UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 6
1201 Elm Street, Suite 500
Dallas, Texas 75270

In the Matter of	§	
	§	
ChampionX Corporation	§	**Docket No. CAA-06-2024-3324**
	§	
	§	
Respondent.	§	

CONSENT AGREEMENT AND FINAL ORDER

Preliminary Statement

The U.S. Environmental Protection Agency, Region 6 ("EPA" or "Complainant"), and ChampionX Corporation ("Respondent") have agreed to a settlement of this action before the filing of a complaint, and thus this action is simultaneously commenced and concluded pursuant to Rules 22.13(b) and 22.18(b)(2) of the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties and the Revocation/Termination or Suspension of Permits, 40 C.F.R. §§ 22.13(b) and 22.18(b)(2).

Jurisdiction

1. This proceeding is an administrative action for the assessment of civil penalties instituted pursuant to Section 113(d) of the Clean Air Act ("CAA"), 42 U.S.C. § 7413(d).

2. This Consent Agreement and Final Order serves as notice that the EPA has reason to believe that Respondent has violated the Chemical Accident Prevention Provisions in 40 C.F.R. Part 68, promulgated pursuant to Section 112(r) of the CAA, 42 U.S.C. § 7412(r), and that Respondent has therefore violated Section 112(r)(7) of the CAA, 42 U.S.C. § 7412(r)(7).

Furthermore, this Consent Agreement and Final Order serves as notice pursuant to Section 113(d)(2)(A) of the CAA, 42 U.S.C. § 7413(d)(2)(A), and 40 C.F.R. § 22.34, of the EPA's intent to issue an order assessing penalties for these violations.

Parties

3. Complainant is the Director of the Enforcement and Compliance Assurance Division of EPA, Region 6, as duly delegated by the Administrator of the EPA and the Regional Administrator, EPA, Region 6.

4. Respondent is ChampionX Corporation, a corporation formed in the state of Delaware and conducting business in the state of Texas.

Statutory and Regulatory Background

5. On November 15, 1990, the President signed into law the CAA Amendments of 1990. The Amendments added Section 112(r) to Title I of the CAA, 42 U.S.C. § 7412(r). The objective of Section 112(r) is to prevent the accidental release and to minimize the consequences of any such release of any substance listed pursuant to Section 112(r)(3) of the CAA, 42 U.S.C. § 7412(r)(3), or any other extremely hazardous substance.

6. Section 112(r)(3) of the CAA, 42 U.S.C. § 7412(r)(3), requires the Administrator to promulgate a list of regulated substances which, in the case of an accidental release, are known to cause or may reasonably be anticipated to cause death, injury, or serious adverse effects to human health or the environment. Section 112(r)(5) of the CAA, 42 U.S.C. § 7412(r)(5), requires the Administrator to establish a threshold quantity for any substance listed pursuant to Section 112(r)(3) of the CAA, 42 U.S.C. § 7412(r)(3). The list of regulated substances and respective threshold quantities is codified at 40 C.F.R. § 68.130.

7. Section 112(r)(7) of the CAA, 42 U.S.C. § 7412(r)(7), requires the Administrator to promulgate regulations that address release prevention, detection, and correction requirements for stationary sources with threshold quantities of regulated substances listed pursuant to Section 112(r)(3) of the CAA, 42 U.S.C. § 7412(r)(3). On June 20, 1996, EPA promulgated a final rule known as the Risk Management Program, 40 C.F.R. Part 68 – Chemical Accident Prevention Provisions, which implements Section 112(r)(7) of the CAA, 42 U.S.C. § 7412(r)(7).

8. The regulations at 40 C.F.R. Part 68 require owners and operators to develop and implement a Risk Management Program at each stationary source with over a threshold quantity of regulated substances. The Risk Management Program must include, among other things, a hazard assessment, a prevention program, and an emergency response program. The Risk Management Program is described in a Risk Management Plan (RMP) that must be submitted to the EPA.

9. Pursuant to Section 112(r)(7) of the CAA, 42 U.S.C. § 7412(r)(7), and 40 C.F.R. § 68.150, an RMP must be submitted for all covered processes by the owner or operator of a stationary source subject to 40 C.F.R. Part 68 no later than the latter of June 21, 1999, or the date on which a regulated substance is first present above the threshold quantity in a process.

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(i), a covered process is subject to Program 3 requirements if the process does not meet the requirements of Program 1, as described in 40 C.F.R. § 68.10(g), and if it is in a specified North American Industrial Classification System code or is subject to the Occupational

Safety and Health Administration (OSHA) process safety management standard, 29 C.F.R. 1910.119.

