

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 8

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IN THE MATTER OF: )Dalbo Holdings, Inc. )  
355 South 1000 East )  
Vernal, UT 84078 )**Respondent.** )  
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Docket No. CAA-08-2026-0003

**CONSENT AGREEMENT**

Complainant, the authorized representative of the United States Environmental Protection Agency (“EPA”), and Respondent, Dalbo Holdings, Inc. (collectively, the Parties), by their undersigned representatives, hereby consent and agree as follows:

**I. PRELIMINARY STATEMENT**

1. This Consent Agreement and Final Order is an administrative penalty assessment proceeding brought under section 113(d) of the Clean Air Act (“Act”), 42 U.S.C. § 7413(d), entered into by the EPA, by its duly delegated officials, and by Respondent for the purposes of commencing and concluding this matter, as authorized by 40 C.F.R. § 22.13(b), and pursuant to 40 C.F.R. § 22.18(b)(2)-(3).
2. Complainant and Respondent, (together, the “Parties”) having agreed that settlement of this action is in the public interest, consent to the entry of this Consent Agreement (“Consent Agreement” or “Agreement”) and the entry of a final order (“Final Order”) without adjudication of any issues of law or fact herein, and Respondent agrees to comply with the terms of this Consent Agreement and the Final Order issued by the Regional Judicial Officer (“RJO”) approving this Consent Agreement.
3. The Parties consent to service of the Final Order by email at the following valid email addresses: [adams.colleen@epa.gov](mailto:adams.colleen@epa.gov) (for Complainant), and [MZody@parsonsbehle.com](mailto:MZody@parsonsbehle.com) (for Respondent).

**II. JURISDICTION**

4. This Consent Agreement is entered into under the authority vested in the Administrator of the EPA by section 113(d) of the Act, 42 U.S.C. § 7413(d). The undersigned EPA official has been duly authorized to institute this action. The alleged violations in this Consent Agreement are pursuant to section 113(a)(3)(A) of the Act.
5. The EPA and the United States Department of Justice jointly determined this matter, although it involves alleged violations that occurred more than one year before the initiation of this proceeding, is appropriate for an administrative penalty assessment, as authorized by section 113(d)(1) of the CAA, 42 U.S.C. § 7413(d), 40 C.F.R. § 19.4.
6. In satisfaction of the notice requirements of section 113(a)(4) of the Act, 42 U.S.C. § 7413(a)(4), on November 4, 2020, the EPA issued to Respondent a notice of violation (NOV) and provided a copy of the NOV to the Ute Indian Tribe, providing notice to both that EPA found Respondent committed the alleged violations described in this Agreement and providing Respondent an opportunity to confer with the EPA. Respondent timely contested the alleged violations. Meetings regarding those issues subsequently took place between the EPA and Respondent.
7. The EPA Region 8 Regional Judicial Officer (RJO) is authorized to ratify this Consent Agreement which memorializes a settlement between Complainant and Respondent in a Final Order. 40 C.F.R. §§ 22.18(b), 22.4.
8. The final order issued by the RJO approving this Agreement simultaneously commences and concludes this proceeding. 40 C.F.R. § 22.13(b).

### **III. RESPONDENT**

9. Respondent is Dalbo Holdings, Inc (DHI).
10. DHI is a corporation, incorporated in the State of Utah, and at all relevant times to the Agreement was and is doing business on the Uintah and Ouray Indian Reservation in the State of Utah.
11. Respondent is a “person” as defined in section 302(e) of the Act, 42 U.S.C. § 7602(e).

### **IV. DEFINITIONS**

12. "Ace Disposal Facility" means Respondent's oilfield wastewater disposal facility (OWDF) located at latitude 40.067131, longitude -109.458228 within the

exterior boundaries of the Uintah and Ouray Indian Reservation.

13. "Glen Bench South Disposal Facility" means Respondent's oilfield wastewater disposal facility located at latitude 40.069073, longitude -109.459192 within the exterior boundaries of the Uintah and Ouray Indian Reservation.
14. "BTEX" means benzene, toluene, ethylbenzene, and xylenes.
15. "VOCs" means volatile organic compounds.
16. "Closed Vent System" means a system that is not open to the atmosphere and is composed of piping, ductwork, connections, and if necessary, flow inducing devices that transport gas or vapor from an emission point to one or more control devices. Nothing in this definition precludes the use of pressure relief devices on separation vessels that have an appropriate set point to ensure all vapors are routed to control device(s) during normal operation conditions.
17. "Day" or "daily" means a calendar day, unless specified in this Agreement as a "business" day which shall mean Monday-Friday;
18. "Effective Date" means the definition provided in Section XIII.
19. "Proof of Payment" means, as applicable, a copy of the check, confirmation of credit card or debit card payment, or confirmation of wire or automated clearinghouse transfer, and any other information required to demonstrate that payment has been made according to EPA requirements, in the amount due, and identified with the appropriate docket number and Respondent's name.

## **V. GOVERNING LAW**

### **Title V Operating Permit Program**

20. As set forth in section 101(b)(1) of the Act, 42 U.S.C. § 7401(b)(1), the purpose of the Act is to protect and enhance the quality of the nation's air, so as to promote the public health and welfare and the productive capacity of its population.
21. Title V of the Act, 42 U.S.C. §7661-7661f, and the implementing regulations at 40 C.F.R. Part 70, establishes an operating permit program for certain sources of air pollution.
22. Under Title V, a "major source" means, inter alia, any stationary source that is either a "major source" as defined in section 112 of the Act, 42 U.S.C. § 7412, or a "major stationary source" as defined in section 302 of the Act, 42 U.S.C. §

7602. 42 U.S.C. § 7661(2).

