

**EXECUTIVE SUMMARY - ENFORCEMENT MATTER** Page 1 of 3  
**DOCKET NO.:** 2008-0479-AIR-E **TCEQ ID:** RN100543024 **CASE NO.:** 35603  
**RESPONDENT NAME:** Hill-Lake Gas Storage, L.P.

<b>ORDER TYPE:</b>		
<input checked="" type="checkbox"/> 1660 AGREED ORDER	<input type="checkbox"/> FINDINGS AGREED ORDER	<input type="checkbox"/> FINDINGS ORDER FOLLOWING SOAH HEARING
<input type="checkbox"/> FINDINGS DEFAULT ORDER	<input type="checkbox"/> SHUTDOWN ORDER	<input type="checkbox"/> IMMINENT AND SUBSTANTIAL ENDANGERMENT ORDER
<input type="checkbox"/> AMENDED ORDER	<input type="checkbox"/> EMERGENCY ORDER	
<b>CASE TYPE:</b>		
<input checked="" type="checkbox"/> AIR	<input type="checkbox"/> MULTI-MEDIA (check all that apply)	<input type="checkbox"/> INDUSTRIAL AND HAZARDOUS WASTE
<input type="checkbox"/> PUBLIC WATER SUPPLY	<input type="checkbox"/> PETROLEUM STORAGE TANKS	<input type="checkbox"/> OCCUPATIONAL CERTIFICATION
<input type="checkbox"/> WATER QUALITY	<input type="checkbox"/> SEWAGE SLUDGE	<input type="checkbox"/> UNDERGROUND INJECTION CONTROL
<input type="checkbox"/> MUNICIPAL SOLID WASTE	<input type="checkbox"/> RADIOACTIVE WASTE	<input type="checkbox"/> DRY CLEANER REGISTRATION
<p><b>SITE WHERE VIOLATION(S) OCCURRED:</b> Hill Lake Storage Compressor Station &amp; Dehydration Plant, 909 Farm-to-Market Road 1853, Moran, Eastland County</p> <p><b>TYPE OF OPERATION:</b> Oil and gas production plant</p> <p><b>SMALL BUSINESS:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><b>OTHER SIGNIFICANT MATTERS:</b> There are no complaints. There is no record of additional pending enforcement actions regarding this facility location.</p> <p><b>INTERESTED PARTIES:</b> No one other than the ED and the Respondent has expressed an interest in this matter.</p> <p><b>COMMENTS RECEIVED:</b> The <i>Texas Register</i> comment period expired on September 15, 2008. No comments were received.</p> <p><b>CONTACTS AND MAILING LIST:</b>  <b>TCEQ Attorney/SEP Coordinator:</b> Ms. Melissa Keller, SEP Coordinator, Enforcement Division, MC 219, (512) 239-1768  <b>TCEQ Enforcement Coordinator:</b> Mr. Terry Murphy, Enforcement Division, Enforcement Team 4, MC 149, (512) 239-5025; Mr. Bryan Sinclair, Enforcement Division, MC 219, (512) 239-2171  <b>Respondent:</b> Mr. Greg Lewis, Consultant, Hill-Lake Gas Storage, L.P., 2050 North Loop West, Suite 227, Houston, Texas 77018  Mr. Keith Chandler, Senior Vice President, Earth Science &amp; Reservoir Operations, Hill-Lake Gas Storage, L.P., 5847 San Felipe, Suite 3050, Houston, Texas 77057  <b>Respondent's Attorney:</b> Not represented by counsel on this enforcement matter</p>		

**VIOLATION SUMMARY CHART:**

VIOLATION INFORMATION	PENALTY CONSIDERATIONS	CORRECTIVE ACTIONS TAKEN/REQUIRED
<p><b>Type of Investigation:</b>  <input type="checkbox"/> Complaint  <input checked="" type="checkbox"/> Routine  <input type="checkbox"/> Enforcement Follow-up  <input type="checkbox"/> Records Review</p> <p><b>Date(s) of Complaints Relating to this Case:</b> None</p> <p><b>Date of Investigation Relating to this Case:</b> January 18 to February 1, 2008</p> <p><b>Date of NOV/NOE Relating to this Case:</b> March 13, 2008 (NOE)</p> <p><b>Background Facts:</b> This was a routine investigation.</p> <p><b>AIR</b></p> <p>1) Failure to include the operation of a thermal oxidizer ("TO") in the permit representations. Specifically, the permit was issued October 16, 2006 and revised April 19, 2007, but the Plant's TO was not included in the permit representations [New Source Review Standard Permit ("NSRSP") No. 80006, 30 TEX. ADMIN. CODE § 116.615(2), and TEX. HEALTH &amp; SAFETY CODE § 382.085(b)].</p> <p>2) Failure to limit the emissions of two compressor engines Emissions Point Numbers ("EPNs") Comp-15 and Comp-16 to levels represented in the permit. Specifically, the Respondent represented in the permit that carbon monoxide ("CO") emissions from those compressor engines would not exceed 0.18 grams per horsepower hour ("g/hp-hr"). However, emissions testing on October 10, 2007 documented CO emissions at 1.59 and 1.56 g/hp-hr, respectively, for those two engines [NSRSP No. 80006, 30 TEX. ADMIN. CODE § 116.615(2), and TEX. HEALTH &amp; SAFETY CODE § 382.085(b)].</p> <p>3) Failure to report the occurrence of a deviation in semi-annual deviation reports and to accurately certify compliance in an Annual Compliance Certification. Specifically, the Respondent failed to report one deviation that occurred during each of two semi-annual periods</p>	<p><b>Total Assessed:</b> \$94,950</p> <p><b>Total Deferred:</b> \$18,990  <input checked="" type="checkbox"/> Expedited Settlement  <input type="checkbox"/> Financial Inability to Pay</p> <p><b>SEP Conditional Offset:</b> \$37,980</p> <p><b>Total Paid to General Revenue:</b> \$37,980</p> <p><b>Site Compliance History Classification</b>  <input type="checkbox"/> High <input checked="" type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p><b>Person Compliance History Classification</b>  <input type="checkbox"/> High <input checked="" type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p><b>Major Source:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><b>Applicable Penalty Policy:</b> September 2002</p>	<p><b>Corrective Actions Taken:</b></p> <p>The Executive Director recognizes that the Respondent has implemented the following corrective measures at the Plant:</p> <p>a. On April 19, 2007, changed the representations for NSRSP No. 80006 to increase the hours of operation for the two compressor engines EPN EXH-1 and EXH-2); and</p> <p>b. By June 1, 2007, reestablished emissions controls on the oil storage tanks (EPN OILTK-1 and OILTK-2).</p> <p><b>Ordering Provisions:</b></p> <p>1) The Order will require the Respondent to implement and complete a Supplemental Environmental Project (SEP). (See SEP Attachment A)</p> <p>2) The Order will also require the Respondent to:</p> <p>a. Within 30 days after the effective date of this Agreed Order, in order to include the thermal oxidizer in the Standard Permit representations, submit a notice to change the representations of NSRSP No. 80006;</p> <p>b. Respond completely and adequately, as determined by the TCEQ, to all requests for information concerning the notice to change representations within 30 days after the date of such requests, or by any other deadline specified in writing;</p> <p>c. Within 30 days after the effective date of this Agreed Order, submit certification of compliance with the CO emissions represented in the permit for EPNs Comp-15 and Comp-16;</p> <p>d. Within 30 days after the effective date of this Agreed Order, submit corrected semi-annual deviation reports and an Annual Compliance Certification for the period October 14, 2006 through October 13, 2007;</p> <p>e. Within 30 days after the effective date of this Agreed Order, conduct biennial engine</p>