11. Section 113(d) of the CAA, 42 U.S.C. § 7413(d), states that the Administrator may issue an administrative order against any person assessing a civil administrative penalty of up to $25,000 per day of violation whenever, on the basis of any available information, the Administrator finds that such person has violated or is violating any requirement or prohibition of Section 112(r) of the CAA, 42 U.S.C. § 7412(r), and its implementing regulations. The Debt Collection Improvement Act of 1996, 31 U.S.C. § 3701, as amended, and the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, 28 U.S.C. § 2461, and implementing regulations at 40 C.F.R. Part 19, increased these statutory maximum penalties to $37,500 for violations that occurred before November 2, 2015, and to $55,808 for violations that occur after November 2, 2015, and are assessed after January 6, 2023.

Definitions

12. Section 302(e) of the CAA, 42 U.S.C. § 7602(e), defines "person" to include any individual, corporation, partnership, association, State, municipality, political subdivision of a State, and any agency department, or instrumentality of the United States and any officer, agent, or employee thereof.

13. Section 112(r)(2)(A) of the CAA, 42 U.S.C. § 7412(r)(2)(A), and the regulation at 40 C.F.R. § 68.3 define "accidental release" as an unanticipated emission of a regulated substance or other extremely hazardous substance into the ambient air from a stationary source.

14. Section 112(r)(2)(C) of the CAA, 42 U.S.C. § 7412(r)(2)(C), and the regulation at 40 C.F.R. § 68.3 define "stationary source," in part, as 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.

15. Section 112(r)(2)(B) of the CAA, 42 U.S.C. § 7412(r)(2)(B), and the regulation at 40 C.F.R. § 68.3 define "regulated substance" as any substance listed pursuant to Section 112(r)(3) of the CAA, as amended, in 40 C.F.R. § 68.130.

16. The regulation at 40 C.F.R. § 68.3 defines "threshold quantity" as the quantity specified for regulated substances pursuant to Section 112(r)(5) of the CAA, as amended, listed in 40 C.F.R. § 68.130 and determined to be present at a stationary source as specified in 40 C.F.R. § 68.115.

17. The regulation at 40 C.F.R. § 68.3 defines "process" as any activity involving a regulated substance including any use, storage, manufacturing, handling or on-site movement of such substances, or combination of these activities. For the purposes of this definition, any group of vessels that are interconnected, or separate vessels that are located such that a regulated substance could be involved in a potential release, shall be considered a single process.

18. The regulation at 40 C.F.R. § 68.3 defines "covered process" as a process that has a regulated substance present in more than a threshold quantity as determined under 40 C.F.R. § 68.115.

EPA Findings of Fact and Conclusions of Law

19. Respondent at all times referred to herein is a "person" as defined by Section 302(e)

of the CAA, 42 U.S.C. § 7602(e).

20. Respondent is the owner and operator of a facility located at: 7701 Highway 90A, Sugar Land, TX 77381 (the "Facility").

21. Pursuant to Section 114 of the CAA, 42 U.S.C. § 7414, the EPA conducted an inspection of the Facility between March 8-10, 2022, to determine Respondent's compliance with Section 112(r) of the CAA, 42 U.S.C. § 7412(r), and 40 C.F.R. Part 68 (the "Inspection").

22. On August 1, 2022, the EPA sent Respondent a Notice of Potential Violation and Opportunity to Confer letter. On September 26, 2022, the EPA responded to the documentation and information received from Respondent as a result of the opportunity to confer and articulated the EPA's position concerning Respondent's compliance with Section 112(r) of the CAA, 42 U.S.C. § 7412(r).

23. The Facility is a "stationary source" pursuant to Section 112(r)(2)(C) of the CAA, 42 U.S.C. § 7412(r)(2)(C), and the regulation at 40 C.F.R. § 68.3.

24. Respondent's Facility conducts batch chemical operations, which produces an estimated 100,000 metric tons of specialty chemicals for its customers annually. In order to conduct its operations, the Facility uses and/or stores the following six regulated substances above the threshold amounts in its processes: vinyl acetate, epichlorohydrin, ethylenediamine, cyclohexylamine, ammonia solution, and formaldehyde solution. Therefore, the Facility meets the definition of "process," as defined by 40 C.F.R. § 68.3.

25. The Facility containing the chemical plant is a "stationary source" pursuant to Section 112(r)(2)(C) of the CAA, 42 U.S.C. § 7412(r)(2)(C), and the regulation at 40 C.F.R. § 68.3.

26. Vinyl acetate (15,000 lbs), epichlorohydrin (20,000 lbs), ethylenediamine (20,000

lbs), cyclohexylamine (15,000 lbs), ammonia solution (20,000 lbs), and formaldehyde solution (15,000 lbs) are each a "regulated substance" pursuant to Section 112(r)(2)(B) of the CAA, 42 U.S.C. § 7412(r)(2)(B), and the regulation at 40 C.F.R. § 68.3. The threshold quantity for each substance as listed in 40 C.F.R. § 68.130, is notated parenthetically in pounds next to each substance name.

