

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION 6
DALLAS, TX

FILED

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REGIONAL OFFICE
EPA REGION VI

IN THE MATTER OF:

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Consent Agreement and Final Order
USEPA Docket No. RCRA-06-2014-0913

DRIL-QUIP INC.
6401 N Eldridge Pkwy
Houston, Texas 77041

RESPONDENT
EPA ID TX0000992180

CONSENT AGREEMENT AND FINAL ORDER

I.

PRELIMINARY STATEMENT

1. This Consent Agreement and Final Order (“CAFO”) is entered into by the United States Environmental Protection Agency, Region 6 (“EPA”) and Respondent, Dril-Quip Inc., (“Dril-Quip” or “Respondent”), and concerns the facility located at 6401 North Eldridge Parkway, Houston, Texas 77041 (the “Facility”).
2. Notice of this action has been given to the State of Texas, under Section 3008(a)(2) of the Resource Conservation and Recovery Act (“RCRA”), 42 U.S.C. § 6928(a)(2).
3. For the purpose of these proceedings, Respondent admits the jurisdictional allegations herein; however, Respondent neither admits nor denies the specific factual allegations and conclusions of law contained in this CAFO. This CAFO states a claim upon which relief may be granted.
4. The Respondent explicitly waives any right to contest the allegations and its right to appeal the proposed final order contained in this CAFO and waives all defenses which have been raised or could have been raised to the claims set forth in the CAFO.

Re: DRIL-QUIP INC.
RCRA-06-2014-0913

5. The CAFO resolves only those violations which are alleged herein.
6. Respondent consents to the issuance of the CAFO hereinafter recited, consents to the assessment and payment of the stated civil penalty in the amount and by the method set out in this CAFO, and consents to the specific stated compliance order.

II.
JURISDICTION

7. This CAFO is issued by the EPA pursuant to Section 3008(a) of RCRA, 42 U.S.C. § 6928, as amended by the Hazardous and Solid Waste Amendments of 1984 (“HSWA”) and is simultaneously commenced and concluded through the issuance of this CAFO under 40 Code of Federal Regulations (“C.F.R.”) §§ 22.13(b) and 22.18(b)(2) and (3).
8. Respondent agrees to undertake and complete all actions required by the terms and conditions of this CAFO. In any action by the EPA or the United States to enforce the terms of this CAFO, Respondent agrees not to contest the authority or jurisdiction of the EPA to issue or enforce this CAFO, and agrees not to contest the validity of this CAFO or its terms or conditions.

III.
FINDINGS OF FACT AND CONCLUSIONS OF LAW

9. Respondent is an authorized corporation in the State of Texas, authorized on October 20, 1997, and is located at 6401 North Eldridge Parkway, Houston, Texas 77041.
10. Respondent is a “person” within the meaning of Section 1004(15) of RCRA, 42 U.S.C. § 6903(15); and 30 TEX.ADMIN.CODE § 3.2(25), [40 C.F.R. § 260.10].

Re: DRIL-QUIP INC.
RCRA-06-2014-0913

11. Respondent's Registered Agent for service in the State of Texas is C.T. Corporation System, 1999 Bryan Street, Suite 900, Dallas, Texas 75201.

12. Dril-Quip owns and operates a Facility that manufactures gas and oil field machinery and equipment.

13. During the period of January 2014 through July 2014, EPA conducted a RCRA investigation and record review ("Investigation") of Dril-Quip's performance as a generator of hazardous waste.

14. During the Investigation, EPA discovered that Dril-Quip, at a minimum, generated the following waste:

- i. Evaporator effluent contaminated with trichloroethylene, with the hazardous waste codes D040 and F002;
- ii. Waste water generated during the maintenance and manufacturing of oil field equipment to include machining, threading and phosphating equipment. Hazardous waste codes applicable to this waste stream included, D004, D006, D007, D008 and D010, respectively arsenic, cadmium, chromium, lead, and selenium;
- iii. Characteristic corrosive waste, with the hazardous waste code D002; and
- iv. Paint and paint related universal waste.

15. The waste streams identified in Paragraph 14 are hazardous waste as defined in 30 TEX.ADMIN.CODE § 335.1 (69), [40 C.F.R. § 261.24].

