# EXECUTIVE SUMMARY - ENFORCEMENT MATTER



**DOCKET NO.:** 2006-2161-AIR-E **TCEQ ID:** RN102521150 **CASE NO.:** 31889

**RESPONDENT NAME:** Cerrito Gas Processing, L.L.C.

| **ORDER TYPE:** | | |
|---|---|---|
| __1660 AGREED ORDER | X FINDINGS AGREED ORDER | __FINDINGS ORDER FOLLOWING SOAH HEARING |
| __FINDINGS DEFAULT ORDER | __SHUTDOWN ORDER | __IMMINENT AND SUBSTANTIAL ENDANGERMENT ORDER |
| __AMENDED ORDER | __EMERGENCY ORDER | |
| **CASE TYPE:** | | |
| X AIR | __MULTI-MEDIA (check all that apply) | __INDUSTRIAL AND HAZARDOUS WASTE |
| __PUBLIC WATER SUPPLY | __PETROLEUM STORAGE TANKS | __OCCUPATIONAL CERTIFICATION |
| __WATER QUALITY | __SEWAGE SLUDGE | __UNDERGROUND INJECTION CONTROL |
| __MUNICIPAL SOLID WASTE | __RADIOACTIVE WASTE | __DRY CLEANER REGISTRATION |

**SITE WHERE VIOLATION(S) OCCURRED:** Big Reef Treater, 9.2 miles west of Highway 83 and the Galvan Road intersection, on the south side of Galvan Road, Webb County

**TYPE OF OPERATION:** Regenerative amine treating plant

**SMALL BUSINESS:** ___ **Yes** __X__ **No**

**OTHER SIGNIFICANT MATTERS:** There are no complaints. There is no record of additional pending enforcement actions regarding this facility location.

**INTERESTED PARTIES:** No one other than the ED and the Respondent has expressed an interest in this matter.

**COMMENTS RECEIVED:** The *Texas Register* comment period expired on October 8, 2007. No comments were received.

**CONTACTS AND MAILING LIST:**

**TCEQ Attorney/SEP Coordinator:** None

**TCEQ Enforcement Coordinator:** Ms. Jessica Rhodes, Enforcement Division, Enforcement Team 4, MC 149, (512) 239-2879; Mr. Bryan Sinclair, Enforcement Division, MC 219, (512) 239-2171

**Respondent:** Mr. John Lupear, Gas Compression/Pipeline Engineer, Cerrito Gas Processing, L.L.C., P.O. Box 180, Encinal, Texas 78019

Mr. Rodney R. Lewis, Manager, Cerrito Gas Processing, L.L.C., P.O. Box 180, Encinal, Texas 78019

**Respondent's Attorney:** Not represented by counsel on this enforcement matter

## VIOLATION SUMMARY CHART:

| VIOLATION INFORMATION | PENALTY CONSIDERATIONS | CORRECTIVE ACTIONS TAKEN/REQUIRED |
|---|---|---|
| **Type of Investigation:**<br>__ Complaint<br>_X_ Routine<br>__ Enforcement Follow-up<br>_X_ Records Review<br><br>**Date(s) of Complaints Relating to this Case:** None<br><br>**Date of Investigation Relating to this Case:** October 5, 2006, January 22, 2007, and March 8, 2007<br><br>**Date of NOV/NOE Relating to this Case:** November 1, 2006 (NOE)<br><br>**Background Facts:** These were routine and record review investigations.<br><br>**AIR**<br><br>1) Failed to prevent unauthorized emissions. Specifically, on April 7, 2006, April 11, 2006, April 12, 2006, May 14, 2006, May 22, 2006, and May 29, 2006, six emissions events occurred over a total period of 120 hours [30 TEX. ADMIN. CODE § 106.6(b) and TEX. HEALTH & SAFETY CODE § 382.085(b)].<br><br>2) Failed to prevent unauthorized emissions. Specifically, on April 8, 2006, April 17, 2006, May 2, 2006, May 13, 2006, May 26, 2006, May 28, 2006, June 2, 2006, June 4, 2006, and June 9, 2006, nine emissions events occurred over a total period of 127 hours [30 TEX. ADMIN. CODE § 106.6(b) and TEX. HEALTH & SAFETY CODE § 382.085(b)].<br><br>3) Failed to prevent unauthorized emissions. Specifically, on March 30, 2006, April 3, 2006, April 5, 2006, April 14, 2006, April 24, 2006, May 3, 2006, May 5, 2006, May 7, 2006, May 12, 2006, May 23, 2006, May 27, 2006, June 5, 2006, June 6, 2006, June 7, 2006, June 8, 2006, June 10, 2006, June 11, 2006, June 12, 2006, June 13, 2006, June 14, 2006, June 17, 2006, June 20, 2006, June 22, 2006, June 23, 2006, and June 30, 2006, 25 emissions events occurred over a total period of 81.5 hours [30 TEX. ADMIN. CODE § 106.6(b) and TEX. HEALTH & | **Total Assessed:** $128,043<br><br>**Total Deferred:** $0<br>__Expedited Settlement<br><br>__Financial Inability to Pay<br><br>**SEP Conditional Offset:** $0<br><br>**Total Paid to General Revenue:** $128,043<br><br>**Site Compliance History Classification**<br>__ **High** _X_ **Average** __ **Poor**<br><br>**Person Compliance History Classification**<br>__ **High** _X_ **Average** __ **Poor**<br><br>**Major Source:** __ Yes _X_ No<br><br>**Applicable Penalty Policy:** September 2002<br><br>**Findings Orders Justification:** Human health and the environment have been exposed to pollutants which exceed levels that are protective. | **Corrective Actions Taken:**<br><br>The Executive Director recognizes that the Respondent has implemented the following corrective measures at the Plant:<br><br>a. On December 20, 2006, Cerrito submitted reports to the TCEQ Laredo Regional Office for emissions events that took place from March 30, 2006 through June 30, 2006;<br><br>b. On September 22, 2006, Cerrito informed the TCEQ that the Plant was shut down and will remain shut down until permit authorization is obtained; and<br><br>c. On June 19, 2007, Cerrito submitted a standard permit application for the Plant. |

| | | |
|---|---|---|
| SAFETY CODE § 382.085(b)].<br><br>4) Failed to notify the agency within 24 hours of the discovery of emissions events [30 TEX. ADMIN. CODE § 101.201(a)(1)(B) and TEX. HEALTH & SAFETY CODE § 382.085(b)].<br><br>5) Failed to conduct the initial testing for nitrogen oxides and carbon monoxide emissions for two 561-horsepower, Waukesha L5108-G engines [30 TEX. ADMIN. CODE § 106.512(2)(C)(iii) and TEX. HEALTH & SAFETY CODE § 382.085(b)].<br><br>6) Failed to conduct the initial testing for nitrogen oxides and carbon monoxide emissions for one 1,265-horsepower, Caterpillar G3516 LE engine [30 TEX. ADMIN. CODE § 106.512(2)(C)(iii) and TEX. HEALTH & SAFETY CODE § 382.085(b)]. | | |

Additional ID No(s).: WE0304Q

# Penalty Calculation Worksheet (PCW)

*Policy Revision 2 (September 2002)* — *PCW Revision April 26, 2007*

TCEQ

| DATES | | | | | |
|---|---|---|---|---|---|
| Assigned | 2-Apr-2007 | | | | |
| PCW | 25-Jun-2007 | Screening | 23-Apr-2007 | EPA Due | |

**RESPONDENT/FACILITY INFORMATION**

| | | | |
|---|---|---|---|
| Respondent | Cerrito Gas Processing, L.L.C. | | |
| Reg. Ent. Ref. No. | RN102521150 | | |
| Facility/Site Region | 16-Laredo | Major/Minor Source | Minor |

**CASE INFORMATION**

| | | | |
|---|---|---|---|
| Enf./Case ID No. | 31889 | No. of Violations | 6 |
| Docket No. | 2006-2161-AIR-E | Order Type | Findings |
| Media Program(s) | Air | Enf. Coordinator | Jessica Rhodes |
| Multi-Media | | EC's Team | EnforcementTeam 5 |
| Admin. Penalty $ Limit Minimum | $0 | Maximum | $10,000 |

## Penalty Calculation Section

**TOTAL BASE PENALTY (Sum of violation base penalties)** — *Subtotal 1* **$85,500**

**ADJUSTMENTS (+/-) TO SUBTOTAL 1**

Subtotals 2-7 are obtained by multiplying the Total Base Penalty (Subtotal 1) by the indicated percentage.

