

**EXECUTIVE SUMMARY - ENFORCEMENT MATTER**

**DOCKET NO.:** 2007-1620-AIR-E **TCEQ ID:** RN100245182 and RN100227735 **CASE NO.:** 34746  
**RESPONDENT NAME:** Davis Gas Processing, Inc.

<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> Neleh Gas System, seven miles southwest of McCamey on Highway 1901, Crockett County and Shackelford Gas Plant, seven and a half miles south of Putnam on Farm-to-Market Road 880, Callahan County</p> <p><b>TYPE OF OPERATION:</b> Natural gas processing plants</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 these facility locations.</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 March 24, 2008. No comments were received.</p> <p><b>CONTACTS AND MAILING LIST:</b>  <b>TCEQ Attorney/SEP Coordinator:</b> None  <b>TCEQ Enforcement Coordinator:</b> Mr. James Nolan, Enforcement Division, Enforcement Team 4, MC 149, (512) 239-6634; Mr. Bryan Sinclair, Enforcement Division, MC 219, (512) 239-2171  <b>Respondent:</b> Mr. Bob Stewart, Environmental Manager, Davis Gas Processing, Inc., 211 North Colorado Street, Midland, Texas 79701  <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 type="checkbox"/> Routine  <input type="checkbox"/> Enforcement Follow-up  <input checked="" 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> September 10 and 11, 2007</p> <p><b>Date of NOV/NOE Relating to this Case:</b> July 18, 2007 (NOV), September 14, 2007 (NOE)</p> <p><b>Background Facts:</b> These were record reviews.</p> <p><b>AIR</b></p> <p>1) Failed to submit an annual emissions inventory update ("AEIU") for the 2006 calendar year for the Neleh Gas System. Specifically, the Respondent failed to submit the AEIU before the due date of March 31, 2007 [30 TEX. ADMIN. CODE § 101.10(e) and TEX. HEALTH &amp; SAFETY CODE § 382.085(b)].</p> <p>2) Failed to submit an AEIU for the 2006 calendar year for the Shackelford Gas Plant. Specifically, the Respondent failed to submit the AEIU before the due date of March 31, 2007 [30 TEX. ADMIN. CODE § 101.10(e) and TEX. HEALTH &amp; SAFETY CODE § 382.085(b)].</p>	<p><b>Total Assessed:</b> \$5,225</p> <p><b>Total Deferred:</b> \$1,045  <input checked="" type="checkbox"/> Expedited Settlement  <input type="checkbox"/> Financial Inability to Pay</p> <p><b>SEP Conditional Offset:</b> \$0</p> <p><b>Total Paid to General Revenue:</b> \$4,180                  RN100245182 and RN100227735</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 submitted the required AEIU for the 2006 calendar year on September 12, 2007 for the Neleh Gas System and September 25, 2007 for the Shackelford Gas Plant.</p>

Additional ID No(s): CZ0024D and CC0005U



# Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002)

PCW Revision September 19, 2007

<b>TCEQ</b> DATES	Assigned	17-Sep-2007	Screening	5-Oct-2007	EPA Due	
	PCW	5-Oct-2007				

<b>RESPONDENT/FACILITY INFORMATION</b>	
Respondent	Davis Gas Processing, Inc. <span style="float:right">Neleh Gas System</span>
Reg. Ent. Ref. No.	RN100245182
Facility/Site Region	8-San Angelo <span style="float:right">Major/Minor Source Major</span>

<b>CASE INFORMATION</b>			
Enf./Case ID No.	34746	No. of Violations	1
Docket No.	2007-1620-AIR-E	Order Type	1660
Media Program(s)	Air	Enf. Coordinator	James Nolan
Multi-Media		EC's Team	EnforcementTeam 4
Admin. Penalty \$	Limit Minimum \$0	Maximum	\$10,000

## Penalty Calculation Section

**TOTAL BASE PENALTY (Sum of violation base penalties)** Subtotal 1

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

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

**Compliance History** 4% Enhancement Subtotals 2, 3, & 7

Notes

**Culpability** No 0% Enhancement Subtotal 4

Notes

**Good Faith Effort to Comply** 10% Reduction Subtotal 5

Before NOV      NOV to EDRP/Settlement Offer

Extraordinary	
Ordinary	X
N/A	(mark with x)

Notes

**Total EB Amounts** 0% Enhancement\* Subtotal 6

Approx. Cost of Compliance   \*Capped at the Total EB \$ Amount

**SUM OF SUBTOTALS 1-7** Final Subtotal

**OTHER FACTORS AS JUSTICE MAY REQUIRE** 0% Adjustment

Reduces or enhances the Final Subtotal by the indicated percentage.