Re: DRIL-QUIP INC.
RCRA-06-2014-0913

16. From the Investigation, EPA determined that in October of 2009 and November 2010, Dril-Quip generated one or more of the hazardous waste streams identified in Paragraph 14 in quantities that exceeded the threshold amount of 1,000 kilograms of hazardous waste per month, which qualified Dril-Quip for the large quantity generator status under 30 TEX.ADMIN.CODE, Chapter 335, Subchapter C, [40 C.F.R. Part 262], for the periods that such wastes remained onsite.
17. Dril-Quip is a “generator” of “hazardous wastes” at the Facility, as those terms are defined in Sections 1004(5) & (6) of RCRA, 42 U.S.C. §§ 6903(5) & (6), and 30 TEX ADMIN.CODE §§ 335.1(65) & (69), [40 C.F.R. Part 260.10].
18. As a generator of hazardous waste, Dril-Quip is subject to Sections 3002 and 3010 of RCRA, 42 U.S.C. §§ 6922 and 6930, and the regulations set forth at 30 TEX.ADMIN.CODE, Chapter 335, Subchapter C [40 C.F.R Part 262].

Claim i. Notification Requirements

19. The allegations in Paragraphs 1-18 are realleged and incorporated herein by reference.
20. Within the meaning of 30 TEX.ADMIN.CODE § 335.1 and 40 C.F.R. § 260.10, Dril-Quip is a “generator” and has been engaged in the “treatment”, “storage”, and/or “disposal” of hazardous waste.
21. Pursuant to Section 3010(a) of RCRA, 42 U.S.C. § 6930(a), any person generating a characteristic or listed hazardous waste shall file with the Administrator or authorized State a notification stating the location and general description of such activity and the identified or listed hazardous wastes handled by such person. No identified or listed hazardous waste

Re: DRIL-QUIP INC.
RCRA-06-2014-0913

subject to this subchapter may be transported, treated, stored, or disposed of unless notification has been given as required by Section 3010(a) of RCRA, 42 U.S.C. § 6930(a).

22. Dril-Quip did not file with the Administrator a subsequent notification of hazardous waste activities to reflect its generation of hazardous waste triggering the large quantity threshold in October 2009 and in November 2010, in violation of Section 3010(a) of RCRA, 42 U.S.C. § 6930(a).

Claim ii. Failure to Operate within Its Stated Generator Status

23. The allegations in Paragraphs 1-22 are realleged and incorporated herein by reference.

24. During the Investigation, EPA determined that the notification of hazardous waste activity filed by Dril-Quip with the EPA indicated that Dril-Quip's generator status is a conditionally exempt small quantity generator ("CESQG").

25. Pursuant to 30 TEX.ADMIN.CODE § 335.78(b) and 40 C.F.R. § 261.5(b), as long as a CESQG generator complies with the applicable requirement under 30 TEX.ADMIN.CODE §§ 335.78(e), (f), (g) and (j) and 40 C.F.R. §§ 261.5 (e), (f), (g) and (j) the generator's hazardous waste is not subject to regulation under 30 TEX.ADMIN.CODE, Chapter 335, Subchapters C-H and O; 40 C.F.R. Parts 262 through 268; 40 C.F.R. Parts 270 and 124; and the requirements of Section 3010 of RCRA, 42 U.S.C. § 6930.

26. In October of 2009 and in November 2010, Dril-Quip exceeded its declared CESQG status and, for the period such hazardous waste remained onsite, operated as a large quantity generator in violation of one or more of the requirements for large quantity generators under 30 TEX.ADMIN.CODE, Chapter 335, Subchapter C, [40 C.F.R. § 262.34].

Re: DRIL-QUIP INC.
RCRA-06-2014-0913

Claim iii. Failure to Submit Complete and Correct Annual Waste Summary/Biennial Reports

