EXECUTIVE SUMMARY - ENFORCEMENT MATTER

DOCKET NO.: 2006-1824-PST-E **TCEQ ID:** RN101793750 **CASE NO.:** 31481

RESPONDENT NAME: Valero Refining-Texas, L.P.

ORDER TYPE:

X 1660 AGREED ORDER	__FINDINGS AGREED ORDER	__AMENDED ORDER	__IMMINENT AND SUBSTANTIAL ENDANGERMENT ORDER
__SHUTDOWN ORDER	__FINDINGS DEFAULT ORDER	__EMERGENCY ORDER	

CASE TYPE:

__AGRICULTURE	__AIR	__INDUSTRIAL AND HAZARDOUS WASTE	__MUNICIPAL SOLID WASTE
__OCCUPATIONAL CERTIFICATION	X PETROLEUM STORAGE TANKS	__PUBLIC WATER SUPPLY	__RADIOACTIVE WASTE
__MULTI-MEDIA (check all that apply)	__SEWAGE SLUDGE	__UNDERGROUND INJECTION CONTROL	__USED OIL
__USED OIL FILTER	__WATER QUALITY		

SITE WHERE VIOLATION(S) OCCURRED: Valero Refining, adjacent to the refinery at 967 Cantwell Lane, Corpus Christi, Nueces County

TYPE OF OPERATION: Property with underground storage tanks ("USTs")

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 March 19, 2007. No comments were received.

CONTACTS AND MAILING LIST:

TCEQ Attorney/SEP Coordinator: None

TCEQ Enforcement Coordinator: Mr. Rajesh Acharya, Enforcement Division, Enforcement Section IV, MC 128, (512) 239-0577; Mr. Steven Lopez, Enforcement Division, MC 219, (512) 239-1896

TCEQ Field Investigator: Ms. Kara Vick, Corpus Christi Regional Office, MC R-14, (361) 825-3100

Respondent: Mr. Joe Almarez, Environmental Engineering Manager, Valero Refining-Texas, L.P., P.O. Box 9370, Corpus Christi, Texas 78469
Mr. Dennis Payne, Vice President Regional Refinery Operations, Valero Refining-Texas, L.P., P.O. Box 9370, Corpus Christi, Texas 78469

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

Attachment: Site Compliance History

RESPONDENT'S NAME: Valero Refining-Texas, L.P.
DOCKET NO.: 2006-1824-PST-E

VIOLATION SUMMARY CHART:

VIOLATION INFORMATION	PENALTY CONSIDERATIONS	CORRECTIVE ACTIONS TAKEN/REQUIRED
Type of Investigation: __ Complaint __X_ Routine __ Enforcement Follow-up __ Records Review **Date of Complaint Relating to this Case:** None **Date of Investigation Relating to this Case:** August 10, 2006 **Date of NOE Relating to this Case:** October 9, 2006 (NOE) **Background Facts:** This was a routine investigation. Four violations were documented. **WASTE** 1) Failed to monitor USTs for releases at a frequency of at least once every month (not to exceed 35 days between each monitoring) [30 TEX. ADMIN. CODE § 334.50(b)(1)(A) and TEX. WATER CODE § 26.3475(c)(1)].	**Total Assessed:** $10,000 **Total Deferred:** $2,000 _X_Expedited Settlement __Financial Inability to Pay **SEP Conditional Offset:** $0 **Total Paid to General Revenue:** $8,000 **Site Compliance History Classification:** __High __X_Avg. __Poor **Person Compliance History Classification:** __High __X_Avg. __Poor **Major Source:** __ Yes __X_ No **Applicable Penalty Policy:** September 2002	**Corrective Actions Taken:** 1) The Executive Director recognizes that Valero Refining submitted the required completed registration for the Facility on August 23, 2006. **Ordering Provisions:** 2) The Order will require the Respondent to: a. Within 30 days after the effective date of this Agreed Order: i. Install and implement a release detection method for all USTs at the Facility; ii. Install and implement a corrosion protection method; and iii. Demonstrate Financial Assurance for all USTs at the Facility; or iv. Permanently remove the UST system from service.
2) Failed to provide proper corrosion protection for the UST system [30 TEX. ADMIN. CODE § 334.49(a)(1) and TEX. WATER CODE § 26.3475(d)].		
3) Failed to provide acceptable financial assurance for taking corrective action and for compensating third parties for bodily injury and property damage caused by accidental releases arising from the operation of petroleum USTs [30 TEX. ADMIN. CODE § 37.815(a) and (b)].		b. Within 45 days after the effective date of this Agreed Order, submit written certification and include detailed supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Ordering Provision Nos. 2.a.i. through 2.a.iii. or 2.a.iv.
4) Failed to register with the Commission, on authorized Commission forms, a UST in existence on or after September 1, 1987 and provide written notice of the change in ownership of the Facility [30 TEX. ADMIN. CODE § 334.7(a)(1) and 334.7(d)(1)(A)].		