23. Under section 112(a)(1) of the Act, a “major source” of HAPs is, with limited exceptions not applicable here, “any stationary source or group of stationary sources located within a contiguous area and under common control that emits or has the potential to emit considering controls, in the aggregate, 10 tons per year or more of any hazardous air pollutant or 25 tons per year or more of any combination of hazardous air pollutants.” 42 U.S.C. § 7412(a)(1), see also 40 C.F.R. § 63.2.
24. Under section 112 of the Act, all fugitive emissions are to be considered in determining whether a stationary source is a major source. 40 C.F.R. § 63.2. Under 40 C.F.R. § 63.2, “fugitive emissions” are defined as “those emissions from a stationary source that could not reasonably pass through a stack, chimney, vent, or other functionally equivalent opening.”
25. Section 302 of the Act, 42 U.S.C. § 7602(j), defines “major stationary source” as “any stationary facility or source of air pollutants which directly emits, or has the potential to emit, one hundred tons per year or more of any air pollutant (including any major emitting facility or source of fugitive emissions of any such pollutant, as determined by rule by the Administrator).”
26. In accordance with section 502(b) of the Act, 42 U.S.C. § 7661a(b), the EPA promulgated regulations at 40 C.F.R. Part 71 (the “Part 71 regulations”) that allow the EPA to directly administer Title V as a permitting authority and federally issue operating permits pursuant to Title V (a “Title V Permit”) in areas lacking an EPA-approved or adequately administered operating permit program. See 61 Fed. Reg. 34228 (July 1, 1996).
27. Section 502(a) of the Act, 42 U.S.C. § 7661a(a), and the Part 71 regulations, at 40 C.F.R. § 71.7(b), provide that after the effective date of any permit program approved or promulgated under Title V, no source subject to Title V may operate except in compliance with a Title V Permit.
28. Sources of air pollution subject to Title V, pursuant to 42 U.S.C. § 7661a(a), are required to have a Title V permit as of the effective date of a permit program or partial or interim permit program applicable to the source, or as of the date the source becomes subject to Title V, if later. 42 U.S.C. § 7661b(a).
29. Any person required to have a Title V permit shall submit a permit application and compliance plan to the permitting authority no later than 12 months after the date on which the source becomes subject to the Title V permit program, or such earlier date as the permitting authority may establish. 42 U.S.C. § 7661b(c).

30. Pursuant to section 113(a)(3) of the Act, 42 U.S.C. 7413(a)(3), violations of the Title V program requirements are subject to federal enforcement.

#### **40 CFR Part 71 Federal Operating Permit Programs**

31. The Part 71 regulations are the Title V implementing regulations for Federal Operating Permit Programs, and these regulations apply to any “Part 71 source”, which include, inter alia, major sources of air pollution operating in Indian country, as defined in 40 C.F.R. § 71.2, where the EPA has not otherwise delegated permitting authority. 40 C.F.R §§71.3(a)(1) and 71.4(b). *See* 42 U.S.C. § 7661a(a).
32. Under the Part 71 regulations, major source means, inter alia, a major source under section 112 of the Act, or a “major stationary source” as defined in section 302 of the Act, 42 U.S.C. § 7602. 40 C.F.R. 71.2.
33. Under the Part 71 regulations, “Indian country” means: (1) all land within the limits of any Indian reservation under the jurisdiction of the United States government, notwithstanding the issuance of any patent, and including rights-of-way running through the reservation; (2) All dependent Indian communities within the borders of the United States whether within the original or subsequently acquired territory thereof, and whether within or without the limits of a State; and (3) All Indian allotments, the Indian titles of which have not been extinguished, including rights-of-way running through the same. 40 C.F.R. § 71.2.
34. Fugitive emissions from a Part 71 source shall be included in the permit applications and the Title V permit in the same manner as stack emissions, regardless of whether the source category in question is included in the list of sources contained in the definition of major source. 40 C.F.R. 71.3(d).
35. The effective date of the Part 71 regulations in Indian country was March 22, 1999. 40 C.F.R. 71.4(b)(2).
36. All Part 71 sources are required to have a Title V permit to operate. 40 C.F.R. § 71.1(b).
37. The owner or operator of each Part 71 source has a duty to submit a timely and complete permit application. 40 C.F.R. 71.5(a).
38. For a source applying for a Title V permit for the first time, a timely application is one that is submitted within 12 months after the source becomes subject to the permit program or on or before such earlier date as the permitting authority

may established. 40 C.F.R. § 71.5(a)(1)(i).

39. A complete application provides all of the information required pursuant to 40 C.F.R. § 71.5(c), in sufficient detail “to evaluate the subject source and its application and to determine all applicable requirements,” and remits payment of fees owed under the fee schedule established pursuant to 40 C.F.R. § 71.9(b). 40 C.F.R. § 71.5(a)(2).
40. The owners or operators of Part 71 sources shall pay annual fees, or the equivalent over some other period, that are sufficient to cover the permit program costs, in accordance with the procedures described in 40 C.F.R. § 71.9.
41. For Part 71 programs that are administered by the EPA, each Part 71 source shall pay an annual fee which is the sum of \$32 per ton (as adjusted annually by the percentage, if any, of any annual increase in the Consumer Price Index) times the total tons of the actual emissions of each regulated pollutant (for fee calculation) emitted from the source, including fugitive emissions. 40 C.F.R. §§ 71.9(c)(1)(i) and 71.9(n)(1).

## **VI. FINDINGS OF FACT**

42. At all times relevant to this Agreement, DHI owned and operated the following oilfield wastewater disposal facilities on Indian country lands within the Uinta Basin: the Ace Disposal OWDF (Ace Disposal), which DHI owns and operates, and through its predecessors, has owned and operated since approximately 1993-1994; and the Glen Bench South OWDF (Glen Bench South) which DHI owns and operated, and through its predecessors, has owned and operated since approximately 2000;
43. On October 22-25, 2018, the EPA conducted on-site inspections of the Ace Disposal and Glen Bench South facilities owned and operated by Respondent.
44. On April 16, 2019, the EPA issued an inspection report to Respondent, detailing the EPA’s findings during the on-site inspection.
45. On March 12, 2019, the EPA sent DHI an information request pursuant to the authority of CAA section 114(a), 42 U.S.C. § 7414(a).
46. For each of the following sources, Respondent has violated section 502a of the Act and Part 71 of its implementing regulations.