27. The allegations in Paragraphs 1-26 are realleged and incorporated herein by reference.
28. Pursuant to 30 TEX.ADMIN.CODE § 335.71, [40 C.F.R. § 262.41] a generator who ships any hazardous waste off-site for treatment, storage and/or disposal must prepare and submit a Biennial Report to EPA's Regional Administrator, and to the TCEQ, by March 1 of each even-numbered year.
29. In 2009 and 2011, Dril-Quip shipped hazardous waste streams, including hazardous waste shipped in October 2009 identified as a listed hazardous waste with the EPA hazardous waste code F002, paint and paint-related universal waste shipped in July 2009 and December 2009 to an out-of-state facility under manifests identifying the waste as waste code UNIV 203II and EPA hazardous waste codes D001, F003, F005, and hazardous waste shipped in January 2011 that exhibited the characteristic of corrosivity to which the EPA hazardous waste code D002 applies.
30. The Annual Waste Summary and Biennial Report that represented Dril-Quip's 2009 reporting period did not include the F002, D001, F003 or F005 hazardous waste codes, and the Annual Waste Summary and Biennial Report that represented Dril-Quip's 2011 reporting period did not include the D002 hazardous waste code.
31. The EPA and/or the TCEQ did not receive wholly complete and correct Annual Waste Summary and Biennial Reports representing the 2009 and 2011 reporting periods for

Re: DRIL-QUIP INC.
RCRA-06-2014-0913

hazardous waste streams shipped from the Facility in violation of 30 TEX.ADMIN.CODE § 335.71, [40 C.F.R. § 262.41].

Claim iv. Failure to Comply with the Manifest Requirements

32. The allegations in Paragraphs 1-31 are realleged and incorporated herein by reference.
33. Pursuant to 30 TEX.ADMIN.CODE §§ 335.10(a)(1) and 335.10(c), [40 C.F.R. § 262.20(a)] a large quantity generator shall not offer its hazardous waste for shipment unless it prepares a standard manifest form (EPA Form 8700-22) according to the instructions found in the Appendix to 40 C.F.R. Part 262 and includes a Texas waste code for each hazardous waste itemized on the manifest.
34. In October 2009, Dril-Quip generated and manifested, at a minimum, 5000 kg of waste that contained spent trichloroethylene, to which the EPA hazardous waste codes D040 and F002 applied.
35. On October 8, 2009, Dril-Quip on manifest number 006081935JJK offered its hazardous waste for transport and offsite treatment.
36. On October 8, 2009, Dril-Quip did not include on the manifest (006081935JJK) the EPA hazardous waste code F002.
37. Therefore, Dril-Quip failed to accurately and adequately prepare its hazardous waste manifest for its October shipment of hazardous waste in violation of 30 TEX.ADMIN.CODE §§ 335.10(a)(1) and 335.10(c), [40 C.F.R. § 262.20(a)].

Claim v. Failure to Comply with the Land Disposal Restrictions

38. The allegations in Paragraphs 1-37 are realleged and incorporated herein by reference.

Re: DRIL-QUIP INC.
RCRA-06-2014-0913

39. 30 TEX.ADMIN.CODE §§ 335.431(c), incorporates by reference the relevant and applicable portions of 40 C.F.R. Part 268, for purposes of this Claim, v.
40. Pursuant to 40 C.F.R. § 268.7(a)(1), a generator of hazardous waste must determine if the waste must be treated before it can be land disposed. The treatment methods are found at 40 C.F.R. §§ 268.40, 268.45, or 268.49 and are described further in 40 C.F.R. § 268.42, Table 1.
41. Pursuant 40 C.F.R. §§ 268.40(a) and (a)(1), a prohibited waste identified in the table “Treatment Standards for Hazardous Waste” may be land disposed only if the waste meets the requirements found in the table. Further, all hazardous constituents in the waste or in the treatment residue must be at or below the values found in the table for that waste.
42. Pursuant to 40 C.F.R. §§ 268.40(a), F002, methyl ethyl ketone, and D002 are prohibited hazardous wastes that cannot be land disposed unless each waste is treated in accordance with the treatment standards set forth at 40 C.F.R. § 268.40.
43. In 2009 Dril-Quip shipped waste that did not meet the land disposal treatment standards for F002 and methyl ethyl ketone, and in January 2011, Dril-Quip shipped waste that did not meet the land disposal treatment standards for D002.
44. Respectively in October 2009 and January 2011, Dril-Quip shipped the waste streams identified in Paragraph 42 above to a treatment, storage, and disposal facility.
45. Pursuant to 40 C.F.R. § 268.7(a)(2), if the waste does not meet the treatment standards, with the initial shipment of waste to the treatment, storage, and disposal facility, the generator must send a one-time written notice to each treatment or storage facility receiving the waste,