Attachment: Site Compliance History

Penalty Calculation Worksheet (PCW)

TCEQ

Policy Revision 2 (September 2002) *PCW Revision May 19, 2005*

DATES					
Assigned	16-Oct-2006				
PCW	13-Dec-2006	Screening	18-Oct-2006	EPA Due	

RESPONDENT/FACILITY INFORMATION			
Respondent	Valero Refining-Texas, L.P.		
Reg. Ent. Ref. No.	RN101793750		
Facility/Site Region	14-Corpus Christi	Major/Minor Source	Minor Source

CASE INFORMATION			
Enf./Case ID No.	31481	No. of Violations	4
Docket No.	2006-1824-PST-E	Order Type	1660
Media Program(s)	Petroleum Storage Tank	Enf. Coordinator	Rajesh Acharya
Multi-Media		EC's Team	Enforcement Team 7
Admin. Penalty $ Limit Minimum	$0	Maximum	$10,000

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties) *Subtotal 1* $10,000

ADJUSTMENTS (+/-) TO SUBTOTAL 1

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

Compliance History 0% Enhancement *Subtotals 2, 3, & 7* $0

Notes: No adjustment due to compliance history.

Culpability No 0% Enhancement *Subtotal 4* $0

Notes: The respondent does not meet the culpability criteria.

Good Faith Effort to Comply 0% Reduction *Subtotal 5* $0

	Before NOV	NOV to EDPRP/Settlement Offer
Extraordinary		
Ordinary		
N/A	x	*(mark with a small x)*

Notes: The respondent does not meet the good faith criteria.

Economic Benefit 0% Enhancement* *Subtotal 6* $0

**Capped at the Total EB $ Amount*

Total EB Amounts	$3,218
Approx. Cost of Compliance	$12,150

SUM OF SUBTOTALS 1-7 Final Subtotal $10,000

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 $10,000

STATUTORY LIMIT ADJUSTMENT Final Assessed Penalty $10,000

DEFERRAL 20% Reduction Adjustment -$2,000

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

Notes: Deferral offered for expedited settlement.

PAYABLE PENALTY $8,000

Screening Date 18-Oct-2006 **Docket No.** 2006-1824-PST-E **PCW**

Respondent Valero Refining-Texas, L.P. *Policy Revision 2 (September 2002)*

Case ID No. 31481 *PCW Revision May 19, 2005*

Reg. Ent. Reference No. RN101793750

Media [Statute] Petroleum Storage Tank

Enf. Coordinator Rajesh Acharya

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)*	0	0%
	Other written NOVs	0	0%
Orders	Any agreed final enforcement orders containing a denial of liability *(number of orders meeting criteria)*	0	0%
	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*	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) **0%**

>> Repeat Violator (Subtotal 3)

No ***Adjustment Percentage (Subtotal 3)*** **0%**

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

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

>> Compliance History Summary

Compliance History Notes No adjustment due to compliance history.

Total Adjustment Percentage (Subtotals 2, 3, & 7) **0%**

PCW

Screening Date	18-Oct-2006	**Docket No.**	2006-1824-PST-E
Respondent	Valero Refining-Texas, L.P.		*Policy Revision 2 (September 2002)*
Case ID No.	31481		*PCW Revision May 19, 2005*
Reg. Ent. Reference No.	RN101793750		
Media [Statute]	Petroleum Storage Tank		
Enf. Coordinator	Rajesh Acharya		

Violation Number 1

Primary Rule Cite(s) 30 Tex. Admin. Code § 334.50(b)(1)(A)

Secondary Rule Cite(s) Tex. Water Code § 26.3475(c)(1)

Violation Description Failed to monitor USTs for releases at a frequency of at least once every month (not to exceed 35 days between each monitoring).