**A. Operation of a Major Source of VOCs without a Title V Operating Permit at Glen Bench South**

47. Based on the EPA's inspection on October 22-25, 2018, and the information gathered from the 2019 Information Request, Respondent violated requirements under 42 U.S.C. § 7661a(a) to operate a major source of VOC emissions in compliance with a Title V permit because the Glen Bench South facility emitted more than 100 tons of VOC emissions in 2019.
48. Based on oilfield wastewater sampled at the Glen Bench South facility, the facility was a major source of VOC emissions in 2019, as the EPA determined through mass balance analysis of the wastewater sampling that the facility emitted approximately 155.7 tons of VOCs in 2019. 42 U.S.C. § 7661(2)(B).
49. Glen Bench South is a major stationary source of VOC emissions as a "stationary facility or source of air pollutants which directly emits, or has the potential to emit, one hundred tons per year or more of any air pollutant." 42 U.S.C. §§ 7602(j), 42 U.S.C. 7661(2).
50. Accordingly, Respondent violated section 502(a) of the Act, 42 U.S.C. § 7661a(a), and its implementing regulations at Part 71.

**B. Operation of a Major Source of Methanol without a Title V Operating Permit at Ace Disposal**

51. Based on the EPA's inspection on October 22-25, 2018, and the information gathered from the 2019 Information Request, Respondent violated requirements under 42 U.S.C. § 7661a(a) to operate a major source of VOC emissions in compliance with a Title V permit because the Ace Disposal facility emitted more than 10 tons of methanol emissions in 2019.
52. Methanol is a hazardous air pollutant. 42 U.S.C. § 7412(b)(1).
53. Based on oilfield wastewater sampled at the Ace Disposal facility, the facility was a major source of methanol emissions in 2019, as the EPA determined through AP-42 analysis of the wastewater sampling that the facility emitted approximately 48.7 tons of methanol in 2019. 42 U.S.C. § 7412(a)(1), 42 U.S.C. § 7661(2)(A).
54. Ace Disposal is a major source of methanol emissions as it is a "stationary source or group of stationary sources located within a contiguous area and under common control that emits or has the potential to emit considering

controls, in the aggregate 10 tons per year or more of any hazardous air pollutant.” 42 U.S.C. § 7412(a)(1), 42 U.S.C. § 7661(2); *see also* 40 C.F.R. § 63.2.

55. Accordingly, Respondent has violated section 502(a) of the Act, 42 U.S.C. § 7661a(a), and its implementing regulations at Part 71.

## VII. TERMS OF CONSENT AGREEMENT

56. Solely for the purposes of this proceeding, as required by 40 C.F.R. § 22.18(b)(2), Respondent:

- a. admits the EPA has jurisdiction over the subject matter alleged in this Agreement;
- b. neither admits or denies the EPA’s alleged findings of fact and alleged violations of law stated above;
- c. consents to the assessment of a civil administrative penalty as stated below;
- d. consents to the issuance of the specified compliance and corrective action order in this document;
- e. consents to the Conditions of Settlement specified in this Agreement;
- f. waives any right to contest the alleged violations of law;
- g. waives its rights to appeal the Final Order issued by the RJO approving this Agreement;
- h. agrees that this Agreement states a claim upon which relief may be granted against Respondent;
- i. consents to personal jurisdiction in any action to enforce this Agreement, in the United States District Court for the District of Utah;
- j. acknowledges that this Agreement constitutes an enforcement action for purposes of considering Respondent’s compliance history in any subsequent enforcement actions by the EPA;
- k. waives any and all remedies, claims for relief, and otherwise available rights to judicial or administrative review that Respondent may have with respect to any issue of fact or law set forth in this Agreement, including any right of judicial review under section 307(b)(1) of the Act, 42 U.S.C. §

7607(b)(1);

- l. waives any rights it may possess at law or in equity to challenge the authority of the EPA to bring a civil action in a United States District Court to compel compliance with the Agreement, and to seek an additional penalty for such noncompliance with this Agreement, and agrees that federal law shall govern in any such civil action; and
  - m. by signing this Agreement, Respondent waives any rights or defenses that it has or may have for this matter to be resolved in federal court, including but not limited to any right to a jury trial, and waives any right to challenge the lawfulness of the Final Order issued by the RJO approving this Agreement.
57. Civil Penalty. Section 113(d)(1), 42 U.S.C. § 7413(d)(1), authorizes the EPA to assess a civil penalty in this matter.
58. To determine the amount of the civil penalty, the EPA considered the size of Respondent's business, the economic impact of the penalty on the business, Respondent's full compliance history and good faith efforts to comply, the duration of the violations as established by any credible evidence, the economic benefit of noncompliance, the seriousness of the violations, and such other factors as justice may require. 42 U.S.C. § 7413(e)(1).
59. The EPA has compromised the civil penalty pursuant to section 113(d)(2)(B) of the Act, 42 U.S.C. § 7413(d)(2)(B).
60. Penalty Payment. Respondent agrees to pay the civil penalty in the amount of \$60,000 ("Assessed Penalty") within 30 days after the date of the Final Order ratifying this Agreement is filed with the Regional Hearing Clerk ("Filing Date").
61. Payment Method. Respondent shall pay the Assessed Penalty and any interest, fees, and other charges due using any method, or combination of methods, provided on the EPA website: <https://www.epa.gov/financial/makepayment>. For additional instructions see: <https://www.epa.gov/financial/additional-instructions-making-payments-epa>. However, for any payments made after September 30, 2025, and in accordance with the March 25, 2025 Executive Order on Modernizing Payments To and From America's Bank Account, Respondent shall pay using one of the electronic payments methods listed on the EPA's How to Make a Payment website and will not pay with a paper check.
62. Payment Procedures. When making a payment, a Respondent shall:

- i. Identify every payment with Respondent's name and the docket number of this Agreement,
- ii. Concurrently with any payment or within 24-hours of any payment, Respondent shall serve proof of such payment to the following persons:

