



UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION 6
DALLAS, TEXAS

FILED
2014 SEP 24 11:11 AM
RECEIVED
EPA REGION 6

In the Matter of:

Lapetco, Inc..
Dallas, Texas

Respondent

§
§
§
§
§
§

EPA Docket No.
CAA-06-2014-3322

CONSENT AGREEMENT AND FINAL ORDER

The Director of the Compliance Assurance and Enforcement Division of the United States Environmental Protection Agency (“EPA”), Region 6 (“Complainant”) and, Lapetco, Inc., (“Respondent”) in the above-referenced proceeding, hereby agree to resolve this matter through the issuance of this Consent Agreement and Final Order (“CAFO”).

I. PRELIMINARY STATEMENT

1. This proceeding for the assessment of civil penalties is brought by EPA pursuant to sections 113(a)(3) and 113(d)(1)(B) of the Clean Air Act, as amended (“Act” or “CAA”), 42 U.S.C. §§ 7413(a)(3) and 7413(d)(1)(B), and is simultaneously commenced and concluded through the issuance of this CAFO pursuant to 40 C.F.R. §§ 22.13(b)(2) and (3), and 22.34.

2. For purposes of this proceeding, Respondent admits the jurisdictional allegations contained herein; however, Respondent neither admits nor denies the specific factual allegations contained in this CAFO.

3. Respondent explicitly waives any right to contest the allegations and its right to appeal the proposed Final Order set forth herein, and waives all defenses, which have been raised or could have been raised to the claims set forth in this CAFO.

4. Compliance with all the terms and conditions of this CAFO shall only resolve Respondent's liability for federal civil monetary penalties for the violations and facts alleged in this CAFO.

5. Respondent consents to the issuance of this CAFO and to the assessment and payment of the stated civil penalty in the amount and by the method set forth in this CAFO.

II. ALLEGATIONS

6. Respondent is a corporation authorized to do business in the State of Oklahoma.

7. Respondent owns the Drake #1, an oil well located near Bristow, Oklahoma ("Facility").

8. The Drake #1 well site included a 100 barrel tank used for oil storage.

9. Early signs of a potential leak had been noted on the 100 barrel tank and Respondent determined the tank should be replaced.

10. Respondent hired Cromwell Dozer and Backhoe, L.L.P. ("Cromwell") to replace the leaking 100 barrel oil storage tank.

11. On September 4, 2013, Cromwell sent two employees to Respondent's facility to remove the leaking tank.

12. An explosion and fire occurred at the facility.

13. A neighbor reported an explosion at the facility and contacted first responders.

14. When emergency responders arrived, they found one Cromwell employee dead and the other some distance away from the tank (with the appearance of having been blown backwards away from the tank by the force of the explosion). The tank and two vehicles were burned or still burning.

15. Inspections of the scene of the fire were conducted by the local fire department, the Occupational Safety and Health Administration (OSHA) and Cromwell employees Sean Clapp and D.W. Magness.

16. OSHA noted the existence of welding components at the facility including welding leads and a partially spent welding rod inside the burned tank.

17. OSHA also noted that one Cromwell employee (who had been blown backwards by the blast) was found wearing welding gloves and near a welding helmet.

18. OSHA also noted the appearance of fresh welds near the lifting eye on the top of the burned tank.

19. Mr. Magness inspected the scene the afternoon of the accident and stated that there was a reason to believe that welding was occurring on the tank at the time of the accident.

20. No hot work permit had been issued for the work on removing the leaking 100 barrel tank by either Respondent or Cromwell.

21. Neither employee was wearing fire resistant clothing or protective gear.

22. No air monitoring equipment was utilized by either employee to determine if explosive levels of flammable or explosive gas was present in the tank or at the facility at the time of the incident.

23. American Petroleum Institute Recommended Practice for Occupational Safety for Oil and Gas Well Drilling and Servicing Operations (API RECOMMENDED

PRACTICE 54, THIRD EDITION, AUGUST 1999), recommends the use of air/gas testing whenever flammable or explosive gases may be present during hot work.

24. The two employees were using a pump to transfer oil from the oil tank to a temporary tank. The transfer pump was not rated for hazardous environments.

25. Both welding and the proximal location of an internal combustion engine (i.e. the transfer pump) are possible sources of the accidental explosion of the Drake #1 tank.

26. The 100 barrel oil tank being replaced at Respondent's facility contained an unknown quantity of oil and residual hydrocarbon vapor.

27. Hydrocarbon vapor is an extremely hazardous substance due to its explosive and flammable properties, especially when heated or compressed.

28. The hazards associated with ignition sources around tanks containing flammable or explosive substances are well established as are the standards for preventing or minimizing explosions and fires in such areas.

29. The Respondent did not have a written policy on the transfer of flammable or combustible liquids from tanks at the time of the incident.

30. The Respondent produced and disseminated a written policy manual to employees on February 1, 2014 that included, among other things, Policy #10 that stated in part, "Gasoline powered transfer pumps are not to be used for the transfer of flammable or combustible liquids."