**Compliance History** — 25% Enhancement — *Subtotals 2, 3, & 7* **$21,375**

Notes: Penalty enhancement due to one NOV for same or similar violations and one Agreed Order with denial of liability.

**Culpability** — No — 0% Enhancement — *Subtotal 4* **$0**

Notes: The Respondent does not meet the culpability criteria.

**Good Faith Effort to Comply** — 10% Reduction — *Subtotal 5* **$8,550**

| | Before NOV | NOV to EDPRP/Settlement Offer |
|---|---|---|
| Extraordinary | | |
| Ordinary | | X |
| N/A | | (mark with x) |

Notes: The Respondent achieved compliance on December 20, 2006.

50% Enhancement* — *Subtotal 6* **$29,718**

**Capped at the Total EB $ Amount*

| | |
|---|---|
| Total EB Amounts | $29,718 |
| Approx. Cost of Compliance | $7,500 |

**SUM OF SUBTOTALS 1-7** — *Final Subtotal* **$128,043**

**OTHER FACTORS AS JUSTICE MAY REQUIRE** — *Adjustment* **$0**

Reduces or enhances the Final Subtotal by the indicated percentage. *(Enter number only; e.g. -30 for -30%.)*

Notes:

*Final Penalty Amount* **$128,043**

**STATUTORY LIMIT ADJUSTMENT** — *Final Assessed Penalty* **$128,043**

**DEFERRAL** — 0% Reduction — *Adjustment* **$0**

Reduces the Final Assessed Penalty by the indicted percentage. *(Enter number only; e.g. 20 for 20% reduction.)*

Notes: No deferral is recommended for Findings Orders.

**PAYABLE PENALTY** **$128,043**

| | | | |
|---|---|---|---|
| **Screening Date** | 23-Apr-2007 | **Docket No.** 2006-2161-AIR-E | **PCW** |
| **Respondent** | Cerrito Gas Processing, L.L.C. | | *Policy Revision 2 (September 2002)* |
| **Case ID No.** | 31889 | | *PCW Revision April 26, 2007* |
| **Reg. Ent. Reference No.** | RN102521150 | | |
| **Media [Statute]** | Air | | |
| **Enf. Coordinator** | Jessica Rhodes | | |

# Compliance History Worksheet

## >> Compliance History *Site* Enhancement (Subtotal 2)

| Component | Number of... | Enter Number Here | Adjust. |
|---|---|---|---|
| NOVs | Written NOVs with same or similar violations as those in the current enforcement action (*number of NOVs meeting criteria*) | 1 | 5% |
| | Other written NOVs | 0 | 0% |
| Orders | Any agreed final enforcement orders containing a denial of liability (*number of orders meeting criteria*) | 1 | 20% |
| | Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission | 0 | 0% |
| Judgments and Consent Decrees | Any non-adjudicated final court judgments or consent decrees containing a denial of liability of this state or the federal government (*number of judgements or consent decrees meeting criteria*) | 0 | 0% |
| | Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government | 0 | 0% |
| Convictions | Any criminal convictions of this state or the federal government (*number of counts*) | 0 | 0% |
| Emissions | Chronic excessive emissions events (*number of events*) | 0 | 0% |
| Audits | Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (*number of audits for which notices were submitted*) | 0 | 0% |
| | Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (*number of audits for which violations were disclosed*) | 0 | 0% |
| | | *Please Enter Yes or No* | |
| Other | Environmental management systems in place for one year or more | No | 0% |
| | Voluntary on-site compliance assessments conducted by the executive director under a special assistance program | No | 0% |
| | Participation in a voluntary pollution reduction program | No | 0% |
| | Early compliance with, or offer of a product that meets future state or federal government environmental requirements | No | 0% |

***Adjustment Percentage (Subtotal 2)*** 25%

## >> Repeat Violator (Subtotal 3)

No

***Adjustment Percentage (Subtotal 3)*** 0%

## >> Compliance History Person Classification (Subtotal 7)

Average Performer

***Adjustment Percentage (Subtotal 7)*** 0%

## >> Compliance History Summary

**Compliance History Notes**

Penalty enhancement due to one NOV for same or similar violations and one Agreed Order with denial of liability.

***Total Adjustment Percentage (Subtotals 2, 3, & 7)*** 25%

**Screening Date** 23-Apr-2007 **Docket No.** 2006-2161-AIR-E **PCW**

*Policy Revision 2 (September 2002)*

*PCW Revision April 26, 2007*

**Respondent** Cerrito Gas Processing, L.L.C.

**Case ID No.** 31889

**Reg. Ent. Reference No.** RN102521150

**Media [Statute]** Air

**Enf. Coordinator** Jessica Rhodes

**Violation Number** 1

**Rule Cite(s)** 30 Tex. Admin. Code § 106.6(b) and Tex. Health & Safety Code § 382.085(b)

**Violation Description** Failed to prevent unauthorized emissions. Specifically, on April 7, 2006, April 11, 2006, April 12, 2006, May 14, 2006, May 22, 2006, and May 29, 2006, six emissions events occurred over a total period of 120 hours, 172,755 pounds ("lbs") of sulfur dioxide ("SO2") and 1,873 lbs of hydrogen sulfide ("H2S") were emitted when malfunctions occurred in the acid gas compressor causing the waste gas to be routed to the flare. Cerrito failed to meet the demonstrations for an affirmative defense as described in 30 Tex. Admin. Code § 101.222. See attached Emissions Events Table for emission limits and actual emissions.

**Base Penalty** $10,000

## >> Environmental, Property and Human Health Matrix

| Release | Harm: Major | Moderate | Minor |
|---|---|---|---|
| Actual | x | | |
| Potential | | | |

OR

**Percent** 50%

## >>Programmatic Matrix

| Falsification | Major | Moderate | Minor |
|---|---|---|---|
| | | | |

**Percent** 0%

Matrix Notes: Human health or the environment have been exposed to significant amounts of pollutants which exceed levels that are protective of human health or environmental receptors as a result of the violation.

**Adjustment** $5,000

$5,000

## Violation Events

Number of Violation Events 6

6 Number of violation days

*mark only one with an x*

| | |
|---|---|
| daily | |
| monthly | |
| quarterly | |
| semiannual | |
| annual | |
| single event | x |

**Violation Base Penalty** $30,000

Six single events are recommended.

