Creek Road in Prue, Osage County, Oklahoma, to determine compliance with the Oil Pollution Prevention regulations promulgated at 40 CFR Part 112 under Section 311(j) of the Clean Water Act, as amended, (33 U.S.C. § 1321(j)), (the "Act" or "CWA"). EPA determined that Respondent, as owner or operator of the facility, violated regulations implementing Section 311(j) of the Act by failing to comply with the Oil Pollution Prevention regulations as noted on the attached Spill Prevention Control and Countermeasure Plan (SPCC) Inspection Findings, Alleged Violations, and Proposed Penalty Form (Violations Form) which is hereby incorporated by reference. By its signature below, EPA ratifies the inspection findings and alleged violations set forth in the Violations Form.

The parties enter into this Expedited Settlement Agreement in order to settle the civil violations described in the Violations Form for a penalty of \$1,050.00. The parties are authorized to enter into this Expedited Settlement Agreement under the authority of Section 311(b) (6) (B) (i) of the Act, 33 U.S.C. § 1321(b) (6) (B) (i), and by 40 C.F.R. § 22.13(b).

This settlement is subject to the following terms and conditions:

EPA finds the Respondent is subject to the Oil Pollution Prevention regulations and has violated the regulations as further described in the Violations Form. Respondent admits it is subject to the Oil Pollution Prevention regulations and that EPA has jurisdiction over Respondent and Respondent's conduct as described in the Violations Form. Respondent admits to the facts in the first paragraph of this Expedited Settlement Agreement and waives any objections it may have to EPA's jurisdiction. Respondent consents to the assessment of the penalty stated above.

Respondent further certifies, subject to civil and criminal penalties for making a false submission to the United States Government, that the violations identified in the Violations Form have been corrected and the facility is now in full compliance with the Oil Pollution Prevention regulations (or that the violations will be corrected and the facility brought into full compliance with the Oil Pollution Prevention regulations within an alternative time frame agreed to by EPA in writing). Respondent, in accordance with the attached payment Instructions, shall provide payment of the civil penalty.

The payment made pursuant to this Expedited Settlement Agreement is a penalty within the meaning of Section 162(f) of the Internal Revenue Code, 26 U.S.C. § 162(f), and, therefore, Respondent shall not claim it as a tax-deductible expenditure for purposes of federal, state or local law.

Upon signing and returning this Expedited Settlement Agreement to EPA, Respondent waives the opportunity for a hearing or appeal pursuant to Section 311 of the Act, and consents to EPA's approval of the Expedited Settlement Agreement without further notice. Moreover, in entering into this Expedited Settlement Agreement, the Respondent agrees to bear its own costs and attorney's fees related to this Agreement.

This Expedited Settlement Agreement is binding on the parties signing below and is effective upon filing with the Regional Hearing Clerk pursuant to 40 C.F.R. § 22.31(b). The parties consent to service of this Expedited Settlement Agreement by e-mail at the following valid e-mail addresses: smalley.bryant@epa.gov (for Complainant), and erongey@dexxon.us (for Respondent).

Once the Expedited Settlement Agreement is signed by the Director, of the Enforcement and Compliance Assurance Division, the original Expedited Settlement Agreement will be filed with the Regional Hearing Clerk and a copy will be mailed to: U.S. EPA Cincinnati Finance Office, 26 W. Martin Luther King Drive (MS-WG32B), Cincinnati, OH 45268. A copy of

the Expedited Settlement Agreement will also be mailed to the Respondent.

IT IS SO ORDERED:


If Respondent does not sign and return this Expedited Settlement Agreement as presented within 30 days of the date of its receipt, or within an extension timeframe approved by the EPA, the proposed Expedited Settlement Agreement is withdrawn without prejudice to EPA's ability to file any other enforcement action for the violations identified in the Violations Form.

Date: 09/17/24

Cheryl T. Seager, Director
Enforcement and
Compliance Assurance Division

After this Expedited Settlement Agreement becomes effective, EPA will take no further civil penalty action against Respondent for the alleged violations of the Oil Pollution Prevention regulations described in the Violations Form through the order date of this Expedited Settlement Agreement. However, EPA does not waive any rights to take any enforcement action for any other past, present, or future violations by Respondent of the Oil Pollution Prevention regulations or of any other federal statute or regulations.

APPROVED BY EPA:



Date: 8/17/2022

Bryant Smalley
Chief
Water Enforcement Branch

APPROVED BY RESPONDENT:

Name (print): Eddie Rougey

Title (print): Pres.

Signature: Eddie Rougey Date: _____

The estimated cost of the clean-up and corrective action is

\$ _____.

FACILITY TRANSFER OPERATIONS, PUMPING, AND FACILITY PROCESS: 40 C.F.R. 112.9(d) and 112.7

- ☐ Aboveground valves, piping and appurtenances are not inspected periodically on a scheduled basis for general condition (including items such as: flange joints, valve glands 2nd bodies, drip pans, pipeline supports, bleeder and gauge valves, polish rods/stuffing box).- 112.9(d)(1) (\$525)
- ☐ Brine and saltwater disposal facilities are not examined often- 112.9(d)(2) (\$525)
- ☐ Inadequate or no flowline maintenance program (includes: examination, corrosion protection, flowline replacement)- 112.9(d)(3) (\$525)
- ☐ Plan has inadequate or no discussion of oil production facilities- 112.7(a)(1) (\$100)
- ☐ Flowlines with no secondary containment need a contingency plan and written commitment of resources 112.9(d)(3) (\$300)
- ☐ Facility does not have a written flowline maintenance program or it fails to meet or implement the requirements of 112.9(d)(4) \$300

SUB TOTAL	\$1,050
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Multiplier

1

Total

\$1,050