



Department of Justice

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Oil Company and Two Executives Plead Guilty to Environmental Crimes

WASHINGTON—Texas Oil and Gathering Inc., its owner John Kessel and its operations manager Edgar Pettijohn pleaded guilty today in U.S. District Court in Houston to criminal violations related to the disposal of refinery wastes at an underground injection well in violation of the Safe Drinking Water Act, the Justice Department announced.

The two corporate officers pleaded guilty to conspiracy and violating the Safe Drinking Water Act for disposing of oil-contaminated waste water from its refinery process at an underground injection well permitted to accept wastes only from oil and gas production wastes. The company pleaded guilty to conspiracy and violating the Resource Conservation and Recovery Act (RCRA) for disposing of hazardous waste at an unpermitted facility. The crimes took place from January 2000 through January 2003.

Texas Oil and Gathering Inc. faces a maximum fine of \$500,000 or twice monetary gain or loss for the conspiracy count and \$50,000 per day, twice the gain or loss, or \$500,000, whichever is higher, for the RCRA count. Kessel and Pettijohn face up to eight years in prison and a fine of up to \$500,000. U.S. District Court Judge Keith P. Ellison scheduled the sentencing hearing for Sept. 15, 2009.

The charges against the Alvin, Texas-based company and its two officers involved the fraudulent representation to a Rosharon, Texas, injection well that the wastewater the company was disposing at the well came from an oil well Kessel had leased and was developing. In reality the wastewater came from the company's reclamation process involving the distillation of various liquids from refineries and chemical plants.

Between January 2000 and January 2003, Kessel and Pettijohn directed subordinates to truck its oil and water waste from distillation to the class II injection well and fill out disposal forms

indicating it came from an oil well leased by Kessel. A class II injection well is permitted to accept only oil and gas production wastes generated from the exploration of oil and gas. Usually the wastes consist primarily of brine mixed with some crude oil or gas distillate. In this case the waste water was mixed with refined products and chemicals not usually found in oil and gas production wastes such as higher concentrations of toluene and xylene.

The government's investigation began in January 2003, when the injection well exploded and killed three workers. Although the explosion was not caused by the defendants, a closer review of the waste that went to the injection well led to their prosecution.

"The Safe Water Drinking Act and the regulations overseeing oil and gas related injection wells are designed to ensure safe sources of drinking water. Violations of these laws will be investigated and prosecuted to the fullest extent of the law," said John C. Cruden, Acting Assistant Attorney General for the Justice Department's Environment and Natural Resources Division.

"We remain committed to protecting the precious natural resources of Texas and hope that today's conviction sends a clear message to everyone in the industrial community that the government will investigate and prosecute anyone who attempts to circumvent our nation's anti-pollution laws," said Tim Johnson, Acting U.S. Attorney for the Southern District of Texas.

"The defendants tried to make an illegal end run around our environmental laws in order to increase their bottom line," said Warren Amburn, Special Agent-in-Charge of EPA's criminal enforcement office in Dallas. "These guilty pleas serve as a reminder that senior company executives who decide to commit environmental crimes will be prosecuted—not just the company."

The investigation was conducted by the EPA-Criminal Investigation Division, the Texas Commission on Environmental Quality and the Texas Environmental Enforcement Task Force. It was prosecuted by Senior Counsel Rocky Piaggione, Trial Attorney Leslie Lehnert of the Justice Department's Environmental Crimes Section and Special Assistant U.S. Attorney William Miller of the EPA's Region Six Office of Regional Counsel.

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