<p>encompassing the dates October 14, 2006 through October 13, 2007 [General Operating Permit No. O-02544/Oil and Gas General Operating Permit No. 514, Site-wide requirements (b)(1) and (2), 30 TEX. ADMIN. CODE §§ 122.143(4) and 122.145(2)(A), and TEX. HEALTH &amp; SAFETY CODE § 382.085(b)].</p> <p>4) Failure to limit the hours of operation of two compressor engines (EPNs EXH-1 and EXH-2) to levels represented in the permit. Specifically, the Respondent represented in the permit that those compressor engines would operate no more than 876 hours per year, but these limits were exceeded beginning March 2007 for EPN EXH-1 and beginning February 2007 for EPN EXH-2 [NSRSP No. 80006, 30 TEX. ADMIN. CODE § 116.615(2), and TEX. HEALTH &amp; SAFETY CODE § 382.085(b)].</p> <p>5) Failure to conduct biennial engine testing for Bessemer-Cooper Compressor Engine GMVA8 (EPN EXH-2). Specifically, biennial testing should have been conducted on August 15, 2006, but no testing was done by that date, nor subsequently [NSRSP No. 80006, 30 TEX. ADMIN. CODE §§ 116.620(a)(4) and 106.512(2)(C)(iii), and TEX. HEALTH &amp; SAFETY CODE § 382.085(b)].</p> <p>6) Failure to control volatile organic compounds ("VOC") emissions from the oil storage tanks (EPN OILTK-1 and OILTK-2). Specifically, the Respondent represented in the permit that emissions from the tanks were to be controlled, but those emissions went uncontrolled from August 2006 through May 2007, resulting in an estimated 27 tons of VOC from each tank [NSRSP No. 80006, 30 TEX. ADMIN. CODE § 116.615(2), and TEX. HEALTH &amp; SAFETY CODE § 382.085(b)].</p>		<p>testing for Bessemer-Cooper Compressor Engine GMVA8 (EPN EXH-2); and</p> <p>f. 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. through 2.e.</p>
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Additional ID No(s): EA0014H



Attachment A  
Docket Number: 2008-0479-AIR-E

**SUPPLEMENTAL ENVIRONMENTAL PROJECT**

<b>Respondent:</b>	<b>Hill-Lake Gas Storage, L.P.</b>
<b>Payable Penalty Amount:</b>	<b>Seventy-Five Thousand Nine Hundred Sixty Dollars (\$75,960)</b>
<b>SEP Amount:</b>	<b>Thirty-Seven Thousand Nine Hundred Eighty Dollars (\$37,980)</b>
<b>Type of SEP:</b>	<b>Pre-approved</b>
<b>Third-Party Recipient:</b>	<b>Texas Association of Resource Conservation and Development Areas, Inc. ("RC&amp;D")- Unauthorized Trash Dump Clean-Up</b>
<b>Location of SEP:</b>	<b>Eastland County</b>

The Texas Commission on Environmental Quality ("TCEQ") agrees to offset a portion of the administrative Penalty Amount assessed in this Agreed Order for the Respondent to contribute to a Supplemental Environmental Project ("SEP"). The offset is equal to the SEP Amount set forth above and is conditioned upon completion of the project in accordance with the terms of this Attachment A.

**1. Project Description**

A. Project

The Respondent shall contribute to the Third-Party Recipient pursuant to the agreement between the Third-Party Recipient and the TCEQ. Specifically, the contribution will be used to coordinate with city and/or county governmental officials regarding the clean up of sites where trash has been disposed of illegally. Eligible sites will be limited to those where a responsible party can not be identified and where there is no pre-existing obligation to clean up the site by the owner or the government. Additionally, reasonable efforts must have already been taken to prevent the dumping. SEP monies will be used to pay for the direct cost of collection and disposal of debris. All dollars contributed will be used solely for the direct cost of the project and no portion will be spent on administrative costs. The SEP will be done in accordance with all federal, state and local environmental laws and regulations.

The Respondent certifies that there is no prior commitment to do this project and that it is being performed solely in an effort to settle this enforcement action.

B. Environmental Benefit

This SEP will provide a discernible environmental benefit by helping rid communities of the dangers and health threats associated with non-regulated trash dumps which contaminate air and water, and harbor disease carrying animals and insects.



C. Minimum Expenditure

The Respondent shall contribute at least the SEP Amount to the Third-Party Recipient and comply with all other provisions of this SEP.

**2. Performance Schedule**

Within 30 days after the effective date of this Agreed Order, the Respondent must contribute the SEP Amount to the Third-Party Recipient. The Respondent shall mail the contribution, with a copy of the Agreed Order, to:

Texas Association of Resource Conservation and Development Areas, Inc.  
1716 Briarcrest Drive, Suite 510  
Bryan, Texas 77802-2700

**3. Records and Reporting**

Concurrent with the payment of the SEP Amount, the Respondent shall provide the TCEQ SEP Coordinator with a copy of the check and transmittal letter indicating full payment of the SEP Amount to the Third-Party Recipient. The Respondent shall mail a copy of the check and transmittal letter to:

Enforcement Division  
Attention: SEP Coordinator, MC 219  
Texas Commission on Environmental Quality  
P.O. Box 13087  
Austin, Texas 78711-3087

**4. Failure to Fully Perform**

If the Respondent does not perform its obligations under this SEP in any way, including full payment of the SEP Amount and submittal of the required reporting described in Section 3 above, the Executive Director may require immediate payment of all or part of the SEP Amount.