Base Penalty $10,000

>> Environmental, Property and Human Health Matrix

Release	Harm: Major	Moderate	Minor
Actual			
Potential	x		

OR

Percent 25%

>> Programmatic Matrix

Falsification	Major	Moderate	Minor

Percent

Matrix Notes: Human health or the environment will or could be exposed to pollutants which would exceed levels that are protective of human health or environmental receptors as a result of the violation.

Adjustment -$7,500

Base Penalty Subtotal $2,500

Violation Events

Number of Violation Events 1

mark only one
use a small x

daily	
monthly	
quarterly	x
semiannual	
annual	
single event	

Violation Base Penalty $2,500

One quarterly event is recommended from the investigation date of August 10, 2006 to the screening date of October 18, 2006.

Economic Benefit (EB) for this violation

Estimated EB Amount $56

Statutory Limit Test

Violation Final Penalty Total $2,500

This violation Final Assessed Penalty (adjusted for limits) $2,500

Economic Benefit Worksheet

Respondent	Valero Refining-Texas, L.P.
Case ID No.	31481
Reg. Ent. Reference No.	RN101793750
Media [Statute]	Petroleum Storage Tank
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)	$1,500	10-Aug-2006	10-May-2007	0.7	$56	n/a	$56
Notes for DELAYED costs	Estimated cost to provide release detection for the UST system. Date Required is the date of investigation. Final Date is the estimated date of 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: $1,500

TOTAL: $56

PCW

Screening Date	18-Oct-2006
Docket No.	2006-1824-PST-E
Respondent	Valero Refining-Texas, L.P.
Case ID No.	31481
Reg. Ent. Reference No.	RN101793750
Media [Statute]	Petroleum Storage Tank
Enf. Coordinator	Rajesh Acharya

Policy Revision 2 (September 2002)
PCW Revision May 19, 2005

Violation Number	2
Primary Rule Cite(s)	30 Tex. Admin. Code § 334.49(a)(1)
Secondary Rule Cite(s)	Tex. Water Code § 26.3475(d)
Violation Description	Failed to provide proper corrosion protection for the UST system.

Base Penalty $10,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm: Major	Moderate	Minor
Actual			
Potential	x		

Percent 25%

>> Programmatic Matrix

Falsification	Major	Moderate	Minor

Percent

Matrix Notes: Human health or the environment will or could be exposed to pollutants which would exceed levels that are protective of human health or environmental receptors as a result of the violation.

Adjustment -$7,500

Base Penalty Subtotal $2,500

Violation Events

Number of Violation Events: 1

mark only one (use a small x)	
daily	
monthly	
quarterly	x
semiannual	
annual	
single event	

Violation Base Penalty $2,500

One quarterly event is recommended from the investigation date of August 10, 2006 to the screening date of October 18, 2006.

Economic Benefit (EB) for this violation

Estimated EB Amount $431

Statutory Limit Test

Violation Final Penalty Total $2,500

This violation Final Assessed Penalty (adjusted for limits) $2,500

Economic Benefit Worksheet

Respondent	Valero Refining-Texas, L.P.
Case ID No.	31481
Reg. Ent. Reference No.	RN101793750
Media [Statute]	Petroleum Storage Tank
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	$8,000	10-Aug-2006	18-May-2007	0.8	$21	$411	$431
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	Estimated cost to provide corrosion protection for the UST system. Date Required is the investigation date. Final Date is the estimated compliance date.						
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: $8,000

TOTAL: $431

PCW

Policy Revision 2 (September 2002)
PCW Revision May 19, 2005

Screening Date	18-Oct-2006
Docket No.	2006-1824-PST-E
Respondent	Valero Refining-Texas, L.P.
Case ID No.	31481
Reg. Ent. Reference No.	RN101793750
Media [Statute]	Petroleum Storage Tank
Enf. Coordinator	Rajesh Acharya
Violation Number	3
Primary Rule Cite(s)	30 Tex. Admin. Code § 37.815(a) and (b)
Secondary Rule Cite(s)	
Violation Description	Failure to provide acceptable financial assurance for taking corrective action and for compensating third parties for bodily injury and property damage caused by accidental releases arising from the operation of petroleum USTs.