Notes

**Final Penalty Amount**

**STATUTORY LIMIT ADJUSTMENT** Final Assessed Penalty

**DEFERRAL** 20% Reduction Adjustment

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

Notes

**PAYABLE PENALTY**

Screening Date 5-Oct-2007

Docket No. 2007-1620-AIR-E

PCW

Respondent Davis Gas Processing, Inc.

Policy Revision 2 (September 2002)

Case ID No. 34746

PCW Revision September 19, 2007

Reg. Ent. Reference No. RN100245182

Media [Statute] Air

Enf. Coordinator James Nolan

## Compliance History Worksheet

## &gt;&gt; Compliance History Site Enhancement (Subtotal 2)

Component	Number of...	Enter Number Here	Adjust.
NOVs	Written NOVs with same or similar violations as those in the current enforcement action (number of NOVs meeting criteria)	1	5%
	Other written NOVs	0	0%
Orders	Any agreed final enforcement orders containing a denial of liability (number of orders meeting criteria)	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 judgments 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)	1	-1%
	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) 4%

## &gt;&gt; Repeat Violator (Subtotal 3)

No

Adjustment Percentage (Subtotal 3) 0%

## &gt;&gt; Compliance History Person Classification (Subtotal 7)

Average Performer

Adjustment Percentage (Subtotal 7) 0%

## &gt;&gt; Compliance History Summary

Compliance History Notes

Penalty enhancement due to one similar NOV. Penalty reduction due to one NOA.

Total Adjustment Percentage (Subtotals 2, 3, &amp; 7) 4%

<b>Screening Date</b> 5-Oct-2007	<b>Docket No.</b> 2007-1620-AIR-E	<b>PCW</b>
<b>Respondent</b> Davis Gas Processing, Inc.	<i>Policy Revision 2 (September 2002)</i>	
<b>Case ID No.</b> 34746	<i>PCW Revision September 19, 2007</i>	
<b>Reg. Ent. Reference No.</b> RN100245182		
<b>Media [Statute]</b> Air		
<b>Enf. Coordinator</b> James Nolan		
<b>Violation Number</b> <input type="text" value="1"/>		
<b>Rule Cite(s)</b>	<input type="text" value="30 Tex. Admin. Code § 101.10(e) and Tex. Health &amp; Safety Code § 382.085(b)"/>	
<b>Violation Description</b>	<input type="text" value="Failed to submit an annual emissions inventory update (AEIU) for the 2006 calendar year by the due date of March 31, 2007. Specifically, the Respondent submitted the AEUI on September 12, 2007."/>	
<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"/>	<input type="text"/>	<b>Percent</b> <input type="text" value="0%"/>

**>> Programmatic Matrix**

	<b>Falsification</b>					
		Major	Moderate	Minor		
	<input type="text"/>	<input type="text" value="x"/>	<input type="text"/>	<input type="text"/>		
	<b>Matrix Notes</b>	<input type="text" value="The Respondent failed to meet 100% of the rule requirement."/>				<b>Percent</b> <input type="text" value="25%"/>
<b>Adjustment</b>					<input type="text" value="\$7,500"/>	

**Violation Events**

<b>Number of Violation Events</b> <input type="text" value="1"/>	<input type="text" value="165"/> <b>Number of violation days</b>													
<i>mark only one with an x</i>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td style="width:20%;">daily</td><td><input type="text"/></td></tr> <tr><td>monthly</td><td><input type="text"/></td></tr> <tr><td>quarterly</td><td><input type="text"/></td></tr> <tr><td>semiannual</td><td><input type="text"/></td></tr> <tr><td>annual</td><td><input type="text" value="x"/></td></tr> <tr><td>single event</td><td><input type="text"/></td></tr> </table>	daily	<input type="text"/>	monthly	<input type="text"/>	quarterly	<input type="text"/>	semiannual	<input type="text"/>	annual	<input type="text" value="x"/>	single event	<input type="text"/>	<b>Violation Base Penalty</b> <input type="text" value="\$2,500"/>
daily	<input type="text"/>													
monthly	<input type="text"/>													
quarterly	<input type="text"/>													
semiannual	<input type="text"/>													
annual	<input type="text" value="x"/>													
single event	<input type="text"/>													
<input type="text" value="One annual event is recommended."/>														