The check for any amount due shall be made out to "Texas Commission on Environmental Quality" and mailed to:

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

The Respondent shall also mail a copy of the check to the TCEQ SEP Coordinator at the address in Section 3 above.



**5. Publicity**

Any public statements concerning this SEP made by or on behalf of the Respondent must include a clear statement that the project was performed as part of the settlement of an enforcement action brought by the TCEQ. Such statements include advertising, public relations, and press releases.

**6. Clean Texas Program**

The Respondent shall not include this SEP in any application made to TCEQ under the "Clean Texas" (or any successor) program(s). Similarly, the Respondent may not seek recognition for this contribution in any other state or federal regulatory program.

**7. Other SEPs by TCEQ or Other Agencies**

The SEP identified in this Agreed Order has not been, and shall not be, included as an SEP for the Respondent under any other Agreed Order negotiated with the TCEQ or any other agency of the state or federal government.





# Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002)

PCW Revision February 29, 2008

<b>DATES</b>	Assigned	17-Mar-2008			
	PCW	13-May-2008	Screening	25-Mar-2008	EPA Due

<b>RESPONDENT/FACILITY INFORMATION</b>	
Respondent	Hill-Lake Gas Storage, L.P.
Reg. Ent. Ref. No.	RN100543024
Facility/Site Region	3-Abilene
Major/Minor Source	Major

<b>CASE INFORMATION</b>				
Enf./Case ID No.	35603	No. of Violations	6	
Docket No.	2008-0479-AIR-E	Order Type	1660	
Media Program(s)	Air	Enf. Coordinator	Terry Murphy	
Multi-Media		EC's Team	Enforcement Team 4	
Admin. Penalty \$	Limit Minimum	\$0	Maximum	\$10,000

## Penalty Calculation Section

<b>TOTAL BASE PENALTY (Sum of violation base penalties)</b>	Subtotal 1	\$63,300
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### ADJUSTMENTS (+/-) TO SUBTOTAL 1

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

<b>Compliance History</b>	50% Enhancement	Subtotals 2, 3, & 7	\$31,650
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Notes: The penalty was enhanced by two 1660-style orders and two NOV's for same or similar violations.

<b>Culpability</b>	No	0% Enhancement	Subtotal 4	\$0
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Notes: The Respondent does not meet the culpability criteria.

<b>Good Faith Effort to Comply</b>	0% Reduction	Subtotal 5	\$0
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	Before NOV	NOV to EDRP/Settlement Offer
Extraordinary		
Ordinary		
N/A	X	(mark with x)

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

<b>Total EB Amounts</b>	\$543	0% Enhancement*	Subtotal 6	\$0
<b>Approx. Cost of Compliance</b>	\$9,600	*Capped at the Total EB \$ Amount		

<b>SUM OF SUBTOTALS 1-7</b>	Final Subtotal	\$94,950
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<b>OTHER FACTORS AS JUSTICE MAY REQUIRE</b>	0%	Adjustment	\$0
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Reduces or enhances the Final Subtotal by the indicated percentage.

Notes:

<b>Final Penalty Amount</b>	\$94,950
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<b>STATUTORY LIMIT ADJUSTMENT</b>	Final Assessed Penalty	\$94,950
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<b>DEFERRAL</b>	20%	Reduction	Adjustment	-\$18,990
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Reduces the Final Assessed Penalty by the indicated percentage. (Enter number only; e.g. 20 for 20% reduction.)

Notes:

Deferral offered for expedited settlement.

<b>PAYABLE PENALTY</b>	\$75,960
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**Screening Date** 25-Mar-2008

**Docket No.** 2008-0479-AIR-E

**PCW**

**Respondent** Hill-Lake Gas Storage, L.P.

Policy Revision 2 (September 2002)

**Case ID No.** 35603

PCW Revision February 29, 2008

**Reg. Ent. Reference No.** RN100543024

**Media [Statute]** Air

**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)	2	10%
	Other written NOVs	0	0%
Orders	Any agreed final enforcement orders containing a denial of liability (number of orders meeting criteria)	2	40%
	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%
<i>Please Enter Yes or No</i>			
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)** 50%

>> **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**

The penalty was enhanced by two 1660-style orders and two NOVs for same or similar violations.

**Total Adjustment Percentage (Subtotals 2, 3, & 7)** 50%

**Screening Date** 25-Mar-2008 **Docket No.** 2008-0479-AIR-E **PCW**  
**Respondent** Hill-Lake Gas Storage, L.P. *Policy Revision 2 (September 2002)*  
**Case ID No.** 35603 *PCW Revision February 29, 2008*  
**Reg. Ent. Reference No.** RN100543024  
**Media [Statute]** Air  
**Enf. Coordinator** Terry Murphy  
**Violation Number**   
**Rule Cite(s)** New Source Review Standard Permit ("NSRSP") Number ("No.") 80006, 30 Tex. Admin. Code § 116.615(2), and Tex. Health & Safety Code § 382.085(b)  
**Violation Description** Failed to include the operation of a thermal oxidizer ("TO") in the permit representations. Specifically, the permit was issued October 16, 2006 and revised April 19, 2007, but the Plant's TO was not included in the permit representations, as documented during an investigation conducted January 18 to February 1, 2008.  
**Base Penalty**

>> Environmental, Property and Human Health Matrix

Release	Harm			Percent
	Major	Moderate	Minor	
Actual	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="0%"/>
Potential	<input type="text"/>	<input type="text"/>	<input type="text"/>	

>> Programmatic Matrix

Falsification	Major	Moderate	Minor	Percent
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input checked="" type="checkbox"/>	<input type="text" value="1%"/>

Matrix Notes: The Respondent failed to include less than 30% of the representations.

Adjustment

Violation Events

Number of Violation Events  Number of violation days

mark only one with an x

daily	<input type="text"/>
monthly	<input type="text"/>
quarterly	<input type="text"/>
semiannual	<input type="text"/>
annual	<input type="text"/>
single event	<input checked="" type="checkbox"/>

Violation Base Penalty

One single event is recommended.

Economic Benefit (EB) for this violation	Statutory Limit Test
Estimated EB Amount <input type="text" value="\$10"/>	Violation Final Penalty Total <input type="text" value="\$150"/>
This violation Final Assessed Penalty (adjusted for limits) <input type="text" value="\$150"/>	

## Economic Benefit Worksheet

**Respondent** Hill-Lake Gas Storage, L.P.  
**Case ID No:** 35603  
**Reg. Ent. Reference No.** RN100543024  
**Media Air**  
**Violation No. 1**

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
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No commas or \$

**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	\$100	16-Oct-2006	1-Oct-2008	2.0	\$10	n/a	\$10
Other (as needed)				0.0	\$0	n/a	\$0

Notes for DELAYED costs

Estimated costs to notify the TCEQ of the inclusion of the TO in the representations. The Date Required is the date the original permit was issued, and the Final Date is the date the notice is expected to be submitted.