27. Respondent has greater than a threshold quantity of vinyl acetate, epichlorohydrin, ethylenediamine, cyclohexylamine, ammonia solution, and formaldehyde solution ("the Regulated Substances"), in a process at the Facility, meeting the definition of "covered process" as defined by 40 C.F.R. § 68.3.

28. From the time Respondent first had on-site greater than a threshold quantity of the Regulated Substances in a process, Respondent was subject to the requirements of Section 112(r)(7) of the CAA, 42 U.S.C. § 7412(r)(7), and 40 C.F.R. Part 68 because it was an owner or operator of a stationary source that had more than a threshold quantity of a regulated substance in a process.

29. From the time Respondent first had on-site greater than a threshold quantity of the Regulated Substances in a process, Respondent was required to submit an RMP pursuant to 40 C.F.R. § 68.12(a) and to comply with the Program 3 prevention requirements because pursuant to 40 C.F.R. § 68.10(i), the covered processes at the Facility did not meet the eligibility requirements of Program 1 or Program 2 and the covered processes are subject to Occupational Safety and Health Administration (OSHA) requirements for Process Safety Management (PSM) pursuant to 29 C.F.R. 1910.119.

EPA Findings of Violation

30. The facts stated in the EPA Findings of Fact and Conclusions of Law above are herein incorporated.

31. Complainant hereby states and alleges that Respondent has violated the CAA and federal regulations promulgated thereunder as follows:

Count 1 – Operating Procedures

32. The regulation at 40 C.F.R. § 68.12(d)(3) requires the owner or operator of a stationary source with a process subject to Program 3 to implement the prevention requirements of 40 C.F.R. §§ 68.65 through 68.87. Pursuant to 40 C.F.R. § 68.69(c), the operating procedures shall be reviewed as often as necessary to assure that they reflect current operating practice, including changes that result from changes in process chemicals, technology, and equipment, and changes to stationary sources. The owner or operator shall certify annually that these operating procedures are current and accurate.

33. Respondent failed to demonstrate operating procedure annual certification requirements for the years 2018, 2019, and 2021.

34. Respondent's failure to certify annually that operating procedures are current and accurate for the years 2018, 2019, and 2021, pursuant to 40 C.F.R. § 68.69(c), as required by 40 C.F.R. § 68.12(d)(3), is a violation of Section 112(r)(7) of the CAA, 42 U.S.C. § 7412(r)(7).

Count 2 - Training

35. The regulation at 40 C.F.R. § 68.12(d)(3) requires the owner or operator of a stationary source with a process subject to Program 3 to implement the prevention requirements of 40 C.F.R. §§ 68.65 through 68.87. Pursuant to 40 C.F.R. § 68.71(a), each employee presently involved in operating a process, and each employee before being involved

in operating a newly assigned process, shall be trained in an overview of the process and in the operating procedures as specified in § 68.69. The training shall include emphasis on the specific safety and health hazards, emergency operations including shutdown, and safe work practices applicable to the employee's job tasks. Additionally, pursuant to 40 C.F.R. § 68.71(b), refresher training shall be provided at least every three years, and more often if necessary, to each employee involved in operating a process to assure that the employee understands and adheres to the current operating procedures of the process. The owner or operator, in consultation with the employees involved in operating the process, shall determine the appropriate frequency of refresher training.

36. Respondent failed to demonstrate that operators involved in a covered process were provided initial training. Additionally, Respondent failed to demonstrate that operators involved in a covered process were provided refresher training every three years.

37. Respondent's failure to demonstrate that operators involved in a covered process were provided initial training, and Respondent's failure to demonstrate that operators involved in a covered process were provided refresher training every three years pursuant to 40 C.F.R. § 68.71(a) and (b), as required by 40 C.F.R. § 68.12(d)(3), is a violation of Section 112(r)(7) of the CAA, 42 U.S.C. § 7412(r)(7).

Count 3 – Mechanical Integrity

38. The regulation at 40 C.F.R. § 68.12(d)(3) requires the owner or operator of a stationary source with a process subject to Program 3 to implement the prevention requirements of 40 C.F.R. §§ 68.65 through 68.87. Pursuant to 40 C.F.R. § 68.73(d)(2),

inspection and testing procedures shall follow recognized and generally accepted good engineering practices.

39. Respondent failed to follow recognized and generally accepted good engineering practices when inspecting and testing process equipment. Specifically, Respondent had a third-party contractor performing mechanical integrity inspections/testing on process equipment since 2016; however, the inspector was unqualified and not certified by the American Petroleum Institute (API).

40. Respondent's failure to follow recognized and generally accepted good engineering practices when inspecting and testing process equipment pursuant to 40 C.F.R. § 68.73(d)(2), as required by 40 C.F.R. § 68.12(d)(3), is a violation of Section 112(r)(7) of the CAA, 42 U.S.C. § 7412(r)(7).

