EXECUTIVE SUMMARY - ENFORCEMENT MATTER

DOCKET NO.: 2006-1665-AIR-E **TCEQ ID:** RN100218890 **CASE NO.:** 31221

RESPONDENT NAME: Texaco Exploration and Production Inc.

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	X AIR	__INDUSTRIAL AND HAZARDOUS WASTE	__MUNICIPAL SOLID WASTE
__OCCUPATIONAL CERTIFICATION	__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: Headlee Gas Plant, 501 SE Loop 338, Odessa, Ector County

TYPE OF OPERATION: Natural gas processing 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 March 19, 2007. No comments were received.

CONTACTS AND MAILING LIST:

TCEQ Attorney/SEP Coordinator: None

TCEQ Enforcement Coordinator: Mr. Terry Murphy, Enforcement Division, Enforcement Section III, MC 149, (512) 239-5025; Mr. Steven Lopez, Enforcement Division, MC 219, (512) 239-1896

TCEQ Field Investigator: Mr. David Landry, Midland Regional Office, MC R-07, (432) 570-1359

Respondent: Prentice Hall Corp System, Inc., Registered Agent, Texaco Exploration and Production Inc., 701 Brazos Street, Suite 1050, Austin, Texas 78701
Mr. Peter Botes, Air Specialist, Texaco Exploration and Production, Inc., 15 Smith Road, Midland, Texas 79705
M. J. Mamoulides, Area Manager, Texaco Exploration and Production, Inc., 15 Smith Road, Midland, Texas 79705

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

Attachment: Site Compliance History

VIOLATION SUMMARY CHART:

VIOLATION INFORMATION	PENALTY CONSIDERATIONS	CORRECTIVE ACTIONS TAKEN/REQUIRED
Type of Investigation: ___ Complaint ___ Routine ___ Enforcement Follow-up _X_ Records Review **Date of Complaint Relating to this Case:** None **Date of Investigation Relating to this Case:** August 17 to August 24, 2006 **Date of NOE Relating to this Case:** August 31, 2006 (NOE) **Background Facts:** This was a routine record review. One violation was documented. **AIR** Failed to keep required data on internal combustion engine catalyst pressure drops and inlet temperatures. Specifically, for three engines (EPNs CAT1, CAT2, and CAT3) in hazardous air pollutants service, Texaco reported that it monitored, but did not record, the inlet temperatures from June 23, 2005 to September 14, 2005, and did not collect and record the pressure drops at the required intervals from June 23, 2005 to January 10, 2006 [30 TEX. ADMIN. CODE §§ 101.20(2) and 122.143(4), Federal Operating Permit No. O-02648, Special Condition 2, 40 CODE OF FEDERAL REGULATIONS §§ 63, Subpart ZZZZ, Table 6, 63.6625(b), and 63.6655(d), and TEX. HEALTH & SAFETY CODE § 382.085(b)].	**Total Assessed:** $6,750 **Total Deferred:** $1,350 _X_ Expedited Settlement __ Financial Inability to Pay **SEP Conditional Offset:** $0 **Total Paid to General Revenue:** $5,400 **Site Compliance History Classification:** _X_ High ___ Avg. ___ Poor **Person Compliance History Classification:** ___ High _X_ Avg. ___ Poor **Major Source:** _X_ Yes ___ No **Applicable Penalty Policy:** September 2002	**Corrective Actions Taken:** The Executive Director recognizes that Texaco completed the installation of computerized equipment for the collection, recording, and analyzing of temperature and pressure data by January 10, 2006.

Penalty Calculation Worksheet (PCW)

TCEQ

Policy Revision 2 (September 2002) *PCW Revision April 25, 2006*

DATES					
Assigned	05-Sep-2006				
PCW	12-Oct-2006	Screening	14-Sep-2006	EPA Due	

RESPONDENT/FACILITY INFORMATION

Respondent	Texaco Exploration and Production Inc.		
Reg. Ent. Ref. No.	RN100218890		
Facility/Site Region	7-Midland	Major/Minor Source	Major Source

CASE INFORMATION

Enf./Case ID No.	31221	No. of Violations	1
Docket No.	2006-1665-AIR-E	Order Type	1660
Media Program(s)	Air Quality	Enf. Coordinator	Terry Murphy
Multi-Media		EC's Team	Enforcement Team 5
Admin. Penalty $ Limit Minimum	$0	Maximum	$10,000

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties) *Subtotal 1* $9,000

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 change due to average performer classification.