**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

\$100

**TOTAL**

\$10

<b>Screening Date</b> 25-Mar-2008	<b>Docket No.</b> 2008-0479-AIR-E	<b>PCW</b>
<b>Respondent</b> Hill-Lake Gas Storage, L.P.	<small>Policy Revision 2 (September 2002)</small>	
<b>Case ID No.</b> 35603	<small>PCW Revision February 29, 2008</small>	
<b>Reg. Ent. Reference No.</b> RN100543024		
<b>Media [Statute]</b> Air		
<b>Enf. Coordinator</b> Terry Murphy		
<b>Violation Number</b> <input type="text" value="2"/>		
<b>Rule Cite(s)</b>	NSRSP No. 80006, 30 Tex. Admin. Code § 116.615(2), and Tex. Health & Safety Code § 382.085(b)	
<b>Violation Description</b>	Failed to limit the emissions of two compressor engines (Emissions Point Nos. ["EPN"] Comp-15 and Comp-16) to levels represented in the permit. Specifically, the Respondent represented in the permit that carbon monoxide ("CO") emissions from those compressor engines would not exceed 0.18 grams per horsepower hour ("g/hp-hr"). However, emissions testing on October 10, 2007 documented CO emissions at 1.59 and 1.56 g/hp-hr, respectively, for those two engines, as documented during an investigation conducted January 18 to February 1, 2008.	
	<b>Base Penalty</b>	<input type="text" value="\$10,000"/>

<b>&gt;&gt; Environmental, Property and Human Health Matrix</b>					
OR		<b>Harm</b>			
	<b>Release</b>	Major	Moderate	Minor	
	Actual	<input type="text"/>	<input type="text"/>	<input checked="" type="checkbox"/>	
	Potential	<input type="text"/>	<input type="text"/>	<input type="text"/>	<b>Percent</b> <input type="text" value="25%"/>
<b>&gt;&gt; Programmatic Matrix</b>					
	Falsification	Major	Moderate	Minor	
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<b>Percent</b> <input type="text" value="0%"/>
<b>Matrix Notes</b>	Human health or the environment have been exposed to insignificant amounts of pollutants not exceeding levels protective of human health or environmental receptors as a result of these violations.				
	<b>Adjustment</b>				<input type="text" value="\$7,500"/>
					<input type="text" value="\$2,500"/>

<b>Violation Events</b>																
	Number of Violation Events <input type="text" value="4"/>		<input type="text" value="167"/>	Number of violation days												
<small>mark only one with an x</small>	<table border="1" style="border-collapse: collapse;"> <tr><td style="padding: 2px;">daily</td><td style="text-align: center;"><input type="text"/></td></tr> <tr><td style="padding: 2px;">monthly</td><td style="text-align: center;"><input type="text"/></td></tr> <tr><td style="padding: 2px;">quarterly</td><td style="text-align: center;"><input checked="" type="checkbox"/></td></tr> <tr><td style="padding: 2px;">semiannual</td><td style="text-align: center;"><input type="text"/></td></tr> <tr><td style="padding: 2px;">annual</td><td style="text-align: center;"><input type="text"/></td></tr> <tr><td style="padding: 2px;">single event</td><td style="text-align: center;"><input type="text"/></td></tr> </table>	daily	<input type="text"/>	monthly	<input type="text"/>	quarterly	<input checked="" type="checkbox"/>	semiannual	<input type="text"/>	annual	<input type="text"/>	single event	<input type="text"/>		<b>Violation Base Penalty</b>	<input type="text" value="\$10,000"/>
daily	<input type="text"/>															
monthly	<input type="text"/>															
quarterly	<input checked="" type="checkbox"/>															
semiannual	<input type="text"/>															
annual	<input type="text"/>															
single event	<input type="text"/>															
Four quarterly events, two for each engine, are recommended from the engine testing date (October 10, 2007) to the enforcement screening date (March 25, 2008).																

<b>Economic Benefit (EB) for this violation</b>	<b>Statutory Limit Test</b>
<b>Estimated EB Amount</b> <input type="text" value="\$122"/>	<b>Violation Final Penalty Total</b> <input type="text" value="\$15,000"/>
<b>This violation Final Assessed Penalty (adjusted for limits)</b> <input type="text" value="\$15,000"/>	

## Economic Benefit Worksheet

**Respondent** Hill-Lake Gas Storage, L.P.  
**Case ID No.** 35603  
**Reg. Ent. Reference No.** RN100543024  
**Media** Air  
**Violation No.** 2

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
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No commas or \$

### 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)	\$2,500	10-Oct-2007	1-Oct-2008	1.0	\$122	n/a	\$122

Notes for DELAYED costs

Estimated costs to adjust the engines to comply with permit limits. The Date Required is the date the engines were tested, and the Final Date is when engine adjustments are expected to be completed.

### 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

\$2,500

TOTAL

\$122

Screening Date 25-Mar-2008

Docket No. 2008-0479-AIR-E

PCW

Respondent Hill-Lake Gas Storage, L.P.

Policy Revision 2 (September 2002)

Case ID No. 35603

PCW Revision February 29, 2008

Reg. Ent. Reference No. RN100543024

Media [Statute] Air

Enf. Coordinator Terry Murphy

Violation Number

Rule Cite(s) General Operating Permit No. O-02544/Oil and Gas General Operating Permit No. 514, Site-wide requirements (b)(1) and (2), 30 Tex. Admin. Code §§ 122.143(4) and 122.145(2)(A), and Tex. Health & Safety Code § 382.085(b)

Violation Description Failed to report the occurrence of a deviation in semi-annual deviation reports and to accurately certify compliance in an Annual Compliance Certification. Specifically, the Respondent failed to report one deviation that occurred during each of two semi-annual periods encompassing the dates October 14, 2006 through October 13, 2007, as documented during an investigation conducted January 18 to February 1, 2008.

Base Penalty

>> Environmental, Property and Human Health Matrix

Release	Harm			Percent
	Major	Moderate	Minor	
Actual	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="0%"/>
Potential	<input type="text"/>	<input type="text"/>	<input type="text"/>	

>> Programmatic Matrix

Falsification	Major	Moderate	Minor	Percent
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input checked="" type="text" value="X"/>	<input type="text" value="1%"/>

Matrix Notes The Respondent failed to provide less than 30% of the required information.