## Economic Benefit (EB) for this violation

**Estimated EB Amount** $1,605

## Statutory Limit Test

**Violation Final Penalty Total** $44,927

**This violation Final Assessed Penalty (adjusted for limits)** $44,927

# Economic Benefit Worksheet

**Respondent** Cerrito Gas Processing, L.L.C.
**Case ID No.** 31889
**Reg. Ent. Reference No.** RN102521150
**Media** Air
**Violation No.** 1

| Percent Interest | Years of Depreciation |
|---|---|
| 5.0 | 15 |

| Item Description | Item Cost (No commas or $) | Date Required | Final Date | Yrs | Interest Saved | Onetime Costs | EB Amount |
|---|---|---|---|---|---|---|---|
| **Delayed Costs** | | | | | | | |
| Equipment | | | | 0.0 | $0 | $0 | $0 |
| Buildings | | | | 0.0 | $0 | $0 | $0 |
| Other (as needed) | | | | 0.0 | $0 | $0 | $0 |
| Engineering/construction | | | | 0.0 | $0 | $0 | $0 |
| Land | | | | 0.0 | $0 | n/a | $0 |
| Record Keeping System | | | | 0.0 | $0 | n/a | $0 |
| Training/Sampling | | | | 0.0 | $0 | n/a | $0 |
| Remediation/Disposal | | | | 0.0 | $0 | n/a | $0 |
| Permit Costs | | | | 0.0 | $0 | n/a | $0 |
| Other (as needed) | | | | 0.0 | $0 | n/a | $0 |
| Notes for DELAYED costs | | | | | | | |
| **Avoided Costs** | ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs) | | | | | | |
| Disposal | | | | 0.0 | $0 | $0 | $0 |
| Personnel | | | | 0.0 | $0 | $0 | $0 |
| Inspection/Reporting/Sampling | | | | 0.0 | $0 | $0 | $0 |
| Supplies/equipment | | | | 0.0 | $0 | $0 | $0 |
| Financial Assurance [2] | | | | 0.0 | $0 | $0 | $0 |
| ONE-TIME avoided costs [3] | $1,500 | 30-Mar-2006 | 22-Sep-2006 | 1.4 | $105 | $1,500 | $1,605 |
| Other (as needed) | | | | 0.0 | $0 | $0 | $0 |
| Notes for AVOIDED costs | Estimated cost to obtain a permit. Date required is based on the first day of the emissions events. Final date is the date the plant was shut down. | | | | | | |

Approx. Cost of Compliance: $1,500

TOTAL: $1,605

**Screening Date** 23-Apr-2007 **Docket No.** 2006-2161-AIR-E **PCW**

**Respondent** Cerrito Gas Processing, L.L.C. *Policy Revision 2 (September 2002)*

**Case ID No.** 31889 *PCW Revision April 26, 2007*

**Reg. Ent. Reference No.** RN102521150

**Media [Statute]** Air

**Enf. Coordinator** Jessica Rhodes

**Violation Number** 2

**Rule Cite(s)** 30 Tex. Admin. Code § 106.6(b) and Tex. Health & Safety Code § 382.085(b)

**Violation Description** Failed to prevent unauthorized emissions. Specifically, on April 8, 2006, April 17, 2006, May 2, 2006, May 13, 2006, May 26, 2006, May 28, 2006, June 2, 2006, June 4, 2006, and June 9, 2006, nine emissions events occurred over a total period of 127 hours, 124,088 lbs of SO2 and 1,346 lbs of H2S were emitted when malfunctions occurred in the acid gas compressor causing the waste gas to be routed to the flare. Cerrito failed to meet the demonstrations for an affirmative defense as described in 30 Tex. Admin. Code § 101.222. See attached Emissions Events Table for emission limits and actual emissions.

**Base Penalty** $10,000

## >> Environmental, Property and Human Health Matrix

OR

| Release | Harm: Major | Moderate | Minor |
|---|---|---|---|
| Actual | | x | |
| Potential | | | |

**Percent** 25%

## >>Programmatic Matrix

| Falsification | Major | Moderate | Minor |
|---|---|---|---|
| | | | |

**Percent** 0%

Matrix Notes: Human health or the environment have been exposed to significant amounts of pollutants which do not exceed levels that are protective of human health or environmental receptors as a result of the violation.

**Adjustment** $7,500

$2,500

## Violation Events

Number of Violation Events 9 | 9 Number of violation days

*mark only one with an x*

| | |
|---|---|
| daily | |
| monthly | |
| quarterly | |
| semiannual | |
| annual | |
| single event | x |

**Violation Base Penalty** $22,500

Nine single events are recommended.

## Economic Benefit (EB) for this violation

**Estimated EB Amount** $0

## Statutory Limit Test

**Violation Final Penalty Total** $33,696

**This violation Final Assessed Penalty (adjusted for limits)** $33,696

# Economic Benefit Worksheet

**Respondent** Cerrito Gas Processing, L.L.C.
**Case ID No.** 31889
**Reg. Ent. Reference No.** RN102521150
**Media** Air
**Violation No.** 2

| Percent Interest | Years of Depreciation |
|---|---|
| 5.0 | 15 |

| Item Description | Item Cost (No commas or $) | Date Required | Final Date | Yrs | Interest Saved | Onetime Costs | EB Amount |
|---|---|---|---|---|---|---|---|
| **Delayed Costs** | | | | | | | |
| Equipment | | | | 0.0 | $0 | $0 | $0 |
| Buildings | | | | 0.0 | $0 | $0 | $0 |
| Other (as needed) | | | | 0.0 | $0 | $0 | $0 |
| Engineering/construction | | | | 0.0 | $0 | $0 | $0 |
| Land | | | | 0.0 | $0 | n/a | $0 |
| Record Keeping System | | | | 0.0 | $0 | n/a | $0 |
| Training/Sampling | | | | 0.0 | $0 | n/a | $0 |
| Remediation/Disposal | | | | 0.0 | $0 | n/a | $0 |
| Permit Costs | | | | 0.0 | $0 | n/a | $0 |
| Other (as needed) | | | | 0.0 | $0 | n/a | $0 |
| Notes for DELAYED costs | | | | | | | |
| **Avoided Costs** | ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs) | | | | | | |
| Disposal | | | | 0.0 | $0 | $0 | $0 |
| Personnel | | | | 0.0 | $0 | $0 | $0 |
| Inspection/Reporting/Sampling | | | | 0.0 | $0 | $0 | $0 |
| Supplies/equipment | | | | 0.0 | $0 | $0 | $0 |
| Financial Assurance [2] | | | | 0.0 | $0 | $0 | $0 |
| ONE-TIME avoided costs [3] | | | | 0.0 | $0 | $0 | $0 |
| Other (as needed) | | | | 0.0 | $0 | $0 | $0 |
| Notes for AVOIDED costs | See Economic Benefit for violation no. 1. | | | | | | |

Approx. Cost of Compliance: $0

TOTAL: $0

**Screening Date** 23-Apr-2007 **Docket No.** 2006-2161-AIR-E **PCW**

**Respondent** Cerrito Gas Processing, L.L.C.

*Policy Revision 2 (September 2002)*

**Case ID No.** 31889

*PCW Revision April 26, 2007*

**Reg. Ent. Reference No.** RN102521150

**Media [Statute]** Air

**Enf. Coordinator** Jessica Rhodes

**Violation Number** 3

**Rule Cite(s)** 30 Tex. Admin. Code § 106.6(b) and Tex. Health & Safety Code § 382.085(b)

**Violation Description** Failed to prevent unauthorized emissions. Specifically, on March 30, 2006, April 3, 2006, April 5, 2006, April 14, 2006, April 24, 2006, May 3, 2006, May 5, 2006, May 7, 2006, May 12, 2006, May 23, 2006, May 27, 2006, June 5, 2006, June 6, 2006, June 7, 2006, June 8, 2006, June 10, 2006, June 11, 2006, June 12, 2006, June 13, 2006, June 14, 2006, June 17, 2006, June 20, 2006, June 22, 2006, June 23, 2006, and June 30, 2006, 25 emissions events occurred over a total period of 81.5 hours, 92,393 lbs of SO2 and 1,002 lbs of H2S were emitted when malfunctions occurred in the acid gas compressor causing the waste gas to be routed to the flare. Cerrito failed to meet the demonstrations for an affirmative defense as described in 30 Tex. Admin. Code § 101.222. See attached Emissions Events Table for emission limits and actual emissions.