Re: DRIL-QUIP INC.
RCRA-06-2014-0913

and place a copy in the file. The notice must include the information in column “268.7(a)(2)” of the Generator Paperwork Requirements Table in paragraph (a)(4) of 40 C.F.R. § 268.7

46. Dril-Quip did not send a one-time written notice to the treatment, storage, and disposal facility that its waste streams shipped in October 2009 did not meet the treatment standards for land disposal for F002 and methyl ethyl ketone, and Dril-Quip did not send a one-time written notice to the treatment, storage, and disposal facility that its waste streams shipped in January 2011 did not meet the treatment standards for land disposal for D002.
47. Therefore, Dril-Quip violated 30 TEX.ADMIN.CODE §§ 335.431(c) and 40 C.F.R. Part 268.

IV.
COMPLIANCE ORDER

48. Pursuant to Section 3008(a) of RCRA, 42 U.S.C. § 6928(a), Respondent is hereby ordered to take the following actions, and within thirty (30) calendar days of the effective date of the settlement agreement, Respondent shall provide in writing the following:

- A. Respondent shall certify that it has assessed all its solid waste streams to determine the accurate waste codes and has developed and implemented Standard Operating Procedures (“SOP”) to ensure that Dril-Quip is operating in compliance with RCRA and the regulations promulgated thereunder, including, but not limited to, procedures for: (a) making hazardous waste determinations; (b) managing hazardous wastes; (c) reporting, transporting, and disposing of hazardous waste; (d) preparing the manifests; and (e) meeting the requirements of the land disposal requirements;

Re: DRIL-QUIP INC.
RCRA-06-2014-0913

- B. Respondent shall certify that it has accurately and adequately complied with its RCRA Section 3010 Notification; and
- C. Respondent shall provide, with its certification, a copy of Respondent's SOPs as described in subparagraph A above.

49. In all instances in which this CAFO requires written submission to EPA, the submittal made by Respondent shall be signed by an owner or officer of Dril-Quip and shall include the following certification:

"I certify under the penalty of law that this document and all its attachments were prepared by me or under my direct supervision in accordance with a system designed to assure that qualified personnel properly gathered and evaluated the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations."

Copies of all documents required by this CAFO shall be sent to the following:

U.S. Environmental Protection Agency
Compliance Assurance and Enforcement Division
Hazardous Waste Enforcement Branch
Compliance Enforcement Section (6EN-HC)
1445 Ross Avenue
Dallas, TX 75202-2733
Attn: Dale Thrush

V.
TERMS OF SETTLEMENT

i. Penalty Provisions

50. Pursuant to the authority granted in Section 3008 of RCRA, 42 U.S.C. § 6928, and upon consideration of the entire record herein, including the above referenced Findings of Fact and

Re: DRIL-QUIP INC.
RCRA-06-2014-0913

Conclusions of Law, which are hereby adopted and made a part hereof, upon the seriousness of the alleged violations, and Respondent's good faith efforts to comply with the applicable regulations, it is ordered that Respondent be assessed a civil penalty of Ninety-Four Thousand Nine Hundred Dollars (\$94,900).

51. The penalty shall be paid within thirty (30) calendar days of the effective date of this CAFO and made payable to the Treasurer United States.

52. The following are Respondent's options for transmitting the penalties:

Regular Mail, 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

Overnight Mail (non-U.S. Postal Service), the check should be remitted to:

U.S. Bank
Government Lockbox 979077
US EPA Fines and Penalties
1005 Convention Plaza
SL-MO-C2-GI
St. Louis, MO 63101
314-418-1028

Re: DRIL-QUIP INC.
RCRA-06-2014-0913

Wire Transfer:

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

The case name and docket number (In the Matter of Dril-Quip, Inc., Docket No. RCRA-06-2014-0913) shall be clearly documented on or within your chosen method of payment to ensure proper credit.

53. The Respondent shall send a simultaneous notice of such payment to the following:

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

Mark Potts, Associate Director
Hazardous Waste Enforcement Branch (6EN-II)
Compliance Assurance and Enforcement Division
U.S. EPA, Region 6
1445 Ross Avenue
Dallas, Texas 75202-2733
Attention: Dale Thrush

Your adherence to this request will ensure proper credit is given when penalties are received by EPA.