Adjustment

Violation Events

Number of Violation Events  Number of violation days

mark only one with an x

daily	<input type="text"/>
monthly	<input type="text"/>
quarterly	<input type="text"/>
semiannual	<input type="text"/>
annual	<input type="text"/>
single event	<input checked="" type="text" value="X"/>

Violation Base Penalty

Two single events are recommended.

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount

Violation Final Penalty Total

This violation Final Assessed Penalty (adjusted for limits)

## Economic Benefit Worksheet

Respondent Hill-Lake Gas Storage, L.P.  
 Case ID No. 35603  
 Reg. Ent. Reference No. RN100543024  
 Media Air  
 Violation No. 3

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost <small>No commas or \$</small>	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
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### 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	\$1,000	13-May-2007	1-Oct-2008	1.4	\$69	n/a	\$69
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 costs to prepare and submit corrected semi-annual deviation reports and an annual compliance report. The Date Required is the date the first deficient semi-annual report was due, and the Final Date is when the corrected reports are expected to be submitted.

### 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

\$69

<b>Screening Date</b>	25-Mar-2008	<b>Docket No.</b>	2008-0479-AIR-E	<b>PCW</b>
<b>Respondent</b>	Hill-Lake Gas Storage, L.P.	<i>Policy Revision 2 (September 2002)</i>		
<b>Case ID No.</b>	35603	<i>PCW Revision February 29, 2008</i>		
<b>Reg. Ent. Reference No.</b>	RN100543024			
<b>Media [Statute]</b>	Air			
<b>Enf. Coordinator</b>	Terry Murphy			
<b>Violation Number</b>	4			
<b>Rule Cite(s)</b>	NSRSP No. 80006, 30 Tex. Admin. Code § 116.615(2), and Tex. Health & Safety Code § 382.085(b)			
<b>Violation Description</b>	Failed to limit the hours of operation of two compressor engines (EPNs EXH-1 and EXH-2) to levels represented in the permit. Specifically, the Respondent represented in the permit that those compressor engines would operate no more than 876 hours per year, but these limits were exceeded beginning March 2007 for EPN EXH-1 and beginning February 2007 for EPN EXH-2, as documented during an investigation conducted January 18 to February 1, 2008.			
<b>Base Penalty</b>				\$10,000

>> Environmental, Property and Human Health Matrix

OR	<b>Harm</b>			Percent
	Major	Moderate	Minor	
	Actual			
	Potential		x	10%

>> Programmatic Matrix

<b>Falsification</b>				Percent
Major	Moderate	Minor		
				0%

Matrix Notes: Human health or the environment could have been exposed to insignificant amounts of pollutants not exceeding levels protective of human health or environmental receptors as a result of these violations.

Adjustment \$9,000

\$1,000

Violation Events

Number of Violation Events  Number of violation days

mark only one with an x

daily	
monthly	
quarterly	
semiannual	
annual	
single event	x

Violation Base Penalty \$2,000

Two single events are recommended, one for each engine.

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$17

Violation Final Penalty Total \$3,000

This violation Final Assessed Penalty (adjusted for limits) \$3,000

## Economic Benefit Worksheet

**Respondent:** Hill-Lake Gas Storage, L.P.  
**Case ID No.:** 35603  
**Reg. Ent. Reference No.:** RN100543024  
**Media Air**  
**Violation No.:** 4

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
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No commas or \$

### 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	\$2,500	28-Feb-2007	19-Apr-2007	0.1	\$17	n/a	\$17
Other (as needed)				0.0	\$0	n/a	\$0

**Notes for DELAYED costs:** Estimated costs to notify the TCEQ of the change in the hours of operation. The Date Required is the last day of the month during which the original permit limitations were exceeded, and the Final Date is the date the permit representations were changed.

### 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:**

<b>Approx. Cost of Compliance</b>	\$2,500	<b>TOTAL</b>	\$17
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<b>Screening Date</b> 25-Mar-2008	<b>Docket No.</b> 2008-0479-AIR-E	<b>PCW</b>
<b>Respondent</b> Hill-Lake Gas Storage, L.P.		<small>Policy Revision 2 (September 2002)</small>
<b>Case ID No.</b> 35603		<small>PCW Revision February 29, 2008</small>
<b>Reg. Ent. Reference No.</b> RN100543024		
<b>Media [Statute]</b> Air		
<b>Enf. Coordinator</b> Terry Murphy		
<b>Violation Number</b> <input type="text" value="5"/>		
<b>Rule Cite(s)</b>	NSRSP No. 80006, 30 Tex. Admin. Code §§ 116.620(a)(4) and 106.512(2)(C)(iii), and Tex. Health & Safety Code § 382.085(b)	
<b>Violation Description</b>	Failed to conduct biennial engine testing for Bessemer-Cooper Compressor Engine GMVA8 (EPN EXH-2). Specifically, biennial testing should have been conducted on August 15, 2006, but no testing was done by that date, nor subsequently, as documented during an investigation conducted January 18 to February 1, 2008.	
	<b>Base Penalty</b>	<input type="text" value="\$10,000"/>

**>> Environmental, Property and Human Health Matrix**

OR	<b>Harm</b>				
	<b>Release</b>	Major	Moderate		Minor
	<b>Actual</b>	<input type="text"/>	<input type="text"/>		<input type="text"/>
	<b>Potential</b>	<input type="text"/>	<input type="text" value="x"/>	<input type="text"/>	
				<b>Percent</b> <input type="text" value="10%"/>	

**>> Programmatic Matrix**

	<b>Falsification</b>	Major	Moderate	Minor	
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
					<b>Percent</b> <input type="text" value="0%"/>

**Matrix Notes**  
 Failure to monitor engine emissions could result in human health or the environment being exposed to insignificant amounts of pollutants not exceeding levels protective of human health or environmental receptors.

**Adjustment**

**Violation Events**

**Number of Violation Events**  **Number of violation days**

<small>mark only one with an x</small>	daily	<input type="text"/>
	monthly	<input type="text"/>
	quarterly	<input type="text"/>
	semiannual	<input type="text"/>
	annual	<input type="text"/>
	single event	<input type="text" value="x"/>

**Violation Base Penalty**

One single event is recommended.