Culpability No 0% Enhancement *Subtotal 4* $0

Notes: The Respondent does not meet the culpability criteria.

Good Faith Effort to Comply 25% Reduction *Subtotal 5* -$2,250

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

Notes: The Respondent returned to compliance on January 10, 2006.

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

Total EB Amounts	$1,156
Approx. Cost of Compliance	$2,000

**Capped at the Total EB $ Amount*

SUM OF SUBTOTALS 1-7 Final Subtotal $6,750

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 $6,750

STATUTORY LIMIT ADJUSTMENT Final Assessed Penalty $6,750

DEFERRAL 20% Reduction Adjustment -$1,350

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 $5,400

Screening Date 14-Sep-2006 **Docket No.** 2006-1665-AIR-E **PCW**

Respondent Texaco Exploration and Production Inc.

Policy Revision 2 (September 2002)

Case ID No. 31221

PCW Revision April 25, 2006

Reg. Ent. Reference No. RN100218890

Media [Statute] Air Quality

Enf. Coordinator Terry Murphy

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 Performer

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

>> Compliance History Summary

Compliance History Notes No change due to average performer classification.

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

PCW

Policy Revision 2 (September 2002)
PCW Revision April 25, 2006

Screening Date 14-Sep-2006 **Docket No.** 2006-1665-AIR-E
Respondent Texaco Exploration and Production Inc.
Case ID No. 31221
Reg. Ent. Reference No. RN100218890
Media [Statute] Air Quality
Enf. Coordinator Terry Murphy

Violation Number 1

Primary Rule Cite(s) 40 Code of Federal Regulations §§ 63, Subpart ZZZZ, Table 6, 63.6625(b), and 63.6655(d), Federal Operating Permit O-02648, Special Condition 2, and 30 Tex. Admin. Code §§ 101.20(2) and 122.143(4)

Secondary Rule Cite(s) Tex. Health & Safety Code § 382.085(b)

Violation Description Failed to keep required data on internal combustion engine catalyst pressure drops and inlet temperatures. Specifically, for three engines (EPNs CAT1, CAT2, and CAT3) in hazardous air pollutants service, the Respondent reported that it monitored, but did not record, the inlet temperatures from June 23, 2005 to September 14, 2005, and did not collect and record the pressure drops at the required intervals from June 23, 2005 to January 10, 2006, as documented during an investigation conducted August 17 to August 24, 2006.

Base Penalty $10,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm: Major	Moderate	Minor
Actual			
Potential			

Percent

>> Programmatic Matrix

Falsification	Major	Moderate	Minor
		x	

Percent 10%

Matrix Notes: The Respondent failed to comply with between 30 and 70 percent of the rule.

Adjustment -$9,000

Base Penalty Subtotal $1,000

Violation Events

Number of Violation Events 9 | 201 Number of violation days

mark only one use a small x

daily	
monthly	
quarterly	x
semiannual	
annual	
single event	

Violation Base Penalty $9,000

Nine quarterly events are recommended (three quarters for each engine).

Economic Benefit (EB) for this violation

Estimated EB Amount $1,156

Statutory Limit Test

Violation Final Penalty Total $6,750

This violation Final Assessed Penalty (adjusted for limits) $6,750

Economic Benefit Worksheet

Respondent	Texaco Exploration and Production Inc.
Case ID No.	31221
Reg. Ent. Reference No.	RN100218890
Media [Statute]	Air Quality
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	$2,000	23-Jun-2005	10-Jan-2006	0.6	$55	$1,101	$1,156
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	The CMS temperature and pressure data, previously recorded manually, is now being collected via computer at an estimated cost of $2,000. The Date Required is the date of the first reported violation, and the Final Date is the date the Respondent completed the computerized data collection project.						