Count 4 – Compliance Audit

41. The regulation at 40 C.F.R. § 68.12(d)(3) requires the owner or operator of a stationary source with a process subject to Program 3 to implement the prevention requirements of 40 C.F.R. §§ 68.65 through 68.87. Pursuant to 40 C.F.R. § 68.79(a), the owner or operator shall certify that they have evaluated compliance with the provisions of this subpart at least every three years to verify that procedures and practices developed under this subpart are adequate and are being followed.

42. Respondent failed to certify that it evaluated its program's requirements with an RMP every three years. Respondent evaluated compliance with the OSHA PSM Standard, but not the EPA RMP requirements.

43. Respondent's failure to certify that it evaluated its program's requirements with an

RMP every three years pursuant to 40 C.F.R. § 68.79(a), as required by 40 C.F.R. § 68.12(d)(3), is a violation of Section 112(r)(7) of the CAA, 42 U.S.C. § 7412(r)(7).

Count 5 – Compliance Audit

44. The regulation at 40 C.F.R. § 68.12(d)(3) requires the owner or operator of a stationary source with a process subject to Program 3 to implement the prevention requirements of 40 C.F.R. §§ 68.65 through 68.87. Pursuant to 40 C.F.R. § 68.79(d), the owner or operator shall promptly determine and document an appropriate response to each of the findings of the compliance audit, and document that deficiencies have been corrected.

45. Respondent failed to complete ten out of fourteen compliance audit action items by their intended due date with two of those items still being open and over two years past due.

46. Respondent's failure to complete ten out of fourteen compliance audit action items by their intended due date pursuant to 40 C.F.R. § 68.79(d), as required by 40 C.F.R. § 68.12(d)(3), is a violation of Section 112(r)(7) of the CAA, 42 U.S.C. § 7412(r)(7).

Count 6 – Contractors

47. The regulation at 40 C.F.R. § 68.12(d)(3) requires the owner or operator of a stationary source with a process subject to Program 3 to implement the prevention requirements of 40 C.F.R. §§ 68.65 through 68.87. Pursuant to 40 C.F.R. § 68.87(b)(5), the owner or shall periodically evaluate the performance of the contract owner or operator in fulfilling their obligations as specified in paragraph (c) of this section.

48. Respondent failed to periodically evaluate the performance of the contract owner or operator in fulfilling their obligations. The facility did not implement this requirement for years 2017, 2018, and 2019.

49. Respondent's failure to periodically evaluate the performance of the contract owner or operator in fulfilling their obligations pursuant to 40 C.F.R. § 68.87(b)(5), as required by 40 C.F.R. § 68.12(d)(3), is a violation of Section 112(r)(7) of the CAA, 42 U.S.C. § 7412(r)(7).

CONSENT AGREEMENT

50. For the purpose of this proceeding, as required by 40 C.F.R. § 22.18(b)(2), Respondent:

a. admits the jurisdictional allegations set forth herein;

b. neither admits nor denies the specific factual allegations stated herein;

c. consents to the assessment of a civil penalty, as stated herein;

d. consents to the performance of the Supplemental Environmental Project (SEP) set forth herein;

e. consents to any conditions specified herein;

f. waives any right to contest the allegations set forth herein; and

g. waives their rights to appeal the Final Order accompanying this Consent Agreement.

51. Respondent consents to the issuance of this Consent Agreement and Final Order and consents for the purposes of settlement to the payment of the civil penalty specified herein.

52. Respondent and EPA agree to conciliate this matter without the necessity of a formal hearing and to bear their respective costs and attorneys' fees.

Penalty Payment

53. Respondent agrees that, in settlement of the claims alleged herein, Respondent shall pay a civil penalty of sixty-eight thousand, seven hundred fifty dollars ($68,750).

54. Respondent shall pay the penalty within thirty (30) days of the effective date of the Final Order. Such payment shall identify Respondent by name and docket number and shall be by certified or cashier's check made payable to the "United States Treasury" and sent to:

U.S. Environmental Protection Agency
Government Lockbox 979078
3180 Rider Trail S.
Earth City, MO 63045

or by alternate payment method described at *http://www.epa.gov/financial/makepayment*.

55. A copy of the check or other information confirming payment shall simultaneously be sent to the following:

Lorena S. Vaughn
Regional Hearing Clerk
U.S. Environmental Protection Agency, Region 6
1201 Elm Street, Suite 500 (ORC)
Dallas, Texas 75270-2102
vaughn.lorena@epa.gov; and

Kayla Buchanan
Enforcement and Compliance Assurance Division
Air Enforcement Branch
U.S. Environmental Protection Agency, Region 6
1201 Elm Street, Suite 500 (ECDAC)
Dallas, Texas 75270-2101
buchanan.kayla@epa.gov

56. Respondent understands that their failure to timely pay any portion of the civil penalty may result in the commencement of a civil action in Federal District Court to recover the full remaining balance, along with penalties and accumulated interest. In such case, interest shall begin to accrue on a civil or stipulated penalty from the date of delinquency until such civil

or stipulated penalty and any accrued interest are paid in full. 31 C.F.R. § 901.9(b)(1). Interest will be assessed at a rate of the United States Treasury Tax and loan rates in accordance with 31 U.S.C. § 3717. Additionally, a charge will be assessed to cover the costs of debt collection including processing and handling costs, and a non-payment penalty charge of six percent (6%) per year compounded annually will be assessed on any portion of the debt which remains delinquent more than ninety (90) days after payment is due. 31 U.S.C. § 3717(e)(2).