**Economic Benefit (EB) for this violation**

**Statutory Limit Test**

**Estimated EB Amount**

**Violation Final Penalty Total**

**This violation Final Assessed Penalty (adjusted for limits)**

## Economic Benefit Worksheet

**Respondent** Hill-Lake Gas Storage, L.P.  
**Case ID No.** 35603  
**Reg. Ent. Reference No.** RN100543024  
**Media Air**  
**Violation No.** 5

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
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No commas or \$

### 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	\$2,500	15-Aug-2006	1-Oct-2008	2.1	\$266	n/a	\$266
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 costs to test the engine. The Date Required is the date the test was due, and the Final Date is the date testing is expected to be completed.

### 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

\$2,500

**TOTAL**

\$266

<b>Screening Date</b> 25-Mar-2008	<b>Docket No.</b> 2008-0479-AIR-E	<b>PCW</b>
<b>Respondent</b> Hill-Lake Gas Storage, L.P.	<i>Policy Revision 2 (September 2002)</i>	
<b>Case ID No.</b> 35603	<i>PCW Revision February 29, 2008</i>	
<b>Reg. Ent. Reference No.</b> RN100543024		
<b>Media [Statute]</b> Air		
<b>Enf. Coordinator</b> Terry Murphy		
<b>Violation Number</b> <input type="text" value="6"/>		
<b>Rule Cite(s)</b>	NSRSP No. 80006, 30 Tex. Admin. Code § 116.615(2), and Tex. Health & Safety Code § 382.085(b)	
<b>Violation Description</b>	Failed to control volatile organic compounds ("VOC") emissions from the oil storage tanks (EPN OILTK-1 and OILTK-2). Specifically, the Respondent represented in the permit that emissions from the tanks were to be controlled, but those emissions went uncontrolled from August 2006 through May 2007, resulting in an estimated 27 tons of VOC from each tank, as documented during an investigation conducted January 18 to February 1, 2008.	
<b>Base Penalty</b>		<input type="text" value="\$10,000"/>

>> Environmental, Property and Human Health Matrix

OR	<b>Harm</b>				
	<b>Release</b>	<b>Major</b>	<b>Moderate</b>		<b>Minor</b>
	<b>Actual</b>	<input type="text"/>	x		<input type="text"/>
<b>Potential</b>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<b>Percent</b> <input type="text" value="50%"/>	

>> Programmatic Matrix

	<b>Falsification</b>	<b>Major</b>	<b>Moderate</b>	<b>Minor</b>	
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<b>Percent</b> <input type="text" value="0%"/>

Matrix Notes

Human health or the environment have been exposed to significant amounts of pollutants not exceeding levels protective of human health or environmental receptors as a result of these violations.

**Adjustment**

Violation Events

Number of Violation Events   Number of violation days

<i>mark only one with an x</i>	daily	<input type="text"/>
	monthly	x
	quarterly	<input type="text"/>
	semiannual	<input type="text"/>
	annual	<input type="text"/>
single event	<input type="text"/>	

**Violation Base Penalty**

Ten monthly events are recommended for the ten months the tanks were uncontrolled.

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount

Violation Final Penalty Total

**This violation Final Assessed Penalty (adjusted for limits)**

## Economic Benefit Worksheet

**Respondent:** Hill-Lake Gas Storage, L.P.  
**Case ID No.:** 35603  
**Reg. Ent. Reference No.:** RN100543024  
**Media:** Air  
**Violation No.:** 6

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
<small>No commas or \$</small>							

**Delayed Costs**

Equipment				0.0	\$0	\$0	\$0
Buildings				0.0	\$0	\$0	\$0
Other (as needed)				0.0	\$0	\$0	\$0
Engineering/construction	\$1,000	1-Aug-2006	1-Jun-2007	0.8	\$3	\$56	\$58
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 costs to provide additional oversight and personnel time and materials to connect the storage tanks to the thermal oxidizer. The tanks were disconnected from the Date Required to the Final 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:**

<b>Approx. Cost of Compliance</b>	\$1,000	<b>TOTAL</b>	\$58
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# Compliance History

Customer/Respondent/Owner-Operator: CN601450984 Hill-Lake Gas Storage, L.P. Classification: AVERAGE Rating: 13.29  
 Regulated Entity: RN100543024 HILL LAKE STORAGE Classification: AVERAGE Site Rating: 13.29  
 COMPRESSOR STATION &  
 DEHYDRATION PLANT

ID Number(s): AIR OPERATING PERMITS ACCOUNT NUMBER EA0014H  
 AIR OPERATING PERMITS PERMIT 2544  
 AIR NEW SOURCE PERMITS ACCOUNT NUMBER EA0014H  
 AIR NEW SOURCE PERMITS AFS NUM 4813300009  
 AIR NEW SOURCE PERMITS REGISTRATION 80006

Location: 909 Farm-to-Market Road 1853, MORAN, TX, 76464 Rating Date: 9/1/2007 Repeat Violator: NO

TCEQ Region: REGION 03 - ABILENE

Date Compliance History Prepared: March 24, 2008

Agency Decision Requiring Compliance History: Enforcement

Compliance Period: March 24, 2003 to March 24, 2008

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? 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.

1 Effective Date: 11/16/2003 1660-style Admin. Order 2003-0286-AIR-E  
 Classification: Moderate  
 Citation: 30 TAC Chapter 122, SubChapter B 122.146(2)  
 Rqmt Prov: Pb2 PERMIT  
 Description: Failure to submit an annual Title V compliance certification in a timely manner.

2 Effective Date: 10/10/2005 1660- style Admin. Order 2005-0187-AIR-E  
 Classification: Moderate  
 Citation: 30 TAC Chapter 122, SubChapter B 122.146(2)  
 5C THC Chapter 382, SubChapter A 382.085(b)  
 Description: Failure to certify compliance with Title V Operating Permit No. O-02544, for the period October 14, 2003, through October 13, 2004, no later than 30 days after the end of the certification period, in accordance with 30 TAC §122.146 - Compliance Certification Terms and Conditions.

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 01/20/2005 (345320)
- 2 11/30/2005 (436619)
- 3 01/06/2006 (451000)
- 4 01/10/2006 (450349)
- 5 01/04/2007 (531274)
- 6 03/13/2008 (615653)

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

1 Date: 11/30/2005 (436619)  
 Self Report? NO Classification: Moderate  
 Citation: 30 TAC Chapter 101, SubChapter F 101.201(a)(1)(B)  
 Description: Failed to report the emissions events to the TCEQ within 24 hours of discovery.