Approx. Cost of Compliance: $2,000

TOTAL: $1,156

Compliance History

Customer/Respondent/Owner-Operator:	CN601658396	Texaco Exploration and Production Inc.	Classification: AVERAGE	Rating: 3.0
Regulated Entity:	RN100218890	HEADLEE GAS PLANT	Classification: High	Site Rating: 0.0

ID Number(s):		
	AIR OPERATING PERMITS	ACCOUNT NUMBER	EB0069R
	AIR OPERATING PERMITS	PERMIT	2648
	AIR OPERATING PERMITS	PERMIT	2648
	AIR NEW SOURCE PERMITS	PERMIT	3150
	AIR NEW SOURCE PERMITS	PERMIT	36289
	AIR NEW SOURCE PERMITS	PERMIT	36290
	AIR NEW SOURCE PERMITS	PERMIT	39104
	AIR NEW SOURCE PERMITS	AFS NUM	0025

Location: 501 SE LOOP 338, ODESSA, TX, 79762

TCEQ Region: REGION 07 - MIDLAND

Date Compliance History Prepared: September 12, 2006

Agency Decision Requiring Compliance History: Enforcement

Compliance Period: September 12, 2001 to September 12, 2006

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

Name: Terry Murphy Phone: (512) 239-5025

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? Texaco Exploration and Production Inc. dba Four Star Oil and Gas Company
4. if Yes, who was/were the prior owner(s)? Chevron U.S.A, Inc.
5. When did the change(s) in ownership occur? 7/25/2002

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 04/27/2006 (463833)
2 06/07/2005 (381098)
3 05/01/2006 (464515)
4 09/25/2001 (71332)
5 10/10/2003 (251599)
6 08/30/2006 (490302)
7 05/02/2006 (464673)

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	§	
TEXACO EXPLORATION AND	§	**TEXAS COMMISSION ON**
PRODUCTION INC.	§	
RN100218890	§	**ENVIRONMENTAL QUALITY**

AGREED ORDER
DOCKET NO. 2006-1665-AIR-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 Texaco Exploration and Production Inc. ("Texaco") 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 Texaco appear before the Commission and together stipulate that:

1. Texaco owns and operates a natural gas processing plant at 501 SE Loop 338 in Odessa, Ector County, Texas (the "Plant").

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

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

4. Texaco received notice of the violations alleged in Section II ("Allegations") on or about September 5, 2006.

5. The occurrence of any violation is in dispute and the entry of this Agreed Order shall not constitute an admission by Texaco of any violation alleged in the Allegations, nor of any statute or rule.

6. An administrative penalty in the amount of Six Thousand Seven Hundred Fifty Dollars ($6,750) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). Texaco has paid Five Thousand Four Hundred Dollars ($5,400) of the administrative penalty and One Thousand Three Hundred Fifty Dollars ($1,350) is deferred contingent upon Texaco'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 Texaco fails to timely and

satisfactorily comply with all requirements of this Agreed Order, the Executive Director may require Texaco 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 Texaco 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 Texaco completed the installation of computerized equipment for the collection, recording, and analyzing of temperature and pressure data by January 10, 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 Texaco 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 and operator of the Plant, Texaco is alleged to have failed to keep required data on internal combustion engine catalyst pressure drops and inlet temperatures, in violation of 30 TEX. ADMIN. CODE §§ 101.20(2) and 122.143(4), Federal Operating Permit No. O-02648, Special Condition 2, 40 CODE OF FEDERAL REGULATIONS §§ 63, Subpart ZZZZ, Table 6, 63.6625(b), and 63.6655(d), and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during a record review conducted between August 17 and August 24, 2006. Specifically, for three engines (EPNs CAT1, CAT2, and CAT3) in hazardous air pollutants service, Texaco reported that it monitored, but did not record, the inlet temperatures from June 23, 2005 to September 14, 2005, and did not collect and record the pressure drops at the required intervals from June 23, 2005 to January 10, 2006.

III. DENIALS

Texaco generally denies each allegation in the Allegations.

IV. ORDERING PROVISIONS

1. It is, therefore, ordered by the TCEQ that Texaco pay an administrative penalty as set forth in Section I, Paragraph 6 above. The payment of this administrative penalty and Texaco'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: Texaco Exploration and Production Inc., Docket No. 2006-1665-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 Texaco. Texaco 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. This Agreed Order, issued by the Commission, shall not be admissible against Texaco 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.

4. 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.

5. Under 30 TEX. ADMIN. CODE § 70.10(b), the effective date is the date of hand-delivery of the Order to Texaco, or three days after the date on which the Commission mails notice of the Order to Texaco, 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

4/12/07
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

12-13-06
Date

MJ MAMOULIDES
Name (Printed or typed)
Authorized Representative of
Texaco Exploration and Production Inc.

AREA MANAGER
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.