**Base Penalty** $10,000

## >> Environmental, Property and Human Health Matrix

OR

| Release | Harm: Major | Moderate | Minor |
|---|---|---|---|
| Actual | | | x |
| Potential | | | |

**Percent** 10%

## >>Programmatic Matrix

| Falsification | Major | Moderate | Minor |
|---|---|---|---|
| | | | |

**Percent** 0%

Matrix Notes: Human health or the environment have been exposed to insignificant amounts of pollutants which do not exceed levels that are protective of human health or environmental receptors as a result of the violation.

**Adjustment** $9,000

$1,000

## Violation Events

Number of Violation Events 25 | 25 Number of violation days

*mark only one with an x*

| | |
|---|---|
| daily | |
| monthly | |
| quarterly | |
| semiannual | |
| annual | |
| single event | x |

**Violation Base Penalty** $25,000

25 single events are recommended.

## Economic Benefit (EB) for this violation

**Estimated EB Amount** $0

## Statutory Limit Test

**Violation Final Penalty Total** $37,439

**This violation Final Assessed Penalty (adjusted for limits)** $37,439

# Economic Benefit Worksheet

**Respondent** Cerrito Gas Processing, L.L.C.
**Case ID No.** 31889
**Reg. Ent. Reference No.** RN102521150
**Media** Air
**Violation No.** 3

| Percent Interest | Years of Depreciation |
|---|---|
| 5.0 | 15 |

| Item Description | Item Cost (No commas or $) | Date Required | Final Date | Yrs | Interest Saved | Onetime Costs | EB Amount |
|---|---|---|---|---|---|---|---|
| **Delayed Costs** | | | | | | | |
| Equipment | | | | 0.0 | $0 | $0 | $0 |
| Buildings | | | | 0.0 | $0 | $0 | $0 |
| Other (as needed) | | | | 0.0 | $0 | $0 | $0 |
| Engineering/construction | | | | 0.0 | $0 | $0 | $0 |
| Land | | | | 0.0 | $0 | n/a | $0 |
| Record Keeping System | | | | 0.0 | $0 | n/a | $0 |
| Training/Sampling | | | | 0.0 | $0 | n/a | $0 |
| Remediation/Disposal | | | | 0.0 | $0 | n/a | $0 |
| Permit Costs | | | | 0.0 | $0 | n/a | $0 |
| Other (as needed) | | | | 0.0 | $0 | n/a | $0 |
| Notes for DELAYED costs | | | | | | | |
| **Avoided Costs** | ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs) | | | | | | |
| Disposal | | | | 0.0 | $0 | $0 | $0 |
| Personnel | | | | 0.0 | $0 | $0 | $0 |
| Inspection/Reporting/Sampling | | | | 0.0 | $0 | $0 | $0 |
| Supplies/equipment | | | | 0.0 | $0 | $0 | $0 |
| Financial Assurance [2] | | | | 0.0 | $0 | $0 | $0 |
| ONE-TIME avoided costs [3] | | | | 0.0 | $0 | $0 | $0 |
| Other (as needed) | | | | 0.0 | $0 | $0 | $0 |
| Notes for AVOIDED costs | See Economic Benefit for violation no. 1. | | | | | | |

Approx. Cost of Compliance: $0

TOTAL: $0

**Screening Date** 23-Apr-2007 **Docket No.** 2006-2161-AIR-E **PCW**

**Respondent** Cerrito Gas Processing, L.L.C. *Policy Revision 2 (September 2002)*

**Case ID No.** 31889 *PCW Revision April 26, 2007*

**Reg. Ent. Reference No.** RN102521150

**Media [Statute]** Air

**Enf. Coordinator** Jessica Rhodes

**Violation Number** 4

**Rule Cite(s)** 30 Tex. Admin. Code § 101.201(a)(1)(B) and Tex. Health & Safety Code § 382.085(b)

**Violation Description** Failed to notify the agency within 24 hours of the discovery of emissions events. Specifically, between March 30, 2006 and June 30, 2006, 40 individual events occurred. Notification of the first event was due to the TCEQ on March 31, 2006 and subsequent emissions events notifications were due within 24 hours of discovery. Emissions event notifications were not received by the TCEQ Laredo Regional Office until December 20, 2006.

**Base Penalty** $10,000

## >> Environmental, Property and Human Health Matrix

OR

| Release | Harm: Major | Moderate | Minor |
|---|---|---|---|
| Actual | | | |
| Potential | | | |

**Percent** 0%

## >>Programmatic Matrix

| Falsification | Major | Moderate | Minor |
|---|---|---|---|
| | | | x |

**Percent** 1%

Matrix Notes: At least 70 percent of the rule requirement was met.

**Adjustment** $9,900

$100

## Violation Events

Number of Violation Events 40 | 93 Number of violation days

*mark only one with an x*

| | |
|---|---|
| daily | |
| monthly | |
| quarterly | |
| semiannual | |
| annual | |
| single event | x |

**Violation Base Penalty** $4,000

40 single events are recommended.

## Economic Benefit (EB) for this violation

**Estimated EB Amount** $36

## Statutory Limit Test

**Violation Final Penalty Total** $5,990

**This violation Final Assessed Penalty (adjusted for limits)** $5,990

# Economic Benefit Worksheet

**Respondent** Cerrito Gas Processing, L.L.C.
**Case ID No.** 31889
**Reg. Ent. Reference No.** RN102521150
**Media** Air
**Violation No.** 4

| Percent Interest | Years of Depreciation |
|---|---|
| 5.0 | 15 |

| Item Description (No commas or $) | Item Cost | Date Required | Final Date | Yrs | Interest Saved | Onetime Costs | EB Amount |
|---|---|---|---|---|---|---|---|
| **Delayed Costs** | | | | | | | |
| Equipment | | | | 0.0 | $0 | $0 | $0 |
| Buildings | | | | 0.0 | $0 | $0 | $0 |
| Other (as needed) | | | | 0.0 | $0 | $0 | $0 |
| Engineering/construction | | | | 0.0 | $0 | $0 | $0 |
| Land | | | | 0.0 | $0 | n/a | $0 |
| Record Keeping System | | | | 0.0 | $0 | n/a | $0 |
| Training/Sampling | | | | 0.0 | $0 | n/a | $0 |
| Remediation/Disposal | | | | 0.0 | $0 | n/a | $0 |
| Permit Costs | | | | 0.0 | $0 | n/a | $0 |
| Other (as needed) | $1,000 | 31-Mar-2006 | 20-Dec-2006 | 0.7 | $36 | n/a | $36 |
| Notes for DELAYED costs | Estimated cost to submit emissions event notifications. The date required is the date that the first notification was due. The final date is the date the respondent achieved compliance. | | | | | | |
| **Avoided Costs** | ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs) | | | | | | |
| Disposal | | | | 0.0 | $0 | $0 | $0 |
| Personnel | | | | 0.0 | $0 | $0 | $0 |
| Inspection/Reporting/Sampling | | | | 0.0 | $0 | $0 | $0 |
| Supplies/equipment | | | | 0.0 | $0 | $0 | $0 |
| Financial Assurance [2] | | | | 0.0 | $0 | $0 | $0 |
| ONE-TIME avoided costs [3] | | | | 0.0 | $0 | $0 | $0 |
| Other (as needed) | | | | 0.0 | $0 | $0 | $0 |
| Notes for AVOIDED costs | | | | | | | |

Approx. Cost of Compliance: $1,000

TOTAL: $36

**Screening Date** 23-Apr-2007 **Docket No.** 2006-2161-AIR-E **PCW**

**Respondent** Cerrito Gas Processing, L.L.C. *Policy Revision 2 (September 2002)*

**Case ID No.** 31889 *PCW Revision April 26, 2007*

**Reg. Ent. Reference No.** RN102521150

**Media [Statute]** Air

**Enf. Coordinator** Jessica Rhodes

**Violation Number** 5

**Rule Cite(s)** 30 Tex. Admin. Code § 106.512(2)(C)(iii) and Tex. Health & Safety Code § 382.085(b)

**Violation Description** Failed to conduct the initial testing for nitrogen oxides ("NOx") and carbon monoxide ("CO") emissions. Specifically, Cerrito failed to conduct initial testing within 60 days of the March 19, 2001 initial engine start-up date and biennially thereafter for two 561-horsepower, Waukesha L5108-G engines (Emissions Point Numbers GEN-1 and GEN-2).