57. Pursuant to 26 U.S.C. § 6050X and 26 C.F.R. § 1.6050X-1, EPA is required to send to the Internal Revenue Service ("IRS") annually, 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." EPA is further 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). Failure to comply with providing IRS Form W-9 or Tax Identification Number ("TIN"), as described below, may subject Respondent to a penalty, per 26 U.S.C. § 6723, 26 U.S.C. § 6724(d)(3), and 26 C.F.R. § 301.6723.

58. In order to provide EPA with sufficient information to enable it to fulfill these obligations, EPA herein requires, and Respondent herein agrees, that:

a. Respondent shall 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 shall 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; Respondent shall email its completed Form W-9 to EPA's Cincinnati Finance Center at chalifoux.jessica@epa.gov within 30 days after the Final Order ratifying this Agreement is filed, and EPA recommends encrypting IRS Form W-9 email correspondence; and

c. In the event that Respondent has certified in its completed IRS Form W-9 that it has applied for a TIN and that TIN has not been issued to Respondent within 30 days after the effective date, then Respondent, using the same email address identified in the preceding sub-paragraph, shall further:

    i. Notify EPA's Cincinnati Finance Center of this fact, via email, within 30 days after the effective date of this Order; and

    ii. Provide EPA's Cincinnati Finance Center with Respondent's TIN, via email, within five (5) days of Respondent's issuance and receipt of the TIN.

Supplemental Environmental Project

59. In response to the alleged violations of the Clean Air Act and in settlement of this matter, although not required by the Clean Air Act or any other federal, state or local law,

Respondent agrees to implement a supplemental environmental project (SEP), as described below in paragraphs 60 and in Appendix A.

60. Respondent shall complete a pollution prevention and environmental justice SEP, consisting of the installation of administrative, logistical, and engineering controls on site at its Sugar Land Plant to substantially reduce onsite storage volumes of RMP-regulated substances and thus reduce potential risk to human health and safety, and the environment in the surrounding communities. The SEP is more specifically described in Appendix A and incorporated herein by reference.

61. Respondent shall spend no less than $280,000 on implementing the SEP. Respondent shall include documentation of the expenditures made in connection with the SEP as part of the SEP Completion Report. If Respondent's implementation of the SEP as described in Appendix A does not expend the full amount set forth in this paragraph, and if EPA determines that the amount remaining reasonably could be applied toward emergency response equipment for a local emergency response organization, Respondent will identify, purchase, and provide emergency response equipment to a local emergency response organization to be identified upon receiving notice from EPA of its determination that the amount remaining following completion of the SEP reasonably could be applied towards emergency response equipment.

62. Respondent shall complete the SEP within 18 months of the Effective Date of this Consent Agreement and Final Order.

63. Use of SEP Implementer

(a) SEP Implementer

i. Respondent may, but is not required to, use a contractor/consultant to implement the SEP.

1. Any SEP implementer chosen by Respondent must demonstrate adequate knowledge and experience in managing and handling RMP-regulated substances, and demonstrate understanding of RMP-related storage and handling regulatory requirements.
2. Respondent shall provide the EPA with notice of the SEP implementer (e.g., contractor/consultant) it has chosen and the EPA has the right to disapprove a SEP implementer if it does not meet the required criteria.

(b) Except as provided in subsection a.i.2. above, the EPA had no role in the selection of any SEP implementer or specific equipment identified in the SEP, nor shall this CAFO be construed to constitute EPA approval or endorsement of any SEP implementer or specific equipment identified in this CAFO.

64. The SEP is consistent with applicable EPA policy and guidelines, specifically EPA's 2015 Update to the 1998 Supplemental Environmental Projects Policy, (March 10, 2015). The SEP advances at least one of the objectives of Section 112(r) of the Clean Air Act by modifying equipment used to process RMP chemicals substances and managing RMP-regulated substances inventories, in order to reduce or eliminate the potential of an accidental release of RMP chemicals from the site. The SEP is not inconsistent with any provision of Section 112(r) of

the Clean Air Act or any of its implementing regulations that are the basis of the enforcement action against ChampionX. The SEP relates to the alleged violation(s), and is designed to reduce:

(a) The overall possibility of a potential accidental release and the quantity of relevant RMP-regulated substances potentially released into the air, water, and soil in the event of such accidental release; and

(b) The overall risk to public health and/or the environment potentially affected by the alleged violations by installing engineering controls for RMP-related processes and reducing on site storage volumes of RMP-regulated substances.