<b>Economic Benefit (EB) for this violation</b>	<b>Statutory Limit Test</b>
<b>Estimated EB Amount</b> <input type="text" value="\$11"/>	<b>Violation Final Penalty Total</b> <input type="text" value="\$2,350"/>
<b>This violation Final Assessed Penalty (adjusted for limits)</b> <input type="text" value="\$2,350"/>	

## Economic Benefit Worksheet

**Respondent** Davis Gas Processing, Inc.  
**Case ID No.** 34746  
**Reg. Ent. Reference No.** RN100245182  
**Media** Air  
**Violation No.** 1

Neleh Gas System

<b>Percent Interest</b>	<b>Years of Depreciation</b>
5.0	15

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

**Delayed Costs**

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
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	\$500	31-Mar-2007	12-Sep-2007	0.5	\$11	n/a	\$11
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 timely submit AEIU. The date required is the date the AEIU was due to the TCEQ. The final date is the actual date of submittal.

**Avoided Costs**

ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
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

\$500

**TOTAL**

\$11

# Compliance History

Customer/Respondent/Owner-Operator:	CN601282502 Davis Gas Processing, Inc.	Classification: Average	Rating: 2.87
Regulated Entity:	RN100245182 NELEH GAS SYSTEM	Classification: Average	Site Rating: 0.22
ID Number(s):	AIR OPERATING PERMITS	ACCOUNT NUMBER	CZ0024D
	AIR OPERATING PERMITS	PERMIT	369
	AIR NEW SOURCE PERMITS	PERMIT	8816
	AIR NEW SOURCE PERMITS	PERMIT	21420
	AIR NEW SOURCE PERMITS	PERMIT	22472
	AIR NEW SOURCE PERMITS	ACCOUNT NUMBER	CZ0024D
	AIR NEW SOURCE PERMITS	AFS NUM	4810500015
	AIR NEW SOURCE PERMITS	REGISTRATION	77494
Location:	Seven miles southwest of McCamey on Highway 1901 in Crockett County, Texas	Rating Date: 9/1/2007	Repeat Violator: NO
TCEQ Region:	REGION 08 - SAN ANGELO		
Date Compliance History Prepared:	October 05, 2007		
Agency Decision Requiring Compliance History:	Enforcement		
Compliance Period:	October 05, 2002 to October 05, 2007		
TCEQ Staff Member to Contact for Additional Information Regarding this Compliance History			
Name:	James Nolan	Phone:	(512) 239-6634

## 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.  
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 | 11/08/2002 | (16350)  |
| 2 | 12/02/2002 | (16919)  |
| 3 | 07/15/2003 | (140986) |
| 4 | 08/12/2004 | (288381) |
| 5 | 11/08/2004 | (337077) |
| 6 | 02/06/2006 | (438366) |
| 7 | 11/21/2006 | (531737) |
| 8 | 07/13/2007 | (567640) |
| 9 | 09/14/2007 | (594173) |
- E. Written notices of violations (NOV). (CCEDS Inv. Track. No.)
- |              |   |          |                          |
|--------------|---|----------|--------------------------|
| Date:        | 07/18/2007  | (567640) |                          |
| Self Report? | NO  |          | Classification: Moderate |
| Citation:    | 30 TAC Chapter 101, SubChapter A 101.10(e)<br>5C THC Chapter 382, SubChapter A 382.014<br>5C THC Chapter 382, SubChapter A 382.085(b) |          |                          |
| Description: | Failure to submit a 2006 Emissions Inventory; Category B19(g)(3)  |          |                          |
- F. Environmental audits.
- |                        |            |         |
|------------------------|------------|---------|
| Notice of Intent Date: | 11/27/2002 | (33117) |
| No DOV Associated      |            |         |

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



# Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002)