**Base Penalty** $10,000

## >> Environmental, Property and Human Health Matrix

OR

| Release | Harm: Major | Moderate | Minor |
|---|---|---|---|
| Actual | | | |
| Potential | | | x |

**Percent** 5%

## >>Programmatic Matrix

| Falsification | Major | Moderate | Minor |
|---|---|---|---|
| | | | |

**Percent** 0%

Matrix Notes: Human health or the environment could have been exposed to insignificant amounts of pollutants which would not exceed levels that are protective of human health or environmental receptors as a result of the violation.

**Adjustment** $9,500

$500

## Violation Events

Number of Violation Events 6 | 2011 Number of violation days

*mark only one with an x*

| | |
|---|---|
| daily | |
| monthly | |
| quarterly | |
| semiannual | |
| annual | |
| single event | x |

**Violation Base Penalty** $3,000

Six single events are recommended for failure to conduct initial tests on the two engines and failure to conduct four biennial tests thereafter.

## Economic Benefit (EB) for this violation

**Estimated EB Amount** $28,077

## Statutory Limit Test

**Violation Final Penalty Total** $4,493

**This violation Final Assessed Penalty (adjusted for limits)** $4,493

# Economic Benefit Worksheet

**Respondent** Cerrito Gas Processing, L.L.C.
**Case ID No.** 31889
**Reg. Ent. Reference No.** RN102521150
**Media** Air
**Violation No.** 5

| Percent Interest | Years of Depreciation |
|---|---|
| 5.0 | 15 |

| Item Description (No commas or $) | Item Cost | Date Required | Final Date | Yrs | Interest Saved | Onetime Costs | EB Amount |
|---|---|---|---|---|---|---|---|
| **Delayed Costs** | | | | | | | |
| Equipment | | | | 0.0 | $0 | $0 | $0 |
| Buildings | | | | 0.0 | $0 | $0 | $0 |
| Other (as needed) | | | | 0.0 | $0 | $0 | $0 |
| Engineering/construction | | | | 0.0 | $0 | $0 | $0 |
| Land | | | | 0.0 | $0 | n/a | $0 |
| Record Keeping System | | | | 0.0 | $0 | n/a | $0 |
| Training/Sampling | | | | 0.0 | $0 | n/a | $0 |
| Remediation/Disposal | | | | 0.0 | $0 | n/a | $0 |
| Permit Costs | | | | 0.0 | $0 | n/a | $0 |
| Other (as needed) | | | | 0.0 | $0 | n/a | $0 |
| Notes for DELAYED costs | | | | | | | |
| **Avoided Costs** | ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs) | | | | | | |
| Disposal | | | | 0.0 | $0 | $0 | $0 |
| Personnel | | | | 0.0 | $0 | $0 | $0 |
| Inspection/Reporting/Sampling | $5,000 | 19-May-2001 | 22-Sep-2006 | 5.3 | $1,337 | $26,740 | $28,077 |
| Supplies/equipment | | | | 0.0 | $0 | $0 | $0 |
| Financial Assurance [2] | | | | 0.0 | $0 | $0 | $0 |
| ONE-TIME avoided costs [3] | | | | 0.0 | $0 | $0 | $0 |
| Other (as needed) | | | | 0.0 | $0 | $0 | $0 |
| Notes for AVOIDED costs | Estimated cost to conduct biennial engine tests. The date required is the date that the first test should have been conducted. The final date is date is the date the plant was shut down. | | | | | | |

Approx. Cost of Compliance: $5,000

TOTAL: $28,077

**Screening Date** 23-Apr-2007 **Docket No.** 2006-2161-AIR-E **PCW**

**Respondent** Cerrito Gas Processing, L.L.C. *Policy Revision 2 (September 2002)*

**Case ID No.** 31889 *PCW Revision April 26, 2007*

**Reg. Ent. Reference No.** RN102521150

**Media [Statute]** Air

**Enf. Coordinator** Jessica Rhodes

**Violation Number** 6

**Rule Cite(s)** 30 Tex. Admin. Code § 106.512(2)(C)(iii) and Tex. Health & Safety Code § 382.085(b)

**Violation Description** Failed to conduct the initial testing for NOx and CO emissions. Specifically, Cerrito failed to conduct initial testing within 60 days of November 4, 2003 initial engine start-up date and biennially thereafter for one 1,265-horsepower, Caterpillar G3516 LE engine (Emissions Point Number ENG-4).

**Base Penalty** $10,000

## >> Environmental, Property and Human Health Matrix

OR

| Release | Harm: Major | Moderate | Minor |
|---|---|---|---|
| Actual | | | |
| Potential | | | x |

**Percent** 5%

## >>Programmatic Matrix

| Falsification | Major | Moderate | Minor |
|---|---|---|---|
| | | | |

**Percent** 0%

Matrix Notes: Human health or the environment could have been exposed to insignificant amounts of pollutants which would not exceed levels that are protective of human health or environmental receptors as a result of the violation.

**Adjustment** $9,500

$500

## Violation Events

Number of Violation Events 2 | 1050 Number of violation days

*mark only one with an x*

| | |
|---|---|
| daily | |
| monthly | |
| quarterly | |
| semiannual | |
| annual | |
| single event | x |

**Violation Base Penalty** $1,000

Two single events are recommended for failure to conduct initial test and failure to conduct one biennial test.

## Economic Benefit (EB) for this violation

**Estimated EB Amount** $0

## Statutory Limit Test

**Violation Final Penalty Total** $1,498

**This violation Final Assessed Penalty (adjusted for limits)** $1,498

# Economic Benefit Worksheet

**Respondent** Cerrito Gas Processing, L.L.C.
**Case ID No.** 31889
**Reg. Ent. Reference No.** RN102521150
**Media** Air
**Violation No.** 6

| Percent Interest | Years of Depreciation |
|---|---|
| 5.0 | 15 |

| Item Description | Item Cost (No commas or $) | Date Required | Final Date | Yrs | Interest Saved | Onetime Costs | EB Amount |
|---|---|---|---|---|---|---|---|
| **Delayed Costs** | | | | | | | |
| Equipment | | | | 0.0 | $0 | $0 | $0 |
| Buildings | | | | 0.0 | $0 | $0 | $0 |
| Other (as needed) | | | | 0.0 | $0 | $0 | $0 |
| Engineering/construction | | | | 0.0 | $0 | $0 | $0 |
| Land | | | | 0.0 | $0 | n/a | $0 |
| Record Keeping System | | | | 0.0 | $0 | n/a | $0 |
| Training/Sampling | | | | 0.0 | $0 | n/a | $0 |
| Remediation/Disposal | | | | 0.0 | $0 | n/a | $0 |
| Permit Costs | | | | 0.0 | $0 | n/a | $0 |
| Other (as needed) | | | | 0.0 | $0 | n/a | $0 |
| Notes for DELAYED costs | | | | | | | |
| **Avoided Costs** | ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs) | | | | | | |
| Disposal | | | | 0.0 | $0 | $0 | $0 |
| Personnel | | | | 0.0 | $0 | $0 | $0 |
| Inspection/Reporting/Sampling | | | | 0.0 | $0 | $0 | $0 |
| Supplies/equipment | | | | 0.0 | $0 | $0 | $0 |
| Financial Assurance [2] | | | | 0.0 | $0 | $0 | $0 |
| ONE-TIME avoided costs [3] | | | | 0.0 | $0 | $0 | $0 |
| Other (as needed) | | | | 0.0 | $0 | $0 | $0 |
| Notes for AVOIDED costs | See Economic Benefit for violation No. 5. | | | | | | |