65. Respondent certifies as to the truth and accuracy of each of the following:

(a) That all cost information provided to EPA in connection with EPA's approval of the SEP is complete and accurate and that Defendant in good faith estimates that the cost to implement the SEP is two hundred eighty thousand dollars ($280,000.00).

(b) That, as of the date of executing this Consent Agreement and Final Order, Respondent is not required to perform or develop the SEP by any federal, state, or local law or regulation and is not required to perform or develop the SEP by agreement, grant, or as injunctive relief awarded in any other action in any forum.

(c) That the SEP is not a project that Respondent was planning or intending to construct, perform, or implement other than in settlement of the claims resolved in this Consent Agreement and Final Order.

(d) That Respondent has not received and will not receive credit for the SEP in any

other enforcement action.

(e) That Respondent will not receive reimbursement for any portion of the SEP from another person or entity.

(f) That for federal income tax purposes, Respondent agrees that it will neither capitalize into inventory or basis nor deduct any costs or expenditures incurred in performing the SEP.

(g) Respondent is not a party to any open federal financial assistance transaction that is funding or could fund the same activity as the SEP described in Appendix A.

66. Any public statement, oral or written, in print, film, or other media, made by Respondent or a representative of Respondent making reference to the SEP under this CAFO from the date of its execution of this CAFO shall include the following language: "This project was undertaken in connection with the settlement of an enforcement action taken by the U.S. Environmental Protection Agency for alleged violations of the federal laws."

67. SEP Reports.

(a) Respondent shall submit a SEP Completion Report to EPA by within 60 days of completion of the SEP described in Appendix A. The SEP Completion Report shall contain the following information, with supporting documentation:

i. A detailed description of the SEP as implemented;

ii. A description of any operating problems encountered and the solutions thereto;

iii. Itemized costs;

iv. Certification that the SEP has been fully implemented pursuant to the provisions of this CAFO; and

v. A description of the environmental and public health benefits resulting from implementation of the SEP (with a quantification of the benefits and pollutant reductions, if feasible).

(b) Periodic Reports. Respondent shall submit additional reports as required by Appendix A to EPA in accordance with the schedule and requirements recited therein.

(c) Respondent agrees that failure to submit the SEP Completion Report or any Periodic Report required by subsections (a) and (b) above shall be deemed a violation of this CAFO and Respondent shall become liable for stipulated penalties pursuant to paragraph 69 below.

(d) Respondent shall submit all notices and reports required by this CAFO to Kayla Buchanan at buchanan.kayla@epa.gov.

(e) In itemizing its costs in the SEP Completion Report, Respondent shall clearly identify and provide acceptable documentation for all eligible SEP costs. Where the SEP completion report includes costs not eligible for SEP credit, those costs must be clearly identified as such. For purposes of this Paragraph, "acceptable documentation" includes invoices, purchase orders, or other documentation that specifically identifies and itemizes the individual costs of the goods and/or services for which payment is being made. Canceled drafts do not constitute acceptable documentation unless such drafts specifically identify and itemize the

individual costs of the goods and/or services for which payment is being made.

68. EPA acceptance of the SEP Report.

(a) After receipt of the SEP Completion Report described in paragraph 67 above, EPA will, in writing to the Respondent, either:

i. Identify any deficiencies in the SEP Completion Report itself along with a grant of an additional thirty (30) days for Respondent to correct any deficiencies; or

ii. Indicate that EPA concludes that the project has been completed satisfactorily; or

iii. Determine that the project has not been completed satisfactorily and seek stipulated penalties in accordance with paragraph 69 herein.

(b) If EPA elects to exercise option (i) above, i.e., if the SEP Report is determined to be deficient but EPA has not yet made a final determination about the adequacy of SEP completion itself, Respondent may object in writing to the notification of deficiency given pursuant to this paragraph within ten (10) days of receipt of such notification. EPA and Respondent shall have an additional thirty (30) days from the receipt by EPA of the notification of objection to reach agreement on changes necessary to the SEP Report. If agreement cannot be reached on any such issue within this thirty (30) day period, EPA shall provide a written statement of its decision on adequacy of the completion of the SEP to Respondent, which decision shall be final and binding upon Respondent.

69. Stipulated Penalties

(a) Except as provided in subparagraphs (b) and (c) below, if Respondent fails to satisfactorily complete the requirements regarding the SEP specified in Appendix A by the deadline in Paragraph 62 Respondent agrees to pay, in addition to the civil penalty in Paragraph 53, the following per day per violation stipulated penalty for each day the Respondent is late meeting the applicable SEP requirement:

i. $250 per day for days 1-30.

ii. $300 per day for days 31-60.

iii. $500 per day for days 61 or more.