PCW Revision September 19, 2007

<b>DATES</b>	Assigned	17-Sep-2007	Screening	5-Oct-2007	EPA Due	
	PCW	5-Oct-2007				

<b>RESPONDENT/FACILITY INFORMATION</b>	
Respondent	Davis Gas Processing, Inc. Shackelford Gas Plant
Reg. Ent. Ref. No.	RN100227735
Facility/Site Region	3-Abilene Major/Minor Source Major

<b>CASE INFORMATION</b>			
Enf./Case ID No.	34746	No. of Violations	1
Docket No.	2007-1620-AIR-E	Order Type	1660
Media Program(s)	Air	Enf. Coordinator	James Nolan
Multi-Media		EC's Team	EnforcementTeam 4
Admin. Penalty \$	Limit Minimum \$0	Maximum	\$10,000

<b>Penalty Calculation Section</b>		
<b>TOTAL BASE PENALTY (Sum of violation base penalties)</b>	<b>Subtotal 1</b> <input type="text" value="\$2,500"/>	
<b>ADJUSTMENTS (+/-) TO SUBTOTAL 1</b>		
<small>Subtotals 2-7 are obtained by multiplying the Total Base Penalty (Subtotal 1) by the indicated percentage.</small>		
<b>Compliance History</b>	<b>Subtotals 2, 3, &amp; 7</b> <input type="text" value="\$625"/>	
Notes	Penalty enhancement due to one similar NOV and one previous agreed order with denial of liability.	
<b>Culpability</b>	<b>Subtotal 4</b> <input type="text" value="\$0"/>	
Notes	The Respondent does not meet the culpability criteria.	
<b>Good Faith Effort to Comply</b>	<b>Subtotal 5</b> <input type="text" value="\$250"/>	
Extraordinary	Before NOV	NOV to EDRP/Settlement Offer
Ordinary		X
N/A		(mark with x)
Notes	The annual emissions inventory update (AEIU) was submitted on September 25, 2007.	
<b>Total EB Amounts</b>	<input type="text" value="\$12"/>	<b>Subtotal 6</b> <input type="text" value="\$0"/>
<b>Approx. Cost of Compliance</b>	<input type="text" value="\$500"/>	<b>0% Enhancement*</b>
		<i>*Capped at the Total EB \$ Amount</i>
<b>SUM OF SUBTOTALS 1-7</b>	<b>Final Subtotal</b> <input type="text" value="\$2,875"/>	
<b>OTHER FACTORS AS JUSTICE MAY REQUIRE</b>	<b>Adjustment</b> <input type="text" value="\$0"/>	
Notes		
	<b>Final Penalty Amount</b> <input type="text" value="\$2,875"/>	
<b>STATUTORY LIMIT ADJUSTMENT</b>	<b>Final Assessed Penalty</b> <input type="text" value="\$2,875"/>	
<b>DEFERRAL</b>	<b>Adjustment</b> <input type="text" value="-575"/>	
Notes	Deferral offered for expedited settlement.	
<b>PAYABLE PENALTY</b>	<input type="text" value="\$2,300"/>	

**Screening Date** 5-Oct-2007

**Docket No.** 2007-1620-AIR-E

**PCW**

**Respondent** Davis Gas Processing, Inc.

Policy Revision 2 (September 2002)

**Case ID No.** 34746

PCW Revision September 19, 2007

**Reg. Ent. Reference No.** RN100227735

**Media [Statute]** Air

**Enf. Coordinator** James Nolan

**Compliance History Worksheet**

>> Compliance History Site Enhancement (Subtotal 2)

Component	Number of...	Enter Number Here	Adjust.
NOVs	Written NOVs with same or similar violations as those in the current enforcement action (number of NOVs meeting criteria)	1	5%
	Other written NOVs	0	0%
Orders	Any agreed final enforcement orders containing a denial of liability (number of orders meeting criteria)	1	20%
	Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission	0	0%
Judgments and Consent Decrees	Any non-adjudicated final court judgments or consent decrees containing a denial of liability of this state or the federal government (number of judgements or consent decrees meeting criteria)	0	0%
	Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government	0	0%
Convictions	Any criminal convictions of this state or the federal government (number of counts)	0	0%
Emissions	Chronic excessive emissions events (number of events)	0	0%
Audits	Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (number of audits for which notices were submitted)	0	0%
	Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (number of audits for which violations were disclosed)	0	0%

Please Enter Yes or No

Other	Environmental management systems in place for one year or more	No	0%
	Voluntary on-site compliance assessments conducted by the executive director under a special assistance program	No	0%
	Participation in a voluntary pollution reduction program	No	0%
	Early compliance with, or offer of a product that meets future state or federal government environmental requirements	No	0%

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

>> Repeat Violator (Subtotal 3)

No

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

>> Compliance History Person Classification (Subtotal 7)

Average Performer

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

>> Compliance History Summary

**Compliance History Notes**

Penalty enhancement due to one similar NOV and one previous agreed order with denial of liability.