54. 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 cost of process and handling a delinquent claim. Interest on

Re: DRIL-QUIP INC.
RCRA-06-2014-0913

the civil penalty assessed in this CAFO will begin to accrue on the effective date of the CAFO and will be recovered by EPA on any amount of the civil penalty that is not paid within thirty (30) calendar days of the civil penalty's due date and 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 EPA's administrative handling overdue debts will be charged and assessed monthly throughout the period the debt is overdue. 40 C.F.R. § 13.11(b). EPA will also assess a \$15.00 administrative handling charge for administrative costs on unpaid penalties for the thirty (30) day period after the payment is due and an additional \$15.00 for each subsequent thirty (30) day period 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. 40 C.F.R. § 13.11(b). Should a penalty charge on the debt be required, it shall accrue from the first day payment is delinquent. 31 C.F.R. § 901.9(d). Other penalties for failure to make a payment may also apply.

ii. Cost

55. 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 the Equal Access to Justice Act (5 U.S.C. § 504), as amended by the Small Business Regulatory Enforcement Fairness Act (P.L. 04-121), and any regulations promulgated pursuant to those Acts.

Re: DRIL-QUIP INC.
RCRA-06-2014-0913

iii. Termination and Satisfaction

56. When Respondent believes that it has complied with all the requirements of this CAFO, including compliance with the Compliance Order and payment of the civil penalty, Respondent shall so certify in writing and in accordance with the certification language set forth in Section IV (Compliance Order), Paragraph 48. Unless the EPA, Region 6 objects in writing within sixty (60) days of EPA's receipt of Respondent's certification, then this CAFO is terminated on the basis of Respondent's certification.

iv Effective Date of Settlement

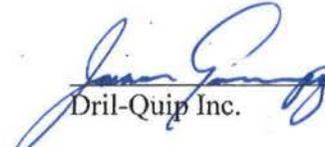
57. This CAFO shall become effective upon filing with the Regional Hearing Clerk.

Re: DRIL-QUIP INC.
RCRA-06-2014-0913

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

FOR THE RESPONDENT:

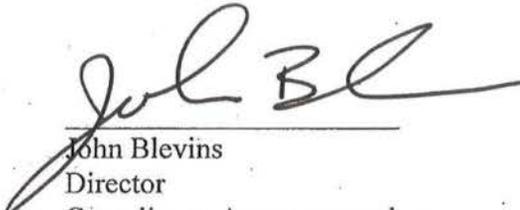
Date: 14 AUG 14



Dril-Quip Inc.

FOR THE COMPLAINANT:

Date: 8/21/14



John Blevins
Director
Compliance Assurance and
Enforcement Division

Re: DRIL-QUIP INC.
RCRA-06-2014-0913

FINAL ORDER

Pursuant to the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties, 40 CFR Part 22, the foregoing CAFO 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 herein. 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 and the civil penalty payment instructions as set forth in the CAFO. Pursuant to 40 CFR § 22.31(b) this Final Order shall become effective upon filing with the Regional Hearing Clerk.

Date: 8/25/14



Thomas Rucki
Regional Judicial Officer

Re: DRIL-QUIP INC.
RCRA-06-2014-0913

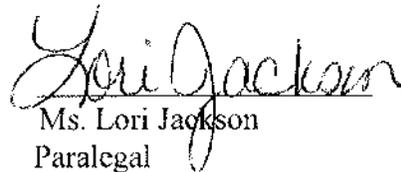
CERTIFICATE OF SERVICE

I hereby certify that on the 26th day of Aug., 2014, the original of the foregoing Consent Agreement and Final Order was hand delivered to the Regional Hearing Clerk, U.S. EPA - Region 6, 1445 Ross Avenue, Dallas, Texas 75202-2733, and that a true and correct copy of the CAFO was sent to the following by the method identified below:

CERTIFIED MAIL - RETURN RECEIPT REQUESTED 7014 0150 0000 2453 7786

C.T. Corporation System
1999 Bryan Street, Suite 900
Dallas, TX 75201

Copies to:
Jonathan Bull
Gardere Wynne Sewell LLP
3000 Thanksgiving Tower
1601 Elm Street
Dallas, Texas 75214


Ms. Lori Jackson
Paralegal