31. The Respondent failed to safely design and maintain the site by failing to have a written policy manual that clearly communicated safety measures and activities to employees relating to hot work, monitoring for explosive vapors, controlling ignition sources, and wearing appropriate protective clothing.

32. Pursuant to section 112(r)(1) of the CAA, 42 U.S.C. § 7412(r)(1), an owner/operator of a stationary source producing, processing, handling or storing substances listed pursuant to section 112(r)(3) of the CAA, 42 U.S.C. § 7412(r)(3), or any other extremely hazardous substance, has a general duty to: (1) identify hazards which may result from accidental releases of such substances using appropriate hazard assessment techniques; (2) design and maintain a safe facility, taking such steps as are necessary to prevent releases; and (3) minimize the consequences of accidental releases that do occur.

33. Respondent is a "person" as that term is defined by section 302(e) of the CAA, 42 U.S.C. § 7602(e).

34. The Facility is a "stationary source" as that term is defined by section 112(r)(2)(C) of the CAA, 42 U.S.C. § 7412(r)(2)(C).

35. Respondent is the "owner or operator" as those terms are defined by section 112(a)(9) of the CAA, 42 U.S.C. § 7412(a)(9), of a stationary source.

36. At the Facility, Respondent produces, processes, handles, or stores substances listed in, or pursuant to, CAA § 112(r)(3) or other extremely hazardous substances identified as such due to toxicity, reactivity, flammability, volatility, or corrosivity.

37. The release of flammable hydrocarbon vapors from the tank at the Facility on September 4, 2013, constituted an "accidental release" as that term is defined by section 112(r)(2)(A) of the CAA, 42 U.S.C. § 7412(r)(2)(A).

38. Respondent failed to design and maintain a safe facility and did not take such necessary steps to minimize the consequences of accidental releases by failing to have a written policy manual that clearly communicated safety measures and activities to

employees related to the transfer of extremely hazardous substances from tanks until February 1, 2014.

39. Respondent's failure constitutes a violation of the general duty clause in section 112(r)(1) of the CAA, 42 U.S.C. § 7412(r)(1).

40. Respondent is therefore subject to the assessment of penalties pursuant to sections 113(a)(3) and 113(d)(1)(B) of the CAA, 42 U.S.C. §§ 7413(a)(3) and 7413(d)(1)(B), for at least one day of violation of the general duty clause of section 112(r)(1) of the CAA, 42 U.S.C. §7412(r)(1).

III. TERMS OF SETTLEMENT

A. CIVIL PENALTY

41. The Respondent raised the claim that they would not have the financial resources to pay the penalty originally proposed by Complainant.

42. The Respondent provided the appropriate information and Complainant assessed that information concluding that Respondent's claim had merit.

43. Complainant also considered Respondent's willingness to enter into and implement an Administrative Order on Consent (AOC) to perform certain injunctive projects.

44. Pursuant to the authority granted in sections 113(a)(3) and 113(d)(1)(B) of the CAA, 42 U.S.C. §§ 7413(a)(3) and 7413(d)(1)(B), and taking into consideration the size of the Respondent's business, the economic impact of the penalty on the Respondent's business, the Respondent's full compliance history and good faith efforts to comply, the duration of the violation, payment by Respondent of penalties previously assessed for the same violation (if any), the economic benefit of noncompliance, and the

Lapetco, Inc.
Docket No. CAA-06-2014-3322

seriousness of the violation, as well as other factors which justice may require, EPA and Respondent agree that an appropriate penalty to settle this matter is \$1,000.

45. Respondent shall pay the assessed penalty within thirty (30) days of the effective date of this CAFO. Respondent shall pay the assessed civil penalty by certified check, cashier's check, or wire transfer, made payable to "Treasurer, United States of America, EPA – Region 6". Payment shall be remitted in one of three ways: regular 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, MO 63197-9000

For 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, MO 63101
Phone No. (314) 418-1028

For wire transfer, the payment should be remitted to:

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

Field Tag 4200 of the Fedwire message should read "D 68010727 Environmental Protection Agency"

PLEASE NOTE: Docket number CAA-06-2014-3322 shall be clearly typed on the check to ensure proper credit. If payment is made by check, the check shall also be

Lapetco, Inc.
Docket No. CAA-06-2014-3322

accompanied by a transmittal letter and shall reference the Respondent's name and address, the case name, and the docket number of this CAFO. If payment is made by wire service, the wire transfer instructions shall reference the Respondent's name and address, the case name, and the docket number of this CAFO. The Respondent shall also send a simultaneous notice of such payment, including a copy of the check and transmittal letter or wire transfer instructions to the following:

Samuel Tates
Chief, Surveillance Section (6EN-AS)
Compliance Assurance and Enforcement Division
U.S. EPA, Region 6
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733

Lorena Vaughn
Regional Hearing Clerk (6RC-D)
U.S. EPA, Region 6
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733

Respondent's adherence to these instructions will ensure that proper credit is given when penalties are received in the Region.