Kate Tribbett, Regional Hearing Clerk  
U.S. Environmental Protection Agency, Region 8  
ORC-IO, 1595 Wynkoop Street, Denver, CO 80202  
[R8\\_hearing\\_clerk@epa.gov](mailto:R8_hearing_clerk@epa.gov)

and

Scott Patefield  
Branch Manager, Air and Toxics Enforcement Branch  
U.S. Environmental Protection Agency, Region 8  
8ENF-AT, 1595 Wynkoop Street, Denver, CO  
[R8AirReportEnforcement@epa.gov](mailto:R8AirReportEnforcement@epa.gov)

and

U.S. Environmental Protection Agency  
Cincinnati Finance Center  
Via electronic mail to: [CINWD\\_AcctsReceivable@epa.gov](mailto:CINWD_AcctsReceivable@epa.gov)

63. Interest, Charges, and Penalties on Late Payments. Pursuant to 42 U.S.C. § 7413(d)(5), 31 U.S.C. § 3717, 31 C.F.R. § 901.9, and 40 C.F.R. § 13.11, if Respondent fails to timely pay the full amount of the Assessed Penalty per this Agreement, the EPA is authorized to recover, in addition to the amount of the unpaid Assessed Penalty, the following amounts:

- i. Interest. Interest begins to accrue from the Filing Date. If the Assessed Penalty is paid in full within thirty (30) days, interest accrued is waived. If the Assessed Penalty is not paid in full within thirty (30) days, interest will continue to accrue until any unpaid portion of the Assessed Penalty as well as any interest, penalties, and other charges are paid in full. Per 42 U.S.C. § 7524(c)(6), interest will be assessed pursuant to 26 U.S.C. § 6621(a)(2), that is the IRS standard rate, equal to the Federal short term rate plus 3 percentage points.
- ii. Handling Charges. The United States' enforcement expenses including, but not limited to, attorneys' fees and costs of handling collection.

- iii. Late Payment Penalty. A ten percent (10%) quarterly non-payment penalty.

64. Late Penalty Actions. In addition to the amounts described in the prior Paragraph, if Respondent fails to timely pay any portion of the EPA Penalty assessed under this Agreement, the EPA may take additional actions. Such actions the EPA may take include but are not limited to the following.

- i. Refer the debt to a credit reporting agency or a collection agency, per 40 C.F.R. §§ 13.13 and 13.14.
- ii. Collect the debt by administrative offset (i.e., the withholding of money payable by the United States government to, or held by the United States government for, a person to satisfy the debt the person owes the United States government), which includes, but is not limited to, referral to the Internal Revenue Service for offset against income tax refunds, per 40 C.F.R. Part 13, Subparts C and H.
- iii. Suspend or revoke Respondent's licenses or other privileges, or suspend or disqualify Respondent from doing business with the EPA or engaging in programs the EPA sponsors or funds, per 40 C.F.R. § 13.17.
- iv. Request that the Attorney General bring a civil action in the appropriate district court to enforce the Final Order and recover the full remaining balance of the Assessed Penalty, in addition to interest and the amounts described above, pursuant to 42 U.S.C. § 7413(d)(5). In any such action, the validity, amount, and appropriateness of the Assessed Penalty and Final Order shall not be subject to review.

65. Allocation of Payments. Pursuant to 31 C.F.R. § 901.9(f) and 40 C.F.R. § 13.11(d), a partial payment of debt will be applied first to outstanding handling charges, second to late penalty charges, third to accrued interest, and last to the principal that is the outstanding Assessed Penalty amount.

66. Tax Treatment of Penalties. Consistent with section 162(f)(1) of the Internal Revenue Code, 26 U.S.C. § 162(f)(1), Respondent will not deduct penalties, interest, and other charges paid pursuant to this Agreement for purposes of federal taxes.

67. Tax Reporting. Pursuant to 26 U.S.C. § 6050X and 26 C.F.R. §1.6050X-1, the EPA is required to annually send to the IRS a completed IRS Form 1098-F

(“Fines, Penalties, and Other Amounts”) with respect to any court order or settlement agreement (including administrative settlements) that require a payor to pay an aggregate amount that EPA reasonably believes will be equal to, or in excess of, \$50,000 for the payor’s violation of any law or the investigation or inquiry into the payor’s potential violation of any law, including amounts paid for “restitution or remediation of property” or to come “into compliance with a law.” 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), Respondent’s failure to comply with providing IRS Form W-9 or Tax Identification Number (“TIN”), as described below, may subject Respondent to a penalty, per 26 U.S.C. § 6724(d)(3), and 26 C.F.R. § 301.6723-1. To provide EPA with sufficient information to enable it to fulfill these obligations, Respondent shall complete the following actions as applicable.

- i. 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>.
- ii. Respondent shall therein certify that its completed Form W-9 included Respondent’s correct TIN or that Respondent has applied and is waiting for issuance of a TIN.
- iii. Respondent shall email its completed Form W-9 to EPA’s Cincinnati Finance Division at [chalifoux.jessica@epa.gov](mailto:chalifoux.jessica@epa.gov). If the Effective Date of this Agreement falls on or between December 14 and 31 of the calendar year, Respondent shall email its completed Form W-9 within seven (7) days of the Effective Date. Otherwise, Respondent shall email its completed Form W-9 on or before the date that Respondent’s civil penalty is due pursuant to Paragraph 60 of this Agreement. The EPA recommends encrypting IRS Form W-9 email correspondence.
- iv. If Respondent has certified in its completed IRS Form W-9 that it does not yet have a TIN but has applied for a TIN, Respondent shall provide EPA’s Cincinnati Finance Division with Respondent’s TIN, via email, within five (5) days of Respondent’s receipt of a TIN from the IRS.

68. Attorney’s Fees and Costs. Except as qualified by Paragraph 63, each Party shall bear its own attorney’s fees, costs, and disbursements incurred in this proceeding.

69. Conditions of Settlement. As conditions of settlement, Respondent<sup>1</sup> agrees to perform the following actions:

a. Facility Re-Design and Emission Control.