(b) If Respondent fails to timely submit any SEP reports, such as those referred to in Section 67, in accordance with the timelines set forth in this CAFO, Respondent agrees to the following per day stipulated penalty for each day after the report was due until Respondent submits the report in its entirety:

i. $100 per day for days 1-30.

ii. $150 per day for days 31-60.

iii. $300 per day for days 61 or more.

(c) If Respondent does not satisfactorily complete the SEP, including spending the minimum amount on the SEP set forth in paragraph 61 above, Respondent shall pay a stipulated penalty to the United States in the amount of $308,000. "Satisfactory completion" of the SEP is defined as Respondent spending no less than $280,000 to implement engineering and administrative controls to

equipment and processes involved in handling RMP-regulated substances within 18 months of the Effective Date of this Consent Agreement and Final Order. The determinations of whether the SEP has been satisfactorily completed shall be in the sole discretion of EPA.

(d) EPA retains the right to waive or reduce a stipulated penalty at its sole discretion.

(e) Respondent shall pay stipulated penalties not more than fifteen (15) days after receipt of written demand by EPA for such penalties. The method of payment shall be in accordance with the provisions of paragraph 54 above. Interest and late charges shall be paid as stated in paragraph 56.

Dispute Resolution

70. If the Respondent objects to any decision or directive of EPA, the Respondent shall notify the following persons in writing of its objections, and the basis for those objections, within fifteen (15) calendar days of receipt of EPA's decision or directive:

Chief, Chemical Accident Enforcement Section
Enforcement and Compliance Assurance Division
U.S. EPA - Region 6
1201 Elm St, Suite 500
Dallas, TX 75270-2101

Manager, RCRA & Toxics Enforcement Branch
Office of Regional Counsel
U.S. EPA - Region 6
1201 Elm St., Suite 500
Dallas, TX 75270-2101

71. The Chemical Accident Enforcement Section Chief ("Chief") or his designee, and the Respondent shall then have an additional fifteen (15) calendar days from receipt by EPA of the

Respondent's written objections to attempt to resolve the dispute. If an agreement is reached between the Chief and the Respondent, the agreement shall be reduced to writing and signed by the Chief and the Respondent and incorporated by reference into this Consent Agreement and Final Order.

72. If no agreement is reached between the Chief and the Respondent within that time period, the dispute shall be submitted to the Director of the Enforcement and Compliance Assurance Division (Division Director) or his designee. The Division Director and the Respondent shall then have a second 15-day period to resolve the dispute. If an agreement is reached between the Division Director and the Respondent, the resolution shall be reduced to writing and signed by the Division Director and Respondent and incorporated by reference into this Consent Agreement and Final Order. If the Division Director and the Respondent are unable to reach agreement within this second 15-day period, the Division Director shall provide a written statement of EPA's decision to the Respondent, which shall be binding upon the Respondent and incorporated by reference into the Consent Agreement and Final Order.

Modification

73. The terms, conditions, and compliance requirements of the Consent Agreement and Final Order may not be modified or amended except as otherwise specified in this Consent Agreement and Final Order, or upon the written agreement of EPA and Respondent, and such modification or amendment being filed with the Regional Hearing Clerk.

Effect of Settlement and Reservation of Right

74. Full payment of the penalty proposed in this Consent Agreement shall only resolve Respondent's liability for federal civil penalties for the violations alleged herein. Complainant

reserves the right to take any enforcement action with respect to any other violations of the CAA or any other applicable law.

75. The effect of settlement described in the immediately preceding paragraph is conditioned upon the accuracy of Respondent's representations to the EPA, as memorialized in the paragraph directly below.

76. Respondent certifies by the signing of this Consent Agreement that to the best of their knowledge, information, and belief, it is presently in compliance with all requirements of Section 112(r) of the CAA, 42 U.S.C. § 7412(r).

77. Full payment of the penalty proposed in this Consent Agreement shall not in any case affect the right of the Agency or the United States to pursue appropriate injunctive or other equitable relief or criminal sanctions for any violations of law. This Consent Agreement and Final Order does not waive, extinguish or otherwise affect Respondent's obligation to comply with all applicable provisions of the CAA and regulations promulgated thereunder.

78. Complainant reserves the right to enforce the terms and conditions of this Consent Agreement and Final Order.

General Provisions

79. By signing this Consent Agreement, the undersigned representatives of Respondent certify that they are fully authorized to execute and enter into the terms and conditions of this Consent Agreement and have the legal capacity to bind the party it represents to this Consent Agreement.

80. This Consent Agreement shall not dispose of the proceeding without a final order from the Regional Judicial Officer or Regional Administrator ratifying the terms of this Consent

Agreement. This Consent Agreement and Final Order shall be effective upon filing of the Final Order by the Regional Hearing Clerk for EPA, Region 6. Unless otherwise stated, all time periods stated herein shall be calculated in calendar days from such date.