Base Penalty $10,000

>> Environmental, Property and Human Health Matrix

Release	Harm: Major	Moderate	Minor
Actual			
Potential			

OR

Percent

>> Programmatic Matrix

Falsification	Major	Moderate	Minor
	x		

Percent 10%

Matrix Notes: 100% of the rule requirement was not met.

Adjustment -$9,000

Base Penalty Subtotal $1,000

Violation Events

Number of Violation Events: 4

mark only one use a small x	
daily	
monthly	
quarterly	
semiannual	
annual	
single event	x

Violation Base Penalty $4,000

Four single events (one per tank) are recommended based on the investigation date of August 10, 2006.

Economic Benefit (EB) for this violation

Estimated EB Amount $2,730

Statutory Limit Test

Violation Final Penalty Total $4,000

This violation Final Assessed Penalty (adjusted for limits) $4,000

Economic Benefit Worksheet

Respondent	Valero Refining-Texas, L.P.
Case ID No.	31481
Reg. Ent. Reference No.	RN101793750
Media [Statute]	Petroleum Storage Tank
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]	$2,600	09-Jun-2006	10-Aug-2006	1.0	$130	$2,600	$2,730
ONE-TIME avoided costs [3]				0.0	$0	$0	$0
Other (as needed)				0.0	$0	$0	$0
Notes for AVOIDED costs	The estimated cost ($650 per tank) to provide financial assurance for four petroleum USTs. Date Required is the date of ownership change. Final Date is the investigation date.						

Approx. Cost of Compliance: $2,600

TOTAL: $2,730

PCW

Screening Date	18-Oct-2006	**Docket No.**	2006-1824-PST-E
Respondent	Valero Refining-Texas, L.P.		*Policy Revision 2 (September 2002)*
Case ID No.	31481		*PCW Revision May 19, 2005*
Reg. Ent. Reference No.	RN101793750		
Media [Statute]	Petroleum Storage Tank		
Enf. Coordinator	Rajesh Acharya		

Violation Number 4

Primary Rule Cite(s) 30 Tex. Admin. Code § 334.7(a)(1) and 334.7(d)(1)(A)

Secondary Rule Cite(s)

Violation Description Failed to register with the Commission, on authorized Commission forms, a UST in existence on or after September 1, 1987. Failed to provide written notice of the change in ownership of the Facility.

Base Penalty $10,000

>> Environmental, Property and Human Health Matrix

Release	Harm: Major	Moderate	Minor
Actual			
Potential			

OR

Percent

>> Programmatic Matrix

Falsification	Major	Moderate	Minor
	x		

Percent 10%

Matrix Notes: 100% of the rule requirement was not met.

Adjustment -$9,000

Base Penalty Subtotal $1,000

Violation Events

Number of Violation Events 1

mark only one use a small x	
daily	
monthly	
quarterly	
semiannual	
annual	
single event	x

Violation Base Penalty $1,000

One single event is recommended based on the investigation date of August 10, 2006.

Economic Benefit (EB) for this violation

Estimated EB Amount $0

Statutory Limit Test

Violation Final Penalty Total $1,000

This violation Final Assessed Penalty (adjusted for limits) $1,000

Economic Benefit Worksheet

Respondent Valero Refining-Texas, L.P.
Case ID No. 31481
Reg. Ent. Reference No. RN101793750
Media [Statute] Petroleum Storage Tank
Violation No. 4

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)	$50	09-Jul-2006	23-Aug-2006	0.1	$0	n/a	$0
Notes for DELAYED costs	Estimated cost to submit UST Registration Form. Date Required is the 30 days after the ownership change. Final Date is the compliance date.						
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 $50