- i. By no later than 7 months after the Effective Date of this Agreement, Respondent shall take the following actions at the Ace Disposal Facility:
  - a. replace the inlet separator (“inlet vault”) with separation tanks (e.g., frac tanks) and;
  - b. install a Closed Vent System that routes all vapors from the separation tanks to a control device as described in this Paragraph, and;
  - c. install an enclosed combustion device (“ECD”) which shall act as the primary control device and shall be designed to reduce hydrocarbon emissions by 95%, and;
  - d. install activated carbon canisters which shall act as a backup control device whenever the enclosed combustion device is out of service.
- ii. Inlet separation vessels (frac tanks) may be equipped with pressure relief devices.
- iii. Respondent shall stop receiving oil wastewater any time the ECD and activated carbon canisters, required above by Paragraph 69.a.i., are both out of service and shall not resume receiving oil wastewater until at least one of the two control devices has returned to service.

b. HDPE Barrier Installation.

- i. By no later than 7 months after the Effective Date of this Agreement, Respondent shall install a high-density polyethylene membrane barrier (“HDPE Barrier”) over the skim pond at the Ace Disposal Facility.

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<sup>1</sup> One of Respondent’s subsidiaries may perform the actions required under Paragraph 69 (Conditions of Settlement) of this Agreement, including applying for the permit required in paragraph 69.h.

- ii. The HDPE Barrier shall include inspection ports and skimming ports to periodically remove oil accumulation on the surface of the water.
  - iii. Respondent shall ensure the inspection ports and skimming ports are closed at all times except during an inspection or skimming activity.
  - iv. Respondent shall stop receiving oil wastewater if there is visible damage to the HDPE Barrier and repairs cannot be effected within 14 days of discovery.
- c. Initial Control Testing Requirements.
- i. By no later than 90 days after installation and startup of the ECD required by paragraph 69.a.i., Respondent shall conduct a performance test on the enclosed combustor using EPA's Other Test Method 52 (OTM-52) ("Method for Determination of Combustion Efficiency from Enclosed Combustion Devices Located at Oil and Gas Facilities") to ensure control device combustion efficiency is at least 95% or greater.
  - ii. The performance test shall include three one-hour runs, where combustion efficiency will be the average combustion efficiency determined over each of the three test runs.
  - iii. In the event that the performance test cannot meet the validation criteria of OTM 52 due to the unique characteristics of the process, including potential for the low flow rates and/or negligible hydrocarbon gas concentration from the inlet separation vessel, then the test will be deemed inconclusive.
  - iv. In the event the performance test does meet the validation criteria of OTM-52 and the ECD fails to achieve 95% combustion efficiency, Respondent shall either:
    - a. conduct maintenance and/or repairs and conduct follow-up testing to confirm compliance with the 95% combustion efficiency requirement within 60 days, or;
    - b. demonstrate that the post-controlled VOC emissions, along with other point-source VOC emissions from the source, are below applicable major source thresholds within 60 days.

- d. Operations and Maintenance Plan. By no later than 10 months after the Effective Date of this Agreement, Respondent shall submit to the EPA, for review and approval pursuant to Paragraph 69.j, a facility Operations and Maintenance Plan (“O&M Plan”). The O&M Plan shall include, at a minimum, descriptions of the following required operational, sampling, and maintenance procedures:
  - i. Operational Procedures
    - a. Separation tanks oil removal procedure.
    - b. Skim pond oil removal procedure.
    - c. Procedures for releasing liquids to evaporation ponds to ensure that neither an oil film layer nor an oil sheen exist on the surface.
    - d. ECD operational procedures, including a back-pressure regulator set point.
    - e. Activated carbon canister operational procedures.
    - f. Flow meter operational procedures.
  - ii. Sampling Procedures
    - a. Monthly sampling procedures.
    - b. Sampling chain of custody procedures and related forms.
  - iii. Maintenance Procedures
    - a. Separation tanks and closed vent system inspection and maintenance procedure, including quarterly auditory, visual, and olfactory (AVO) forms.
    - b. Skim pond HDPE Barrier inspection and maintenance procedure.
    - c. ECD inspection and maintenance procedure.
    - d. Activated carbon canister inspection and maintenance procedure.
    - e. Flow meter inspection, maintenance and annual calibration procedure.
    - f. If there are any material modifications to the design and operation of the applicable facility, Respondent shall submit a proposed revision of the O&M Plan to the EPA within 30 Days of the modification. The proposed revision shall be deemed approved if the EPA has not otherwise approved or denied the revision pursuant to Paragraph 69.j within 90 Days of the EPA’s receipt of the proposed revision.
- e. Inspections, Monitoring, and Periodic Sampling.

- i. Respondent shall conduct AVO inspections of each tank, closed vent system, and HPDE barrier on a quarterly basis.
  - ii. Respondent shall install and operate a continuous pilot monitoring system on the ECD that collects data at least every 6 minutes, and that includes an alarm that notifies Respondent if the pilot flame is not detected for a period of 12 minutes or more, except during periods when the ECD is out of service and the activated carbon canisters are operating as a backup control device.
  - iii. Respondent shall install a flow meter to monitor the wastewater sent to the evaporation pond and record cumulative liquid volumes at least every 15 minutes. The data from the flow meter shall be used by Respondent to calculate monthly throughput to the evaporation pond.
  - iv. Respondent shall collect monthly samples at the inlet to the evaporation pond, including three samples per sampling event, except that if no water is routed to the evaporation ponds during a calendar month sampling during that month is not required. The average concentration of each analyte will be used in conjunction with flow rates to demonstrate compliance with permitted emission limits. Sampling events for separate months must be conducted at least 15 Days apart. If more than one sample event occurs in a calendar month, then all samples of the wastewater inlet to the evaporation ponds collected during the calendar month will be averaged to arrive at an average pollutant concentration for the month.
  - v. Respondent shall utilize a Chain of Custody for each sample required by Paragraph 69d. Each sample shall be analyzed for BTEX using EPA Method SW-8260, Gasoline Range Organics (“GRO”), Diesel Range Organics (“DRO”) and Methanol using EPA Method SW8015C.
- f. Recordkeeping.
- i. Respondent shall maintain the following records:
    - a. Total liquid volumes introduced into the primary oil water separator.
    - b. Flow meter data for water volumes introduced to evaporation ponds.