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

<b>Screening Date</b> 5-Oct-2007	<b>Docket No.</b> 2007-1620-AIR-E	<b>PCW</b>
<b>Respondent</b> Davis Gas Processing, Inc.	<small>Policy Revision 2 (September 2002)</small>	
<b>Case ID No.</b> 34746	<small>PCW Revision September 19, 2007</small>	
<b>Reg. Ent. Reference No.</b> RN100227735		
<b>Media [Statute]</b> Air		
<b>Enf. Coordinator</b> James Nolan		
<b>Violation Number</b> <input type="text" value="1"/>		
<b>Rule Cite(s)</b>	<input type="text" value="30 Tex. Admin. Code § 101.10(e) and Tex. Health &amp; Safety Code § 382.085(b)"/>	
<b>Violation Description</b>	<input type="text" value="Failed to submit an annual emissions inventory update (AEIU) for the 2006 calendar year by the due date of March 31, 2007. Specifically, the Respondent submitted the AEUI on September 25, 2007."/>	
<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>
	Actual	<input type="text"/>	<input type="text"/>		<input type="text"/>
Potential	<input type="text"/>	<input type="text"/>	<input type="text"/>	<b>Percent</b> <input type="text" value="0%"/>	

>> Programmatic Matrix

	<b>Falsification</b>	<b>Major</b>	<b>Moderate</b>	<b>Minor</b>	
	<input type="text"/>	<input type="text" value="x"/>	<input type="text"/>	<input type="text"/>	
					<b>Percent</b> <input type="text" value="25%"/>
<b>Matrix Notes</b>	<input type="text" value="The Respondent failed to meet 100% of the rule requirement."/>				

**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" value="x"/>
	single event	<input type="text"/>

**Violation Base Penalty**

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** Davis Gas Processing, Inc.  
**Case ID No.** 34746  
**Reg. Ent. Reference No.** RN100227735  
**Media** Air  
**Violation No.** 1

Shackelford Gas Plant

<b>Percent Interest</b>	<b>Years of Depreciation</b>
5.0	15

Item Description	Item Cost No commas or \$	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
<b>Delayed Costs</b>							
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	\$500	31-Mar-2007	25-Sep-2007	0.5	\$12	n/a	\$12
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 timely submit the AEIU. The date required is the date the AEIU was due to the TCEQ. The final date is the actual date of submittal.

<b>Avoided Costs</b>							
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 TOTAL

\$500		TOTAL	\$12
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# Compliance History

Customer/Respondent/Owner-Operator: CN601282502 Davis Gas Processing, Inc. Classification: Average Rating: 2.87  
 Regulated Entity: RN100227735 SHACKELFORD GAS PLANT Classification: AVERAGE Site Rating: 17.25  
 ID Number(s): AIR OPERATING PERMITS ACCOUNT NUMBER CC0005U  
 AIR OPERATING PERMITS PERMIT 318  
 AIR NEW SOURCE PERMITS ACCOUNT NUMBER CC0005U  
 AIR NEW SOURCE PERMITS AFS NUM 4805900008  
 Location: 7.5 MILES SOUTH OF PUTNAM ON FM 880, Callahan Rating Date: 9/1/2007 Repeat Violator: NO  
 County  
 TCEQ Region: REGION 03 - ABILENE  
 Date Compliance History Prepared: October 05, 2007  
 Agency Decision Requiring Compliance History: Enforcement  
 Compliance Period: October 05, 2002 to October 05, 2007  
 TCEQ Staff Member to Contact for Additional Information Regarding this Compliance History  
 Name: James Nolan Phone: (512) 239-6634

### 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? Davis Gas Processing, Inc.
4. If Yes, who was/were the prior owner(s)? CMS Taurus Field Services, LP
5. When did the change(s) in ownership occur? 09/14/2003