TOTAL $0

Compliance History

Customer/Respondent/Owner-Operator:	CN600127468	Valero Refining-Texas, L.P.	Classification: AVERAGE	Rating: 9.72
Regulated Entity:	RN101793750	VALERO REFINING	Classification: AVERAGE BY DEFAULT	Site Rating: 3.01
ID Number(s):	PETROLEUM STORAGE TANK REGISTRATION	REGISTRATION	60979	
	SLUDGE	REGISTRATION	22018	
Location:	967 CANTWELL LN, CORPUS CHRISTI, TX, 78407	Rating Date: 9/1/2006	Repeat Violator: NO	
TCEQ Region:	REGION 14 - CORPUS CHRISTI			
Date Compliance History Prepared:	October 18, 2006			
Agency Decision Requiring Compliance History:	Enforcement			
Compliance Period:	October 18, 2001 to October 18, 2006			

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

Name: Rajesh Acharya Phone: (512) 239-0577

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? Yes
3. If Yes, who is the current owner? Valero Refining-Texas, L.P.
4. if Yes, who was/were the prior owner(s)? DAVIS THOMAS S
5. When did the change(s) in ownership occur? 06/09/2006

Components (Multimedia) for the Site :

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

N/A

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 10/09/2006 (509368)

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

N/A

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**
VALERO REFINING-TEXAS, L.P.	§	
RN101793750	§	**ENVIRONMENTAL QUALITY**

AGREED ORDER
DOCKET NO. 2006-1824-PST-E

I. JURISDICTION AND STIPULATIONS

At its _____ agenda, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding Valero Refining-Texas, L.P. ("Valero Refining") under the authority of TEX. WATER CODE chs. 7 and 26. The Executive Director of the TCEQ, through the Enforcement Division, and Valero Refining appear before the Commission and together stipulate that:

1. Valero Refining owns a property with underground storage tanks ("USTs") adjacent to the refinery at 967 Cantwell Lane in Corpus Christi, Nueces County, Texas (the "Facility").

2. Valero Refining's four USTs are not exempt or excluded from regulation under the Texas Water Code or the rules of the Commission.

3. The Commission and Valero Refining agree that the Commission has jurisdiction to enter this Agreed Order, and that Valero Refining is subject to the Commission's jurisdiction.

4. Valero Refining received notice of the violations alleged in Section II ("Allegations") on or about October 14, 2006.

5. The occurrence of any violation is in dispute and the entry of this Agreed Order shall not constitute an admission by Valero Refining of any violation alleged in Section II ("Allegations"), nor of any statute or rule.

6. An administrative penalty in the amount of Ten Thousand Dollars ($10,000) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). Valero Refining has paid Eight Thousand Dollars ($8,000) of the administrative penalty and Two Thousand Dollars ($2,000) is deferred contingent upon Valero Refining's timely and satisfactory compliance with all the terms of this Agreed Order. The deferred amount will be waived upon full compliance with the terms of this Agreed Order. If Valero Refining fails to timely and satisfactorily comply with all

requirements of this Agreed Order, the Executive Director may require Valero Refining to pay all or part of the deferred penalty.

7. Any notice and procedures which might otherwise be authorized or required in this action are waived in the interest of a more timely resolution of the matter.

8. The Executive Director of the TCEQ and Valero Refining have agreed on a settlement of the matters alleged in this enforcement action, subject to the approval of the Commission.

9. The Executive Director recognizes that Valero Refining submitted the required completed registration for the Facility on August 23, 2006.

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

11. 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.

12. 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.

II. ALLEGATIONS

As owner of the Facility, Valero Refining is alleged to have:

1. Failed to monitor USTs for releases at a frequency of at least once every month (not to exceed 35 days between each monitoring), in violation of 30 TEX. ADMIN. CODE § 334.50(b)(1)(A) and TEX. WATER CODE § 26.3475(c)(1), as documented during an investigation conducted on August 10, 2006.

2. Failed to provide proper corrosion protection for the UST system, in violation of 30 TEX. ADMIN. CODE § 334.49(a)(1) and TEX. WATER CODE § 26.3475(d), as documented during an investigation conducted on August 10, 2006.

3. Failed to provide acceptable financial assurance for taking corrective action and for compensating third parties for bodily injury and property damage caused by accidental releases arising from the operation of petroleum USTs, in violation of 30 TEX. ADMIN. CODE § 37.815(a) and (b), as documented during an investigation conducted on August 10, 2006.