Approx. Cost of Compliance: $0

TOTAL: $0

**Emissions Table**
**Cerrito Gas Processing, L.L.C.**
**RN102521150**
**Docket no. 2006-2161-AIR-E**

| Date | EPN | Permit By Rule Representations | Duration | Amount $SO_2$ Released | Amount $H_2S$ Released |
|---|---|---|---|---|---|
| 3/30/2006 | FLARE1 | 25 tons per year "tpy" $SO_2$ and 4 pounds per hour "lbs/hr" $H_2S$ | 2 hrs | 2,861 lbs | 31 lbs |
| 4/3/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 6 hrs | 9,058 lbs | 98 lbs |
| 4/5/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 2 hrs | 3,342 lbs | 36 lbs |
| 4/7/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 16 hrs | 23,996 lbs | 260 lbs |
| 4/8/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 24 hrs | 15,964 lbs | 173 lbs |
| 4/11/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 24 hrs | 36,677 lbs | 398 lbs |
| 4/12/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 17 hrs | 20,805 lbs | 226 lbs |
| 4/14/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 3 hrs | 4,589 lbs | 50 lbs |
| 4/17/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 13 hrs | 19,532 lbs | 212 lbs |
| 4/24/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 2 hrs | 3,037 lbs | 33 lbs |
| 5/2/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 8 hrs | 12,601 lbs | 137 lbs |
| 5/3/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | .5 hr | 788 lbs | 9 lbs |
| 5/5/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 1.5 hrs. | 2,142 lbs | 23 lbs |
| 5/7/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 2.5 hrs | 3,853 lbs | 42 lbs |
| 5/12/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 4 hrs | 5,802 lbs | 63 lbs |
| 5/13/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 24 hrs | 11,694 lbs | 127 lbs |
| 5/14/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 24 hrs | 40,794 lbs | 442 lbs |
| 5/22/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 24 hrs | 29,916 lbs | 324 lbs |

| | | | | | |
|---|---|---|---|---|---|
| 5/23/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 5 hrs | 6,516 lbs | 71 lbs |
| 5/26/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 11 hrs | 12,964 lbs | 141 lbs |
| 5/27/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | .75 hrs | 944 lbs | 11 lbs |
| 5/28/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 12 hrs | 14,958 lbs | 162 lbs |
| 5/29/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 15 hrs | 20,567 lbs | 223 lbs |
| 6/2/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 8 hrs | 10,153 lbs | 110 lbs |
| 6/4/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 10 hrs | 10,425 lbs | 113 lbs |
| 6/5/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 5 hrs | 5,293 lbs | 57 lbs |
| 6/6/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 5 hrs | 4,816 lbs | 52 lbs |
| 6/7/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 2 hrs | 2,244 lbs | 24 lbs |
| 6/8/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 11.5 hrs | 8,210 lbs | 89 lbs |
| 6/9/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 17 hrs | 15,797 lbs | 171 lbs |
| 6/10/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 8.75 hrs | 9,915 lbs | 108 lbs |
| 6/11/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 3 hrs | 1,700 lbs | 18 lbs |
| 6/12/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 4 hrs | 4,533 lbs | 49 lbs |
| 6/13/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 4 hrs | 4,533 lbs | 49 lbs |
| 6/14/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 3 hrs | 3,060 lbs | 33 lbs |
| 6/17/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 2 hrs | 1,133 lbs | 12 lbs |
| 6/20/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 1 hr | 907 lbs | 10 lbs |
| 6/22/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 1 hr | 1,020 lbs | 11 lbs |
| 6/23/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 1 hr | 1,020 lbs | 11 lbs |
| 6/30/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 1 hr | 1,077 lbs | 12 lbs |

# Compliance History

| | | | | |
|---|---|---|---|---|
| Customer/Respondent/Owner-Operator: | CN602447427 | Cerrito Gas Processing, L.L.C. | Classification: AVERAGE | Rating: 3.00 |
| Regulated Entity: | RN102521150 | BIG REEF TREATER | Classification: AVERAGE | Site Rating: 3.00 |

| | | | |
|---|---|---|---|
| ID Number(s): | AIR NEW SOURCE PERMITS | ACCOUNT NUMBER | WE0304Q |
| | AIR NEW SOURCE PERMITS | REGISTRATION | 44441 |
| | AIR NEW SOURCE PERMITS | AFS NUM | 4847900623 |
| Location: | 9.2 M W OF HWY 83 AND GALVAN RD INTERSECTION, ON THE S SIDE OF GALVAN RD | Rating Date: 9/1/2006 | Repeat Violator: NO |

TCEQ Region: REGION 16 - LAREDO

Date Compliance History Prepared: April 25, 2007

Agency Decision Requiring Compliance History: Enforcement

Compliance Period: April 25, 2002 to April 25, 2007

TCEQ Staff Member to Contact for Additional Information Regarding this Compliance History

Name: Jessica Rhodes Phone: 512-239-2879

## Site Compliance History Components

1. Has the site been in existence and/or operation for the full five year compliance period? Yes
2. Has there been a (known) change in ownership of the site during the compliance period? No
3. If Yes, who is the current owner? N/A
4. if Yes, who was/were the prior owner(s)? N/A
5. When did the change(s) in ownership occur? N/A

**Components (Multimedia) for the Site :**

A. Final Enforcement Orders, court judgements, and consent decrees of the state of Texas and the federal government.

Effective Date: 03/05/2007 ADMINORDER 2006-0947-AIR-E

Classification: Moderate

Citation: 30 TAC Chapter 106, SubChapter A 106.8(c)
5C THC Chapter 382, SubChapter D 382.085(b)

Description: Complete failure to submit the requested documentation.

B. Any criminal convictions of the state of Texas and the federal government.

N/A

C. Chronic excessive emissions events.

N/A

D. The approval dates of investigations. (CCEDS Inv. Track. No.)

1 06/23/2006 (483906)
2 11/01/2006 (516693)
3 02/05/2007 (537434)

E. Written notices of violations (NOV). (CCEDS Inv. Track. No.)

Date: 05/23/2006 (467385)

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 106, SubChapter A 106.8(c)(4)

Description: Failure to submit required data within the allowable time frame.

F. Environmental audits.

N/A

G. Type of environmental management systems (EMSs).

N/A

H. Voluntary on-site compliance assessment dates.

N/A

I. Participation in a voluntary pollution reduction program.

N/A

J. Early compliance.

N/A

Sites Outside of Texas

N/A

# TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

| | | |
|---|---|---|
| **IN THE MATTER OF AN** | § | **BEFORE THE** |
| **ENFORCEMENT ACTION** | § | |
| **CONCERNING** | § | **TEXAS COMMISSION ON** |
| **CERRITO GAS PROCESSING, L.L.C.** | § | |
| **RN102521150** | § | **ENVIRONMENTAL QUALITY** |

**AGREED ORDER**
**DOCKET NO. 2006-2161-AIR-E**

At its _____ agenda, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding Cerrito Gas Processing, L.L.C. ("Cerrito") under the authority of TEX. HEALTH & SAFETY CODE ch. 382 and TEX. WATER CODE ch. 7. The Executive Director of the TCEQ, through the Enforcement Division, and Cerrito presented this agreement to the Commission.

Cerrito understands that they have certain procedural rights at certain points in the enforcement process, including, but not limited to, the right to formal notice of violations, notice of an evidentiary hearing, the right to an evidentiary hearing, and a right to appeal. By entering into this Agreed Order, Cerrito agrees to waive all notice and procedural rights.