46. Respondent agrees not to claim or attempt to claim a federal income tax deduction or credit covering all or any part of the civil penalty paid to the United States Treasurer.

47. 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 costs of processing and handling a delinquent claim. Interest on the civil penalty assessed in this CAFO will begin to accrue thirty (30) days after the effective date of the CAFO and will be recovered by EPA on any amount of the civil penalty that is not paid by the due date. Interest 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). Moreover, the costs of the Agency's administrative handling of overdue debts will be charged and assessed monthly throughout the period the debt is overdue. *See* 40 C.F.R. § 13.11(b).

48. EPA will also assess a \$15.00 administrative handling charge for administrative costs on unpaid penalties for the first thirty (30) day period after the payment is due and an additional \$15.00 for each subsequent thirty (30) day period that the penalty remains unpaid. In addition, a penalty charge of up to six percent per year will be assessed monthly on any portion of the debt which remains delinquent more than ninety (90) days. *See* 40 C.F.R. § 13.11(c). Should a penalty charge on the debt be required, it shall accrue from the first day payment is delinquent. *See* 31 C.F.R. § 901.9(d). Other penalties for failure to make a payment may also apply.

B. PARTIES BOUND

49. The provisions of this CAFO shall apply to and be binding upon the parties to this action, their officers, directors, agents, employees, successors, and assigns. The undersigned representative of each party to this CAFO certifies that he or she is fully authorized by the party whom he or she represents to enter into the terms and conditions of this CAFO and to execute and to legally bind that party to it.

C. RETENTION OF ENFORCEMENT RIGHTS

50. EPA does not waive any rights or remedies available to EPA for any other violations by the Respondent of Federal or State laws, regulations, or permitting conditions.

51. Nothing in this CAFO shall relieve the Respondent of the duty to comply with all applicable provisions of section 112(r) of the CAA, 42 U.S.C. § 7412(r), and 40 C.F.R. Part 68.

52. Nothing in this CAFO shall limit the power and authority of EPA or the United States to take, direct, or order all actions to protect public health, welfare, or the environment, or prevent, abate, or minimize an actual or threatened release of hazardous substances, pollutants, or contaminants at or from the Facility. Furthermore, nothing in this CAFO shall be construed to prevent or limit EPA's civil and criminal authorities, or that of other Federal, State, or local agencies or departments to obtain penalties or injunctive relief under other Federal, State, or local laws or regulations.

53. In any subsequent administrative or judicial proceeding initiated by the Complainant or the United States for injunctive relief, civil penalties, or other appropriate relief relating to the Facility, Respondent shall not assert, and may not maintain, any defense or claim based upon the principles of waiver, res judicata, collateral estoppel, issue preclusion, claim-splitting, or other defenses based upon any contention that the claims raised by the Complainant or the United States in the subsequent proceeding were or should have been brought in the instant case, except with respect to the claims that have been specifically resolved pursuant to this CAFO.

D. COSTS

54. 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 5 U.S.C. § 504 and 40 C.F.R. Part 17.

E. EFFECTIVE DATE

55. This CAFO becomes effective upon filing with the Regional Hearing Clerk.

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

FOR THE RESPONDENT:

9-19-2014
Date

Danny W Looney
President

FOR THE COMPLAINANT:

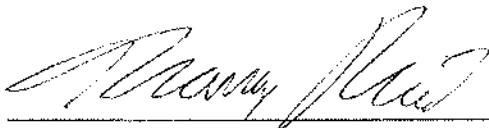
09/23/2014
Date

for Stacy B. Weyer
John Blevins
Director
Compliance Assurance and
Enforcement Division

FINAL ORDER

Pursuant to section 113(d) of the CAA, 42 U.S.C. § 7413(d), and the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties, 40 C.F.R. Part 22, the foregoing Consent Agreement 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 in this CAFO. 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. The Respondent is ordered to comply with the terms of settlement as set forth in the Consent Agreement. Pursuant to 40 C.F.R. § 22.31(b), this Final Order shall become effective upon filing with the Regional Hearing Clerk.

Date: 9/24/14



Regional Judicial Officer

Lapetco, Inc.
Docket No. CAA-06-2014-3322


CERTIFICATE OF SERVICE

I hereby certify that the original and a copy of the foregoing Consent Agreement and Final Order (CAFO) was hand-delivered to the Regional Hearing Clerk, U.S. EPA - Region 6, 1445 Ross Avenue, Suite 1200, Dallas, Texas 75202-2733, and that a true and correct copy of the CAFO was placed in the United States Mail, to the following by the method indicated:

Mr. Danny Looney, President
Lapetco, Inc.
2745 North Dallas Parkway, Suite 455
Plano, Texas 75093

CERTIFIED MAIL - RETURN RECEIPT REQUESTED: #1014 0150 0000 2453 3948

Date: 9-24-2014


U.S. EPA, Region 6
Dallas, Texas