- c. Monthly water sampling analysis data and emission factors.
  - d. Quarterly AVO inspection forms.
  - e. Monthly flow meter readings
  - f. Information relating to any instances where the ECD is out of service, as described in Paragraph 69.a.iii.
- g. Facility-Wide Emissions Calculations.
- i. Respondent shall calculate monthly emissions of each individual HAP, total HAPs, and VOCs using monthly average pollutant concentrations (lb/BBL) measured during each monthly sampling event(s), as follows:
    - a. Evaporation pond individual HAPs will be determined using each target HAP analyte (i.e. BTEX and methanol) pollutant concentrations and multiplying it by the monthly cumulative liquid throughput as measured with the flow meter. Alternatively, EPA's AP-42 Section 4.3, Equations 1, 2, 7 and 15 (disposal) may be used to estimate Methanol emission. When using Equation 15, a biomass concentration ( $b_i$ ) of 50 g/m<sup>3</sup> (the default value in AP-42 Section 4.3 for quiescent treatment systems) shall be conservatively assumed unless a higher value can be supported through water sampling or other documentation.
    - b. Evaporation pond total HAPs will be determined using the sum of BTEX and methanol determined from Paragraph 69.f.i of this Agreement.
    - c. Emissions from the skim pond and separation vessels shall be assumed to be negligible with the installation of an HDPE Barrier on the skim pond and a Closed Vent System that routes all vapors from the separation vessels to an ECD. Any additional emission sources at the facility shall be included in the monthly facility-wide emission estimates.
- h. Permit Application.
- i. No later than 10 months after the Effective Date of this Agreement, Respondent shall apply for a federally enforceable synthetic minor permit under 40 C.F.R. §§ 49.151-49.164 for the Ace Disposal Facility that memorializes the control requirements within this

Consent Agreement and includes the conditions and limitations set forth in Paragraph 69 of this Agreement.

- ii. Respondent's application for the permit shall meet the requirements of 40 C.F.R. § 49.158 and shall include limitations based on rolling monthly emissions, determined under the procedures outlined in Paragraphs 69.g so as to limit the facility to:
  - a. Less than 10 tons per year for any individual HAP, set as a 12-month rolling average, to be evaluated on a monthly basis;
  - b. Less than 25 tons per year for all HAPs combined, set as a 12-month rolling average, to be evaluated on a monthly basis; and;
  - c. Less than 100 tons per year for VOCs, set as a 12-month rolling average, to be evaluated on a monthly basis.
- i. Conditional Glen Bench South Facility Requirement.
  - i. If the Glen Bench South Facility restarts operations and begins accepting oil field wastewater, the facility must first apply for and obtain a federally enforceable synthetic minor permit under 40 C.F.R. §§ 49.151-49.164.
- j. Approval of Deliverables.
  - i. After review of any plan, report, or other item that is required to be submitted for approval pursuant to this Consent Agreement, the EPA will in writing, either approve the submission, approve the submission upon specified conditions, approve part of the submission and disapprove the remainder, or disapprove the submission.
  - ii. If the submission is approved, Respondent shall take all actions required by the plan, report, or other document, in accordance with the schedules and requirements of the plan, report, or other document, as approved.
  - iii. If the submission is conditionally approved or approved only in part, Respondent shall, upon written direction from the EPA, take all actions required by the approved plan, report, or other item that the EPA determines are technically severable from any disapproved

portions.

- iv. If the submission is conditionally approved or approved only in part, Respondent shall, upon written direction from the EPA, take all actions required by the approved plan, report, or other item that the EPA determines are technically severable from any disapproved portions.
- v. If the submission is disapproved in whole or in part, Respondent shall, within 45 days or such other time as the Parties agree to in writing, correct all deficiencies and resubmit the plan, report, or other item, or disapproved portion thereof, for approval, in accordance with the preceding Paragraphs. If the resubmission is approved in whole or in part, Respondent shall proceed in accordance with the preceding Paragraph.
- vi. If a resubmitted plan, report, or other item, or portion thereof, is disapproved in whole or in part, the EPA may again require Respondent to correct any deficiencies, in accordance with the preceding Paragraphs.
- vii. If Respondent elects to invoke Dispute Resolution as set forth in Section IX (Dispute Resolution) concerning a decision by the EPA to disapprove, approve on specified conditions, or modify a deliverable, Respondent shall do so by sending a Notice of Dispute in accordance with Paragraph 74 within 30 Days (or such other time as the Parties agree to in writing) after receipt of the applicable decision.

k. Reporting.

- i. During the term of this Agreement, Respondent shall submit to the EPA in accordance with the requirements of Section VIII (Notices), a complete and accurate Semi-Annual Report within 60 days after the end of each half of the calendar year (i.e. January through June, and July through December) (“Reporting Period”). Each Semi-Annual Report shall contain the following information:
  - a. The status of any construction or compliance measures; completion of milestones; problems encountered or anticipated, together with implemented or proposed solutions; and status of permit applications;
  - b. Calculations of total methanol, HAPs, and VOCs on a 12-month rolling basis; total methanol, HAPs and VOCs on a calendar month basis; monthly liquid throughput to

- evaporation ponds, monthly emissions factors determined from sampling; and monthly laboratory analyses of water samples;
- c. For periods of downtime when the ECD is out of service, the date, time, and duration of downtime;
  - d. For periods of time when both the ECD and carbon canisters are out of service, the date, time, and duration of downtime;
  - e. Copies of all performance test reports conducted if not previously provided;
- ii. Noncompliance. Each Semi-Annual Report shall include a description of any noncompliance with the terms of this Agreement and an explanation of the violation's likely cause and of the remedial steps taken, or to be taken, to prevent or minimize such violation.
- a. If Respondent violates any requirement of this Agreement, Respondent shall notify the EPA of such violation and its likely duration, in writing, within ten business days of the day Respondent first becomes aware of the violation, with an explanation of the violation's likely cause and of the remedial steps taken, or to be taken, to prevent or minimize such violation.
  - b. If the cause of a violation cannot be fully explained at the time the report is due, Respondent shall state so in the report. Respondent shall investigate the cause of the violation and shall then submit an amendment to the report, including a full explanation of the cause of the violation, within 30 days of the day Respondent becomes aware of the violation.
  - c. Whenever any violation of this Agreement or any other event affecting Respondent's performance under this Agreement may pose an immediate threat to the public health or welfare or the environment, Respondent shall notify the EPA per Section VIII (Notices) orally or by electronic transmission as soon as possible, but no later than 24 hours after Respondent first knew of the violation or event. This procedure is in addition to the requirements set forth in the preceding subparagraph.