It is further understood and agreed that this Order represents the complete and fully-integrated settlement of the parties. The provisions of this Agreed Order are deemed severable and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Agreed Order unenforceable, the remaining provisions shall be valid and enforceable. The duties and responsibilities imposed by this Agreed Order are binding upon Cerrito.

The Commission makes the following Findings of Fact and Conclusions of Law:

## I. FINDINGS OF FACT

1. Cerrito owns and operates a regenerative amine treating plant located 9.2 miles west of Highway 83 and the Galvan Road intersection, on the south side of Galvan Road in Webb County, Texas (the "Plant").

2. The Plant consists of one or more sources as defined in TEX. HEALTH & SAFETY CODE § 382.003(12).

3. During investigations on October 5, 2006, January 22, 2007, and a record review on March 8, 2007, TCEQ staff documented that Cerrito failed to prevent unauthorized emissions. Specifically, on April 7, 2006, April 11, 2006, April 12, 2006, May 14, 2006, May 22, 2006, and May 29, 2006, six emissions events occurred over a total period of 120 hours, 172,755 pounds ("lbs") of sulfur dioxide ("$SO_2$") and 1,873 lbs of hydrogen sulfide ("$H_2S$") were emitted when malfunctions occurred in the acid gas compressor causing the waste gas to be routed to the flare. Cerrito failed to meet the demonstrations for an affirmative defense as described in 30 TEX. ADMIN. CODE § 101.222. Unauthorized emissions during the events were as follows:

| Date | EPN | Permit By Rule Representations | Duration | Amount $SO_2$ Released | Amount $H_2S$ Released |
|---|---|---|---|---|---|
| 4/7/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 16 hrs | 23,996 lbs | 260 lbs |
| 4/11/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 24 hrs | 36,677 lbs | 398 lbs |
| 4/12/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 17 hrs | 20,805 lbs | 226 lbs |
| 5/14/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 24 hrs | 40,794 lbs | 442 lbs |
| 5/22/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 24 hrs | 29,916 lbs | 324 lbs |
| 5/29/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 15 hrs | 20,567 lbs | 223 lbs |

4. During investigations on October 5, 2006, January 22, 2007, and a record review on March 8, 2007, TCEQ staff documented that Cerrito failed to prevent unauthorized emissions. Specifically, on April 8, 2006, April 17, 2006, May 2, 2006, May 13, 2006, May 26, 2006, May 28, 2006, June 2, 2006, June 4, 2006, and June 9, 2006, nine emissions events occurred over a total period of 127 hours, 124,088 lbs of $SO_2$ and 1,346 lbs of $H_2S$ were emitted when malfunctions occurred in the acid gas compressor causing the waste gas to be routed to the flare. Cerrito failed to meet the demonstrations for an affirmative defense as described in 30 TEX. ADMIN. CODE § 101.222. Unauthorized emissions during the events were as follows:

| Date | EPN | Permit By Rule Representations | Duration | Amount $SO_2$ Released | Amount $H_2S$ Released |
|---|---|---|---|---|---|
| 4/8/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 24 hrs | 15,964 lbs | 173 lbs |
| 4/17/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 13 hrs | 19,532 lbs | 212 lbs |
| 5/2/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 8 hrs | 12,601 lbs | 137 lbs |
| 5/13/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 24 hrs | 11,694 lbs | 127 lbs |
| 5/26/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 11 hrs | 12,964 lbs | 141 lbs |
| 5/28/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 12 hrs | 14,958 lbs | 162 lbs |
| 6/2/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 8 hrs | 10,153 lbs | 110 lbs |
| 6/4/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 10 hrs | 10,425 lbs | 113 lbs |
| 6/9/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 17 hrs | 15,797 lbs | 171 lbs |

5. During investigations on October 5, 2006, January 22, 2007, and a record review on March 8, 2007, TCEQ staff documented that Cerrito failed to prevent unauthorized emissions. Specifically, on March 30, 2006, April 3, 2006, April 5, 2006, April 14, 2006, April 24, 2006, May 3, 2006, May 5, 2006, May 7, 2006, May 12, 2006, May 23, 2006, May 27, 2006, June 5, 2006, June 6, 2006, June 7, 2006, June 8, 2006, June 10, 2006, June 11, 2006, June 12, 2006, June 13, 2006, June 14, 2006, June 17, 2006, June 20, 2006, June 22, 2006, June 23, 2006, and June 30, 2006, 25 emissions events occurred over a total period of 81.5 hours, 92,393 lbs of $SO_2$ and 1,002 lbs of $H_2S$ were emitted when malfunctions occurred in the acid gas compressor causing the waste gas to be routed to the flare. Cerrito failed to meet the demonstrations for an affirmative defense as described in 30 TEX. ADMIN. CODE § 101.222. Unauthorized emissions during the events were as follows:

| Date | EPN | Permit By Rule Representations | Duration | Amount $SO_2$ Released | Amount $H_2S$ Released |
|---|---|---|---|---|---|
| 3/30/2006 | FLARE1 | 25 tons per year "tpy" $SO_2$ and 4 pounds per hour "lbs/hr" $H_2S$ | 2 hrs | 2,861 lbs | 31 lbs |
| 4/3/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 6 hrs | 9,058 lbs | 98 lbs |

| | | | | | |
|---|---|---|---|---|---|
| 4/5/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 2 hrs | 3,342 lbs | 36 lbs |
| 4/14/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 3 hrs | 4,589 lbs | 50 lbs |
| 4/24/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 2 hrs | 3,037 lbs | 33 lbs |
| 5/3/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | .5 hr | 788 lbs | 9 lbs |
| 5/5/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 1.5 hrs. | 2,142 lbs | 23 lbs |
| 5/7/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 2.5 hrs | 3,853 lbs | 42 lbs |
| 5/12/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 4 hrs | 5,802 lbs | 63 lbs |
| 5/23/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 5 hrs | 6,516 lbs | 71 lbs |
| 5/27/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | .75 hrs | 944 lbs | 11 lbs |
| 6/5/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 5 hrs | 5,293 lbs | 57 lbs |
| 6/6/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 5 hrs | 4,816 lbs | 52 lbs |
| 6/7/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 2 hrs | 2,244 lbs | 24 lbs |
| 6/8/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 11.5 hrs | 8,210 lbs | 89 lbs |
| 6/10/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 8.75 hrs | 9,915 lbs | 108 lbs |
| 6/11/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 3 hrs | 1,700 lbs | 18 lbs |
| 6/12/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 4 hrs | 4,533 lbs | 49 lbs |
| 6/13/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 4 hrs | 4,533 lbs | 49 lbs |

| | | | | | |
|---|---|---|---|---|---|
| 6/14/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 3 hrs | 3,060 lbs | 33 lbs |
| 6/17/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 2 hrs | 1,133 lbs | 12 lbs |
| 6/20/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 1 hr | 907 lbs | 10 lbs |
| 6/22/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 1 hr | 1,020 lbs | 11 lbs |
| 6/23/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 1 hr | 1,020 lbs | 11 lbs |
| 6/30/2006 | FLARE1 | 25 tpy $SO_2$ / 4 lbs/hr $H_2S$ | 1 hr | 1,077 lbs | 12 lbs |

6. During investigations on October 5, 2006, January 22, 2007, and a record review on March 8, 2007, TCEQ staff documented that Cerrito failed to notify the agency within 24 hours of the discovery of emissions events. Specifically, between March 30, 2006 and June 30, 2006, 40 individual events occurred. Notification of the first event was due to the TCEQ on March 31, 2006 and subsequent emissions events notifications were due within 24 hours of discovery. Emissions event notifications were not received by the TCEQ Laredo Regional Office until December 20, 2006.