4. Failed to register with the Commission, on authorized Commission forms, a UST in existence on or after September 1, 1987 and provide written notice of the change in ownership of the Facility, in

violation of 30 TEX. ADMIN. CODE § 334.7(a)(1) and 334.7(d)(1)(A), as documented during an investigation conducted on August 10, 2006.

III. DENIALS

Valero Refining generally denies each allegation in Section II ("Allegations").

IV. ORDERING PROVISIONS

1. It is, therefore, ordered by the TCEQ that Valero Refining pay an administrative penalty as set forth in Section I, Paragraph 6 above. The payment of this administrative penalty and Valero Refining's compliance with all the terms and conditions set forth in this Agreed Order resolve only the allegations in Section II. The Commission shall not be constrained in any manner from requiring corrective action or penalties for violations which are not raised here. Administrative penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: Valero Refining-Texas, L.P., Docket No. 2006-1824-PST-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. It is further ordered that Valero Refining shall undertake the following technical requirements:

   a. Within 30 days after the effective date of this Agreed Order, either:

      i. Install and implement a release detection method for all USTs at the Facility, in accordance with 30 TEX. ADMIN. CODE § 334.50;

      ii. Install and implement a corrosion protection method, in accordance with 30 TEX. ADMIN. CODE § 334.49; and

      iii. Demonstrate Financial Assurance for all USTs at the Facility, in accordance with 30 TEX. ADMIN. CODE § 37.815; or

      iv. Permanently remove the UST system from service, in accordance with 30 TEX. ADMIN. CODE § 334.55.

   b. Within 45 days after the effective date of this Agreed Order, submit written certification as described below, and include detailed supporting documentation including photographs, receipts and/or other records to demonstrate compliance with Ordering Provision Nos. 2.a.i. through 2.a.iii.or 2.a.iv.

The certification shall be notarized by a State of Texas Notary Public and include the following certification language:

> "I certify under penalty of law that I have personally examined and am familiar with the information submitted and all attached documents, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is 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."

The certification shall be submitted to:

Order Compliance Team
Enforcement Division, MC 149A
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

with a copy to:

Waste Section Manager
Corpus Christi Regional Office
Texas Commission on Environmental Quality
6300 Ocean Drive, Unit 5839
Corpus Christi, Texas 78412-5839

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

4. If Valero Refining fails to comply with any of the Ordering Provisions in this Agreed Order within the prescribed schedules, and that failure is caused solely by an act of God, war, strike, riot, or other catastrophe, Valero Refining's failure to comply is not a violation of this Agreed Order. Valero Refining shall have the burden of establishing to the Executive Director's satisfaction that such an event has occurred. Valero Refining shall notify the Executive Director within seven days after becomes aware of a delaying event and shall take all reasonable measures to mitigate and minimize any delay.

5. The Executive Director may grant an extension of any deadline in this Agreed Order or in any plan, report, or other document submitted pursuant to this Agreed Order, upon a written and substantiated showing of good cause. All requests for extensions by Valero Refining shall be made in writing to the Executive Director. Extensions are not effective until Valero Refining receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.

6. This Agreed Order, issued by the Commission, shall not be admissible against Valero Refining 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.

7. 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.

8. Under 30 TEX. ADMIN. CODE § 70.10(b), the effective date is the date of hand-delivery of the Order to Valero Refining, or three days after the date on which the Commission mails notice of the Order to Valero Refining , whichever is earlier. The Chief Clerk shall provide a copy of this Agreed Order to each of the parties.

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission

For the Executive Director

3/24/07
Date

I, the undersigned, have read and understand the attached Agreed Order. I am authorized to agree to the attached Agreed Order on behalf of the entity, if any, indicated below my signature, and I do agree to the terms and conditions specified therein. I further acknowledge that the TCEQ, in accepting payment for the penalty amount, is materially relying on such representation.

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

- A negative impact on my compliance history;
- Greater scrutiny of any permit applications submitted by me;
- 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 against me;
- Automatic referral to the Attorney General's Office of any future enforcement actions against me; and
- TCEQ seeking other relief as authorized by law.

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

Signature

December 22, 2006
Date

Dennis Payne
Name (Printed or typed)
Authorized Representative of
Valero Refining-Texas, L.P.

VP Regional Refinery Operations
Title

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.