- iii. Certification Statement. Except for emergency notifications where compliance would be impractical, each report submitted by Respondent under this Paragraph shall be signed by an official of the submitting party and include the following certification:

I certify under penalty of perjury that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate 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 have no personal knowledge that the information submitted is other than 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.

- l. Effect of Reporting Requirements.
  - i. The reporting requirements of this Agreement do not relieve Respondent of any reporting obligations required by the Act or implementing regulations, or by any other federal, state, or local law, regulation, permit, or other requirement.
- m. Use of Information.
  - i. Any information provided pursuant to this Consent Agreement may be used by the United States in any proceeding to enforce the provisions of this Consent Agreement and as otherwise permitted by law.

## VIII. NOTICES

70. Except as otherwise specified in this Agreement, whenever notifications, submissions, or communications are required by this Agreement, they shall be made in writing and sent by mail or email, with a preference for email, and addressed as follows:

As to the EPA by email:

[R8AirReportEnforcement@epa.gov](mailto:R8AirReportEnforcement@epa.gov)  
[Kim.YounJoo@epa.gov](mailto:Kim.YounJoo@epa.gov)

As to the EPA by mail:

Scott Patefield, Air Enforcement Branch Manager  
Enforcement and Compliance Assurance Division  
Environmental Protection Agency, Region 8  
1595 Wynkoop Street  
Mail Code: 8ENF-AT  
Denver, CO 80202

As to DHI by email:

Gary Coates, Chief Executive Officer  
[gcoates@dalboholdings.com](mailto:gcoates@dalboholdings.com)  
Hunter Gustman, Chief Financial Officer  
[hgustman@dalboholdings.com](mailto:hgustman@dalboholdings.com)

As to DHI by mail:

Gary Coates, Chief Executive Officer  
355 S. 1000 E.  
Vernal, Utah 84078

Hunter Gustman, Chief Financial Officer  
355 S. 1000 E.  
Vernal, Utah 84078

71. Any party may, by written notice to the other Parties, change its designated notice recipient or notice address provided above.
72. Notices submitted pursuant to this Section shall be deemed submitted upon mailing or transmission by email, unless otherwise provided in this Agreement or by mutual agreement of the Parties in writing.

## **IX. DISPUTE RESOLUTION**

73. Unless otherwise expressly provided for in this Agreement, the dispute resolution procedures of this Section shall be the exclusive mechanism to resolve disputes arising under or with respect to this Agreement. Respondent's failure to seek resolution of a dispute under this Section shall preclude

Respondent from raising any such issue as a defense to an action by the EPA to enforce any obligation of Respondent arising under this Agreement.

74. Informal Dispute Resolution. Any dispute subject to Dispute Resolution under this Agreement shall first be the subject of informal negotiations. The dispute shall be considered to have arisen when Respondent sends the EPA a written Notice of Dispute. Such Notice of Dispute shall state clearly the matter in dispute. The period of informal negotiations shall not exceed 30 days from the date the dispute arises, unless that period is extended by written agreement. If the EPA and Respondent cannot resolve a dispute by informal negotiations, then the position advanced by the EPA shall be considered binding unless, within 45 days after the conclusion of the informal negotiation period, including any agreed extension of the period for negotiation under this paragraph, Respondent invokes formal dispute resolution procedures as set forth below.
75. Formal Dispute Resolution. Respondent shall invoke formal dispute resolution procedures, within the time period provided in the preceding paragraph, by serving on the EPA a written Statement of Position regarding the matter in dispute. The Statement of Position shall include, but need not be limited to, any factual data, analysis, or opinion supporting Respondent's position and any supporting documentation relied upon by Respondent.
76. The EPA shall serve its Statement of Position within 45 days of receipt of Respondent's Statement of Position. The EPA's Statement of Position shall include, but need not be limited to, any factual data, analysis, or opinion supporting that position and any supporting documentation relied upon by the EPA. The EPA's Statement of Position shall be binding on Respondent, unless Respondent requests alternative dispute resolution in accordance with the following paragraph.
77. Respondent may request that the EPA coordinate to designate a neutral party for dispute resolution. If the Parties cannot agree on a neutral party, Respondent may request the Regional Administrator or the Regional Judicial Officer (RJO) appoint a neutral party to proceed with dispute resolution.
78. The invocation of dispute resolution procedures under this Section shall not, by itself, extend, postpone, or affect in any way any obligation of Respondent under this Agreement, unless and until final resolution of the dispute so provides.

## **X. TRANSFER OF OBLIGATIONS**

79. The provisions of this Agreement shall apply to and be binding upon Respondent, their successors and assigns. No transfer of ownership shall relieve Respondent of their obligation to comply with the terms of this Agreement unless:
- a. Respondent provides written notice and a copy of this Agreement to the proposed transferee at least 30 days prior to closing and simultaneously provides written notice of the transfer to the EPA;
  - b. Respondent certifies that the transferee is contractually bound to assume the obligations and liabilities of this Agreement;
  - c. Respondent submits a certified statement from the transferee that the transferee agrees and is contractually obligated to be substituted for Respondent for all provisions in this Agreement and to be bound by the terms thereof, including implementation of the Conditions of Settlement set forth in Paragraph 69 of the Agreement (unless already satisfactorily implemented by Respondent), but excepting Paragraph 60 (Penalty Payment);
  - d. Respondent submits information to demonstrate the transferee has both the financial and technical capability to perform the obligations of this Agreement; and
  - e. The EPA approves Respondent's request to be relieved of its obligations under this Agreement, which approval shall not be unreasonably withheld.
80. Upon receipt of a request by Respondent to transfer the obligations of this Agreement, as provided in Paragraph 79, the EPA shall have 30 Days to object to the request. If the EPA denies the request to transfer the obligations of this Agreement the Parties will follow the Dispute Resolution process set forth in Section IX of this Agreement. The EPA shall bear the burden of showing that any objection to relieving Respondent of its obligations of this Agreement was not unreasonable.
81. This Agreement shall not be construed to prohibit a contractual allocation – as between Respondent and any purchaser or transferee – of the obligations of compliance with this Agreement, provided, however, that such contractual allocation shall not relieve Respondent of their obligations under the Agreement unless and until the provisions of Paragraphs 79-80 have been met.