### Components (Multimedia) for the Site :

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

Effective Date: 10/25/2004 ADMINORDER 2004-0233-AIR-E  
 Classification: Moderate  
 Citation: 30 TAC Chapter 122, SubChapter B 122.145(2)(C)  
 5C THC Chapter 382, SubChapter A 382.085(b)  
 Rqmt Prov: Non-Rule GOP No. 514 OP  
 Description: Failure to submit a Title V deviation report no later than 30 days after the end of the reporting period, in which deviations occurred.  
 Classification: Moderate  
 Citation: 30 TAC Chapter 111, SubChapter A 111.111(a)(4)(A)[G]  
 5C THC Chapter 382, SubChapter A 382.085(b)  
 Rqmt Prov: Non-Rule GOP No. 514 OP  
 Description: Failure to limit visible emissions from the process flare to no more than five minutes in any two hour period.  
 Classification: Moderate  
 Citation: 5C THC Chapter 382, SubChapter A 382.085(b)  
 Rqmt Prov: Non-Rule GOP No. 514 OP  
 Description: Failure to satisfy the conditions for facilities permitted by rule.

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 | 07/10/2003 | (126739) |
| 2 | 08/12/2004 | (289186) |
| 3 | 08/15/2005 | (404984) |
| 4 | 08/16/2006 | (497191) |
| 5 | 07/12/2007 | (567502) |
| 6 | 08/30/2007 | (574193) |

7 09/13/2007 (593933)

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

Date 07/18/2007 (567502)

Self Report? NO

Classification Moderate

Citation: 30 TAC Chapter 101, SubChapter A 101.10(e)  
5C THC Chapter 382, SubChapter A 382.085(b)

Description: Failure to submit a 2006 Emissions Inventory; Category B19(g)(3).

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  
DAVIS GAS PROCESSING, INC.  
RN100245182; RN100227735**

§  
§  
§  
§  
§

**BEFORE THE  
TEXAS COMMISSION ON  
ENVIRONMENTAL QUALITY**

## **AGREED ORDER DOCKET NO. 2007-1620-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 Davis Gas Processing, Inc. ("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 natural gas processing plants (the "Plants") located:
  - a. Seven miles southwest of McCamey on Highway 1901 in Crockett County, Texas (the "Neleh Gas System"); and
  - b. Seven and a half miles south of Putnam on Farm to Market Road 880 in Callahan County, Texas (the "Shackelford Gas Plant").
2. The Plants consist 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 September 19, 2007.
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 Five Thousand Two Hundred Twenty-Five Dollars (\$5,225) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent has paid Four Thousand One Hundred Eighty Dollars (\$4,180) of the administrative penalty and One Thousand Forty-Five Dollars (\$1,045) 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.
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 submitted the required annual emissions inventory update ("AEIU") for the 2006 calendar year on September 12, 2007 for the Neleh Gas System and September 25, 2007 for the Shackelford Gas Plant.
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 Plants, the Respondent is alleged to have:

1. Failed to submit an AEIU for the 2006 calendar year for the Neleh Gas System, in violation of 30 TEX. ADMIN. CODE § 101.10(e) and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on September 11, 2007. Specifically, the Respondent failed to submit the AEIU before the due date of March 31, 2007.
2. Failed to submit an AEIU for the 2006 calendar year for the Shackelford Gas Plant, in violation of 30 TEX. ADMIN. CODE § 101.10(e) and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on September 10, 2007. Specifically, the Respondent failed to submit the AEIU before the due date of March 31, 2007.



### 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: Davis Gas Processing, Inc., Docket No. 2007-1620-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 the Respondent. The Respondent is ordered to give notice of the Agreed Order to personnel who maintain day-to-day control over the Plants operations referenced in this Agreed Order.
3. 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.
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 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 Srdin  
\_\_\_\_\_  
For the Executive Director

3/7/2008  
\_\_\_\_\_  
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.

Bob Stewart  
\_\_\_\_\_  
Signature

1-8-08  
\_\_\_\_\_  
Date

Bob Stewart  
\_\_\_\_\_  
Name (Printed or typed)  
Authorized Representative of  
Davis Gas Processing, Inc.

Env. Mgr.  
\_\_\_\_\_  
Title

Neleh Gas System

**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.