7. During investigations on October 5, 2006, January 22, 2007, and a record review on March 8, 2007, TCEQ staff documented that Cerrito failed to conduct the initial testing for nitrogen oxides ("$NO_x$") and carbon monoxide ("CO") emissions. Specifically, Cerrito failed to conduct initial testing within 60 days of the March 19, 2001 initial engine start-up date and biennially thereafter for two 561-horsepower, Waukesha L5108-G engines (Emissions Point Numbers GEN-1 and GEN-2).

8. During investigations on October 5, 2006, January 22, 2007, and a record review on March 8, 2007, TCEQ staff documented that Cerrito failed to conduct the initial testing for $NO_x$ and CO emissions. Specifically, Cerrito failed to conduct initial testing within 60 days of November 4, 2003 initial engine start-up date and biennially thereafter for one 1,265-horsepower, Caterpillar G3516 LE engine (Emissions Point Number ENG-4).

9. Cerrito received notice of the violations on November 6, 2006.

10. The Executive Director recognizes that Cerrito has implemented the following corrective measures at the Plant:

    a. On December 20, 2006, Cerrito submitted reports to the TCEQ Laredo Regional Office for emissions events that took place from March 30, 2006 through June 30, 2006;

b. On September 22, 2006, Cerrito informed the TCEQ that the Plant was shut down and will remain shut down until permit authorization is obtained; and

c. On June 19, 2007, Cerrito submitted a standard permit application for the Plant.

## II. CONCLUSIONS OF LAW

1. Cerrito is subject to the jurisdiction of the TCEQ pursuant to TEX. HEALTH & SAFETY CODE ch. 382 and TEX. WATER CODE ch. 7 and the rules of the Commission.

2. As evidenced by Findings of Fact No. 3, Cerrito failed to prevent unauthorized emissions, in violation of 30 TEX. ADMIN. CODE § 106.6(b) and TEX. HEALTH & SAFETY CODE § 382.085(b).

3. As evidenced by Findings of Fact No. 4, Cerrito failed to prevent unauthorized emissions, in violation of 30 TEX. ADMIN. CODE § 106.6(b) and TEX. HEALTH & SAFETY CODE § 382.085(b).

4. As evidenced by Findings of Fact No. 5, Cerrito failed to prevent unauthorized emissions, in violation of 30 TEX. ADMIN. CODE § 106.6(b) and TEX. HEALTH & SAFETY CODE § 382.085(b).

5. As evidenced by Findings of Fact No. 6, Cerrito failed to notify the agency within 24 hours of the discovery of emissions events, in violation of 30 TEX. ADMIN. CODE § 101.201(a)(1)(B) and TEX. HEALTH & SAFETY CODE § 382.085(b).

6. As evidenced by Findings of Fact No. 7, Cerrito failed to conduct the initial testing for $NO_x$ and CO emissions, in violation of 30 TEX. ADMIN. CODE § 106.512(2)(C)(iii) and TEX. HEALTH & SAFETY CODE § 382.085(b).

7. As evidenced by Findings of Fact No. 8, Cerrito failed to conduct the initial testing for $NO_x$ and CO emissions, in violation of 30 TEX. ADMIN. CODE § 106.512(2)(C)(iii) and TEX. HEALTH & SAFETY CODE § 382.085(b).

8. Pursuant to TEX. WATER CODE § 7.051, the Commission has the authority to assess an administrative penalty against Cerrito for violations of the Texas Water Code and the Texas Health and Safety Code within the Commission's jurisdiction; for violations of rules adopted under such statutes; or for violations of orders or permits issued under such statutes.

9. An administrative penalty in the amount of One Hundred Twenty-Eight Thousand Forty-Three Dollars ($128,043) is justified by the facts recited in this Agreed Order, and considered in light of the factors set forth in TEX. WATER CODE § 7.053. Cerrito has paid the One Hundred Twenty-Eight Thousand Forty-Three Dollar ($128,043) administrative penalty.

## III. ORDERING PROVISIONS

NOW, THEREFORE, THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ORDERS that:

1. Cerrito is assessed an administrative penalty in the amount of One Hundred Twenty-Eight Thousand Forty-Three Dollars ($128,043) as set forth in Section II, Paragraph 9 above, for violations of TCEQ rules and state statutes. The payment of this administrative penalty and Cerrito's compliance with all the terms and conditions set forth in this Agreed Order completely resolve the violations set forth by this Agreed Order in this action. However, the Commission shall not be constrained in any manner from requiring corrective actions or penalties for other violations that are not raised here. Administrative penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: Cerrito Gas Processing, L.L.C., Docket No. 2006-2161-AIR-E" to:

   Financial Administration Division, Revenues Section
   Attention: Cashier's Office, MC 214
   Texas Commission on Environmental Quality
   P.O. Box 13088
   Austin, Texas 78711-3088

2. The provisions of this Agreed Order shall apply to and be binding upon Cerrito. Cerrito is ordered to give notice of the Agreed Order to personnel who maintain day-to-day control over the Plant operations referenced in this Agreed Order.

3. The Executive Director may refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings without notice to Cerrito if the Executive Director determines that Cerrito has not complied with one or more of the terms or conditions in this Agreed Order.

4. This Agreed Order shall terminate five years from its effective date or upon compliance with all the terms and conditions set forth in this Agreed Order, whichever is later.

5. This Agreed Order, issued by the Commission, shall not be admissible against Cerrito in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Agreed Order; or (2) pursue violations of a statute within the Commission's jurisdiction, or of a rule adopted or an order or permit issued by the Commission under such a statute.

6. This agreement may be executed in multiple counterparts, which together shall constitute a single original instrument. Any executed signature page to this Agreement may be transmitted by facsimile transmission to the other parties, which shall constitute an original signature for all purposes.

7. The Chief Clerk shall provide a copy of this Agreed Order to each of the parties. By law, the effective date of this Agreed Order is the third day after the mailing date, as provided by 30 TEX. ADMIN. CODE § 70.10(b) and TEX. GOV'T CODE § 2001.142.

# SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

_____
For the Commission

_____ 10/18/07
For the Executive Director Date

I, the undersigned, have read and understand the attached Agreed Order in the matter of Cerrito Gas Processing, L.L.C. I am authorized to agree to the attached Agreed Order on behalf of Cerrito Gas Processing, L.L.C., and do agree to the specified terms and conditions. I further acknowledge that the TCEQ, in accepting payment for the penalty amount, is materially relying on such representation.

I understand that by entering into this Agreed Order, Cerrito Gas Processing, L.L.C. waives certain procedural rights, including, but not limited to, the right to formal notice of violations addressed by this Agreed Order, notice of an evidentiary hearing, the right to an evidentiary hearing, and the right to appeal. I agree to the terms of the Agreed Order in lieu of an evidentiary hearing. This Agreed Order constitutes full and final adjudication by the Commission of the violations set forth in this Agreed Order.

I also understand that failure to comply with the Ordering Provisions, if any, in this order and/or failure to timely pay the penalty amount, may result in:

- A negative impact on compliance history;
- Greater scrutiny of any permit applications submitted;
- Referral of this case to the Attorney General's Office for contempt, injunctive relief, additional penalties, and/or attorney fees, or to a collection agency;
- Increased penalties in any future enforcement actions;
- Automatic referral to the Attorney General's Office of any future enforcement actions; and
- TCEQ seeking other relief as authorized by law.

In addition, any falsification of any compliance documents may result in criminal prosecution.

_____ 7-24-07
Signature Date

Rodney R. Lewis Manager
Name (Printed or typed) Title
Authorized Representative of
Cerrito Gas Processing, L.L.C.

**Instructions:** Send the original, signed Agreed Order with penalty payment to the Financial Administration Division, Revenues Section at the address in Section IV, Paragraph 1 of this Agreed Order.