81. The penalty specified herein shall represent civil penalties assessed by EPA and shall not be deductible for purposes of Federal, State, and local taxes.

82. This Consent Agreement and Final Order shall apply to and be binding upon Respondent and Respondent's agents, successors and/or assigns. Respondent shall ensure that all contractors, employees, consultants, firms, or other persons or entities acting for Respondent with respect to matters included herein comply with the terms of this Consent Agreement and Final Order.

83. The EPA and Respondent agree to the use of electronic signatures for this matter pursuant to 40 C.F.R. § 22.6. The EPA and Respondent further agree to electronic service of this Consent Agreement and Final Order by email to the following:

To EPA: *henley.hollis@epa.gov*

To Respondent: *jsavage@sidley.com*
rquamwickham@sidley.com

RESPONDENT:
CHAMPIONX CORPORATION

Date: 4/8/24

Signature

David L. Bolding
Print Name

Plant Manager
Title

COMPLAINANT:
U.S. ENVIRONMENTAL PROTECTION AGENCY

Date: April 9, 2024

Cheryl T. Seager
Digitally signed by Cheryl T. Seager
Date: 2024.04.09 11:47:30 -05'00'

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

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 and the Revocation/ Termination or Suspension of Permits, 40 C.F.R. Part 22, the foregoing Consent Agreement resolving this matter is hereby ratified and incorporated by reference into this Final Order.

Respondent are ORDERED to comply with all of the terms of the Consent Agreement. In accordance with 40 C.F.R. § 22.31(b), the effective date of the foregoing Consent Agreement and this Final Order is the date on which this Final Order is filed with the Regional Hearing Clerk.

This Final Order shall resolve only those causes of action alleged in the Consent Agreement. 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.

IT IS SO ORDERED.

THOMAS RUCKI

Digitally signed by THOMAS RUCKI
Date: 2024.04.10 16:21:40 -04'00'

Thomas Rucki
Regional Judicial Officer

Date

CERTIFICATE OF SERVICE

I 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 I sent a true and correct copy on this day in the following manner to the email addresses:

Copy via Email to Complainant, EPA:

henley.hollis@epa.gov

Copy via Email to Respondent:

jsavage@sidley.com
rquamwickham@sidley.com

david.bolding@championx.com
ChampionX Sugar Land Plant
7701 Hwy 90A
Sugar Land, Texas 77478

LORENA VAUGHN

Digitally signed by LORENA VAUGHN
Date: 2024.04.10 16:14:40 -05'00'

Regional Hearing Clerk
EPA Region 6

APPENDIX A:

ChampionX LLC, Settlement Including Supplemental Environmental Project

ChampionX LLC will resolve the EPA's penalty of Two Hundred Seventy-Five Thousand Dollars ($275,000) through payment of Sixty-Eight Thousand Seven Hundred Fifty Dollars ($68,750) in cash and performance of the following Supplemental Environmental Project (SEP) valued at least $280,000. The project consists of two primary objectives as outlined below:

ChampionX – Sugar Land Plant Risk Mitigation Project for RMP Materials

The SEP is a Pollution Prevention SEP as well as an Environmental Justice SEP, as defined by EPA's 2015 SEP Policy. The project involves equipment modification and inventory control to prevent the accidental release RMP chemicals which could negatively impact the community through human exposure and environmental pollution in the air, land and surrounding water bodies.

- **Objective 1 – Reduce on-site storage volumes of RMP-regulated substances by discontinuing above ground tank storage and replacing with tote bin storage.**

Epichlorhydrin is currently stored in an above ground storage tank. In order to reduce the volume of this material that is stored on site, the tank will be cleaned and removed from service. The site will also install dedicated charging stations for transferring chemical to two reactors. The transfer lines will have flow meters and emergency shutoff controls to minimize accidental releases and exposure hazards for employees.

- **Objective 2 – Install engineering controls to Aqua Ammonia and Formaldehyde to mitigate impacts of a spill and subsequent vaporization of these chemicals into the atmosphere.**

This objective involves either adding a water curtain to the Aqua Ammonia tank or substituting with Anhydrous Ammonia stored in a bottle cascade system. This objective also involves either adding a water curtain to the Formaldehyde tank or reformulating the material with Paraformaldehyde.

ChampionX estimates the cost to complete this SEP to be in the range of $280,000 to $310,000. As detailed breakdowns of costs are available, they will be provided to the EPA. The project would be completed within 18 months of the effective date of the Consent Agreement and Final Order.

ChampionX will submit one periodic update to EPA, no earlier than 10 months, but no later than 12 months, after the effective date of the Consent Agreement and Final Order, detailing the progress made on implementation of the project. ChampionX further will submit a SEP completion report within 60 days of completion of the project.