## **XI. TERMINATION**

82. Upon payment of the EPA Penalty in accordance with Paragraph 60-61 and demonstration of compliance with Paragraph 69 (Conditions of Settlement), Respondent shall provide a Statement of Completion along with the final Semi-Annual Report.
83. The Statement of Completion shall certify that Respondent is in substantial and material compliance with all requirements of this Agreement.
84. Within 90 days of receipt of the Statement of Completion, the EPA shall provide a Confirmation of Termination or notify Respondent of outstanding compliance items.

## **XII. EFFECT OF CONSENT AGREEMENT AND FINAL ORDER**

85. In accordance with 40 C.F.R. § 22.18(c), this Agreement resolves only the Respondent's liability for federal civil penalties for the violations and facts specifically alleged above.
86. For purposes of the identification requirement in Section 162(f)(2)(A)(ii) of the Internal Revenue Code, 26 U.S.C. § 162(f)(2)(A)(ii), and 26 C.F.R. § 1.162-21(b)(2), performance of Paragraph 69 (Conditions of Settlement) is restitution, remediation, or required to come into compliance with the law.
87. This Consent Agreement constitutes the entire agreement and understanding of the Parties and supersedes any prior agreements or understandings, whether written or oral, among the Parties with respect to the subject matter hereof.
88. The Parties agree that this Agreement may be signed in any number of counterparts, each of which will be deemed an original and, when taken together, constitute one agreement; the counterparts are binding on the parties individually as fully and completely as if the Parties had signed one single instrument, so that the rights and liabilities of the Parties will be unaffected by the failure of any of the undersigned to execute any or all of the counterparts; any signature page and any copy of a signed signature page may be detached from any counterpart and attached to any other counterpart of this Agreement and any signature page may be transmitted electronically (e.g., a PDF file).
89. Any violation of a Final Order issued by the RJO in this matter may result in a civil judicial action for an injunction or civil penalties, or both, as provided in section 113(b)(2) of the Act, 42 U.S.C. § 7413(b)(2), as well as, if applicable, criminal sanctions as provided in section 113(c) of the Act, 42 U.S.C. § 7413(c).

The EPA may use any information submitted under this Order in an administrative, civil judicial, or criminal action.

90. Nothing in this Agreement relieves Respondent of the duty to comply with all applicable provisions of the Act or other federal, state or local laws or statutes, or restricts the EPA's authority to seek compliance with any applicable laws or regulations, nor will it be construed to be a ruling on, or determination of, any issue related to any federal, state, or local permit.
91. Nothing herein shall be construed to limit the power of the EPA to undertake any action against Respondent or any person in response to conditions that may present an imminent and substantial endangerment to the public health, welfare, or the environment.
92. If and to the extent that the EPA finds, after signing this Agreement, any information provided by Respondent was or is materially false or inaccurate at the time such information was provided, the EPA reserves any and all of its legal and equitable rights.
93. By signing this Agreement, Respondent acknowledges that this Agreement will be available to the public and agree that this Agreement does not contain any confidential business information or personally identifiable information.
94. By signing this Agreement, the undersigned representative of Complainant and the undersigned representative of Respondent each certifies that he or she is fully authorized to execute and enter into the terms and conditions of this Agreement and has the legal capacity to bind the Party he or she represents to this Agreement.
95. By signing this Agreement, both Parties agree that each Party's obligations under this Agreement constitute sufficient consideration for the other Party's obligations.
96. By signing this Agreement, Respondent certifies that the information it has supplied concerning this matter was at the time of submission true, accurate, and complete for each such submission, response, and statement. Respondent acknowledges that there are significant penalties for submitting false or misleading information, including the possibility of fines and imprisonment for knowing submission of such information, under 18 U.S.C. § 1001.
97. Respondent agrees the time period from the Effective Date of this Agreement until the civil penalty specified in Paragraph 60 is paid and all of the Conditions of Settlement specified in Paragraph 69 are completed and this Agreement is terminated according to Section XI (Termination) (the "Tolling Period") shall not be included in computing the running of any statute of limitations potentially

applicable to any action brought by the EPA on any claims (“Tolled Claims”) set forth in this Agreement. Respondent shall not assert, plead, or raise in any fashion, whether by answer, motion or otherwise, any defense of laches, estoppel, or waiver, or other similar equitable defense based on the running of any statute of limitations or the passage of time during the Tolling Period in any action brought on the Tolled Claims.

### **XIII. EFFECTIVE DATE**

98. Respondent and Complainant agree to issuance of a final order approving this Agreement. Upon filing, the RJO will transmit a copy of the filed Agreement to the Respondent. This Agreement and subsequently issued Final Order shall become effective after execution of the Final Order by the RJO, on the date of filing with the Hearing Clerk.

The foregoing Consent Agreement In the Matter of Dalbo Holdings, Inc, is Hereby Stipulated, Agreed and Approved.

**UNITED STATES ENVIRONMENTAL  
PROTECTION AGENCY, REGION 8**

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Signature

Date

Suzanne J. Bohan, Director  
Enforcement and Compliance Assurance Division  
United States Environmental Protection Agency  
1595 Wynkoop Street, 8ENF  
Denver, Colorado 80202-1129

**COMPLAINANT.**

**Dalbo Holdings, Inc.**



2/3/26

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Signature

Date

Printed Name: Hunter Gustman

Title: Chief Financial Officer

Address: 355 South 1000 East, Vernal UT 84078

Respondent's Federal Tax Identification Number: 16-1742269

**RESPONDENT.**