2 Date: 03/13/2008 (616721)

Self Report? NO

Classification Moderate

Citation: 30 TAC Chapter 122, SubChapter B 122.143(4)  
30 TAC Chapter 122, SubChapter B 122.147(a)  
5C THSC Chapter 382 382.085(b)

Description: Failure to record Compliance Assurance Monitoring (CAM) daily temperature data for condenser #2 outlet and glycol reboiler #2 as conditions of the revised Oil and Gas General Operating Permit (GOP) 514.

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  
ENFORCEMENT ACTION  
CONCERNING  
HILL-LAKE GAS STORAGE, L.P.  
RN100543024

§  
§  
§  
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§

BEFORE THE  
TEXAS COMMISSION ON  
ENVIRONMENTAL QUALITY

**AGREED ORDER**  
**DOCKET NO. 2008-0479-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 Hill-Lake Gas Storage, L.P. ("the Respondent") 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 the Respondent appear before the Commission and together stipulate that:

1. The Respondent owns and operates an oil and gas production plant at 909 Farm-to-Market Road 1853 in Moran, Eastland 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 the Respondent agree that the Commission has jurisdiction to enter this Agreed Order, and that the Respondent is subject to the Commission's jurisdiction.
4. The Respondent received notice of the violations alleged in Section II ("Allegations") on or about March 18, 2008.
5. The occurrence of any violation is in dispute and the entry of this Agreed Order shall not constitute an admission by the Respondent of any violation alleged in Section II ("Allegations"), nor of any statute or rule.
6. An administrative penalty in the amount of Ninety-Four Thousand Nine Hundred Fifty Dollars (\$94,950) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent has paid Thirty-Seven Thousand Nine Hundred Eighty Dollars



(\$37,980) of the administrative penalty and Eighteen Thousand Nine Hundred Ninety Dollars (\$18,990) is deferred contingent upon the Respondent'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 the Respondent fails to timely and satisfactorily comply with all requirements of this Agreed Order, the Executive Director may require the Respondent to pay all or part of the deferred penalty. Thirty-Seven Thousand Nine Hundred Eighty Dollars (\$37,980) shall be conditionally offset by the Respondent's completion of a Supplemental Environmental Project.

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 the Respondent 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 the Respondent has implemented the following corrective measures at the Plant:
  - a. On April 19, 2007, changed the representations for New Source Review Standard Permit ("NSRSP") Number ("No.") 80006 to increase the hours of operation for the two compressor engines (Emissions Point Numbers ["EPN"] EXH-1 and EXH-2); and
  - b. By June 1, 2007, reestablished emissions controls on the oil storage tanks (EPN OILTK-1 and OILTK-2).
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 the Respondent 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, the Respondent is alleged to have:

1. Failed to include the operation of a thermal oxidizer ("TO") in the permit representations, in violation of NSRSP No. 80006, 30 TEX. ADMIN. CODE § 116.615(2), and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted January 18 to February 1, 2008. Specifically, the permit was issued October 16, 2006 and revised April 19, 2007, but the Plant's TO was not included in the permit representations.



2. Failed to limit the emissions of two compressor engines EPNs Comp-15 and Comp-16 to levels represented in the permit, in violation of NSRSP No. 80006, 30 TEX. ADMIN. CODE § 116.615(2), and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted January 18 to February 1, 2008. Specifically, the Respondent represented in the permit that carbon monoxide ("CO") emissions from those compressor engines would not exceed 0.18 grams per horsepower hour ("g/hp-hr"). However, emissions testing on October 10, 2007 documented CO emissions at 1.59 and 1.56 g/hp-hr, respectively, for those two engines.
3. Failed to report the occurrence of a deviation in semi-annual deviation reports and to accurately certify compliance in an Annual Compliance Certification, in violation of General Operating Permit No. O-02544/Oil and Gas General Operating Permit No. 514, Site-wide requirements (b)(1) and (2), 30 TEX. ADMIN. CODE §§ 122.143(4) and 122.145(2)(A), and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted January 18 to February 1, 2008. Specifically, the Respondent failed to report one deviation that occurred during each of two semi-annual periods encompassing the dates October 14, 2006 through October 13, 2007.
4. Failed to limit the hours of operation of two compressor engines (EPNs EXH-1 and EXH-2) to levels represented in the permit, in violation of NSRSP No. 80006, 30 TEX. ADMIN. CODE § 116.615(2), and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted January 18 to February 1, 2008. Specifically, the Respondent represented in the permit that those compressor engines would operate no more than 876 hours per year, but these limits were exceeded beginning March 2007 for EPN EXH-1 and beginning February 2007 for EPN EXH-2.
5. Failed to conduct biennial engine testing for Bessemer-Cooper Compressor Engine GMVA8 (EPN EXH-2), in violation of NSRSP No. 80006, 30 TEX. ADMIN. CODE §§ 116.620(a)(4) and 106.512(2)(C)(iii), and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted January 18 to February 1, 2008. Specifically, biennial testing should have been conducted on August 15, 2006, but no testing was done by that date, nor subsequently.
6. Failed to control volatile organic compounds ("VOC") emissions from the oil storage tanks (EPN OILTK-1 and OILTK-2), in violation of NSRSP No. 80006, 30 TEX. ADMIN. CODE § 116.615(2), and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on January 18 to February 1, 2008. Specifically, the Respondent represented in the permit that emissions from the tanks were to be controlled, but those emissions went uncontrolled from August 2006 through May 2007, resulting in an estimated 27 tons of VOC from each tank.

### III. DENIALS

The Respondent generally denies each allegation in Section II ("Allegations").



#### IV. ORDERING PROVISIONS

1. It is, therefore, ordered by the TCEQ that the Respondent pay an administrative penalty as set forth in Section I, Paragraph 6 above. The payment of this administrative penalty and the Respondent'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: Hill-Lake Gas Storage, L.P., Docket No. 2008-0479-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 Respondent shall implement and complete a Supplemental Environmental Project ("SEP") in accordance with TEX. WATER CODE § 7.067. As set forth in Section I, Paragraph 6 above, Thirty-Seven Thousand Nine Hundred Eighty Dollars (\$37,980) of the assessed administrative penalty shall be offset with the condition that the Respondent implement the SEP defined in Attachment A, incorporated herein by reference. The Respondent's obligation to pay the conditionally offset portion of the administrative penalty assessed shall be discharged upon final completion of all provisions of the SEP agreement.
3. It is further ordered that the Respondent shall undertake the following technical requirements:
  - a. Within 30 days after the effective date of this Agreed Order, in order to include the thermal oxidizer in the Standard Permit representations, submit a notice to change the representations of NSRSP No. 80006, in accordance with 30 TEX. ADMIN. CODE § 116.615(2) to:

Air Permits Division, MC 162  
Texas Commission on Environmental Quality  
P.O. Box 13087  
Austin, Texas 78711-3087

- b. Respond completely and adequately, as determined by the TCEQ, to all requests for information concerning the notice to change representations within 30 days after the date of such requests, or by any other deadline specified in writing;
  - c. Within 30 days after the effective date of this Agreed Order, submit certification of compliance with the CO emissions represented in the permit for EPNs Comp-15 and Comp-16;
  - d. Within 30 days after the effective date of this Agreed Order, submit corrected semi-annual deviation reports and an Annual Compliance Certification for the period October 14, 2006 through October 13, 2007;



- e. Within 30 days after the effective date of this Agreed Order, conduct biennial engine testing for Bessemer-Cooper Compressor Engine GMVA8 (EPN EXH-2); and
- f. 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. 3.a. through 3.e. 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 this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I 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:

Air Section, Manager  
Abilene Regional Office  
Texas Commission on Environmental Quality  
1977 Industrial Boulevard  
Abilene, Texas 79602-7833

4. The provisions of this Agreed Order shall apply to and be binding upon the Respondent. The Respondent 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.
5. If the Respondent 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, the Respondent's failure to comply is not a violation of this Agreed Order. The Respondent shall have the burden of establishing to the Executive Director's satisfaction that such an event has occurred. The Respondent shall notify the Executive Director within seven days after the Respondent becomes aware of a delaying event and shall take all reasonable measures to mitigate and minimize any delay.
6. 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 the Respondent shall be



made in writing to the Executive Director. Extensions are not effective until the Respondent receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.

7. This Agreed Order, issued by the Commission, shall not be admissible against the Respondent 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.
8. 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.
9. Under 30 TEX. ADMIN. CODE § 70.10(b), the effective date is the date of hand-delivery of the Order to the Respondent, or three days after the date on which the Commission mails notice of the Order to the Respondent, 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

John Srdinic  
\_\_\_\_\_  
For the Executive Director

9/27/2008  
\_\_\_\_\_  
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 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 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.

Kerth Chandler  
\_\_\_\_\_  
Signature

7/7/08  
\_\_\_\_\_  
Date

Kerth Chandler  
\_\_\_\_\_  
Name (Printed or typed)  
Authorized Representative of  
Hill-Lake Gas Storage, L.P.

Sr VP Earth Science &  
\_\_\_\_\_  
Title Reservoir Operations

**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.



Attachment A  
Docket Number: 2008-0479-AIR-E

**SUPPLEMENTAL ENVIRONMENTAL PROJECT**

**Respondent:** Hill-Lake Gas Storage, L.P.  
**Payable Penalty Amount:** Seventy-Five Thousand Nine Hundred Sixty Dollars (\$75,960)  
**SEP Amount:** Thirty-Seven Thousand Nine Hundred Eighty Dollars (\$37,980)  
**Type of SEP:** Pre-approved  
**Third-Party Recipient:** Texas Association of Resource Conservation and Development Areas, Inc. ("RC&D")- Unauthorized Trash Dump Clean-Up  
**Location of SEP:** Eastland County

The Texas Commission on Environmental Quality ("TCEQ") agrees to offset a portion of the administrative Penalty Amount assessed in this Agreed Order for the Respondent to contribute to a Supplemental Environmental Project ("SEP"). The offset is equal to the SEP Amount set forth above and is conditioned upon completion of the project in accordance with the terms of this Attachment A.

**1. Project Description**

A. Project

The Respondent shall contribute to the Third-Party Recipient pursuant to the agreement between the Third-Party Recipient and the TCEQ. Specifically, the contribution will be used to coordinate with city and/or county governmental officials regarding the clean up of sites where trash has been disposed of illegally. Eligible sites will be limited to those where a responsible party can not be identified and where there is no pre-existing obligation to clean up the site by the owner or the government. Additionally, reasonable efforts must have already been taken to prevent the dumping. SEP monies will be used to pay for the direct cost of collection and disposal of debris. All dollars contributed will be used solely for the direct cost of the project and no portion will be spent on administrative costs. The SEP will be done in accordance with all federal, state and local environmental laws and regulations.

The Respondent certifies that there is no prior commitment to do this project and that it is being performed solely in an effort to settle this enforcement action.

B. Environmental Benefit

This SEP will provide a discernible environmental benefit by helping rid communities of the dangers and health threats associated with non-regulated trash dumps which contaminate air and water, and harbor disease carrying animals and insects.



C. Minimum Expenditure

The Respondent shall contribute at least the SEP Amount to the Third-Party Recipient and comply with all other provisions of this SEP.

**2. Performance Schedule**

Within 30 days after the effective date of this Agreed Order, the Respondent must contribute the SEP Amount to the Third-Party Recipient. The Respondent shall mail the contribution, with a copy of the Agreed Order, to:

Texas Association of Resource Conservation and Development Areas, Inc.  
1716 Briarcrest Drive, Suite 510  
Bryan, Texas 77802-2700

**3. Records and Reporting**

Concurrent with the payment of the SEP Amount, the Respondent shall provide the TCEQ SEP Coordinator with a copy of the check and transmittal letter indicating full payment of the SEP Amount to the Third-Party Recipient. The Respondent shall mail a copy of the check and transmittal letter to:

Enforcement Division  
Attention: SEP Coordinator, MC 219  
Texas Commission on Environmental Quality  
P.O. Box 13087  
Austin, Texas 78711-3087

**4. Failure to Fully Perform**

If the Respondent does not perform its obligations under this SEP in any way, including full payment of the SEP Amount and submittal of the required reporting described in Section 3 above, the Executive Director may require immediate payment of all or part of the SEP Amount.

The check for any amount due shall be made out to "Texas Commission on Environmental Quality" and mailed to:

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

The Respondent shall also mail a copy of the check to the TCEQ SEP Coordinator at the address in Section 3 above.



**5. Publicity**

Any public statements concerning this SEP made by or on behalf of the Respondent must include a clear statement that the project was performed as part of the settlement of an enforcement action brought by the TCEQ. Such statements include advertising, public relations, and press releases.

**6. Clean Texas Program**

The Respondent shall not include this SEP in any application made to TCEQ under the "Clean Texas" (or any successor) program(s). Similarly, the Respondent may not seek recognition for this contribution in any other state or federal regulatory program.

**7. Other SEPs by TCEQ or Other Agencies**

The SEP identified in this Agreed Order has not been, and shall not be, included as an SEP for the Respondent under any other Agreed Order negotiated with the TCEQ or any other agency of the state or federal government.

