

EXECUTIVE SUMMARY - ENFORCEMENT MATTER

DOCKET NO.: 2008-1439-AIR-E TCEQ ID: RN100221613 CASE NO.: 36481

RESPONDENT NAME: Lufkin Industries, Inc.

ORDER TYPE:		
<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	
CASE TYPE:		
<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>SITE WHERE VIOLATION(S) OCCURRED: Lufkin Industries Foundry and Power Transmission Manufacturing Facilities, 435 Jefferson Avenue, Lufkin, Angelina County</p> <p>TYPE OF OPERATION: Foundry and kiln plant</p> <p>SMALL BUSINESS: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>OTHER SIGNIFICANT MATTERS: There are no complaints. There is no record of additional pending enforcement actions regarding this facility location.</p> <p>INTERESTED PARTIES: No one other than the ED and the Respondent has expressed an interest in this matter.</p> <p>COMMENTS RECEIVED: The <i>Texas Register</i> comment period expired on January 12, 2009. No comments were received.</p> <p>CONTACTS AND MAILING LIST: TCEQ Attorney/SEP Coordinator: None TCEQ Enforcement Coordinator: Mr. Jeremy Escobar, Enforcement Division, Enforcement Team 3, MC 169, (512) 239-1460; Mr. Bryan Sinclair, Enforcement Division, MC 219, (512) 239-2171 Respondent: Mr. Ty Thornton, Manager, EH&S, Lufkin Industries, Inc., P.O. Box 849, Lufkin, Teaxs 75902 Respondent's Attorney: Not represented by counsel on this enforcement matter</p>		

VIOLATION SUMMARY CHART:

VIOLATION INFORMATION	PENALTY CONSIDERATIONS	CORRECTIVE ACTIONS TAKEN/REQUIRED
<p>Type of Investigation: <input type="checkbox"/> Complaint <input checked="" type="checkbox"/> Routine <input type="checkbox"/> Enforcement Follow-up <input type="checkbox"/> Records Review</p> <p>Date(s) of Complaints Relating to this Case: None</p> <p>Date of Investigation Relating to this Case: June 12, 2008</p> <p>Date of NOV/NOE Relating to this Case: August 4, 2008 (NOE)</p> <p>Background Facts: This was a routine investigation.</p> <p>AIR</p> <p>1) Failure to accurately certify the annual permit compliance certification ("PCC"). Specifically, the Respondent failed to include an emission event (Incident 104800) on the PCC for the May 25, 2007 through May 24, 2008 reporting period [30 TEX. ADMIN. CODE §§ 122.143(4), 122.146(5)(C); and 122.146(5)(D), TEX. HEALTH & SAFETY CODE § 382.085(b), and Federal Operating Permit No. O-1854, General Terms and Conditions].</p> <p>2) Failure to maintain records of the monthly emission capture system inspections for the months of March and April 2008. Specifically, records for the Large Casting Facility ("LCF") Shakeout Collector, LCF Sand System Collector, and the LCF Bin Vent Collector were not available for March 2008, and the Main Bay ("MB") Strip Gate Hood Collector and the LCF/MB Mixer Collector were not available for April 2008 [30 TEX. ADMIN. CODE §§ 116.115(c) and 122.143(4), TEX. HEALTH & SAFETY CODE § 382.085(b), Federal Operating Permit No. O-1854, Special Terms and Conditions 7, and New Source Review Permit No. 6285, Special Condition 25].</p> <p>3) Failure to submit a semi-annual deviation report ("SDR") for the May 25, 2007 through November 23, 2007 reporting period. Specifically, the</p>	<p>Total Assessed: \$3,366</p> <p>Total Deferred: \$673 <input checked="" type="checkbox"/> Expedited Settlement <input type="checkbox"/> Financial Inability to Pay</p> <p>SEP Conditional Offset: \$0</p> <p>Total Paid to General Revenue: \$2,693</p> <p>Site Compliance History Classification <input type="checkbox"/> High <input checked="" type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p>Person Compliance History Classification <input type="checkbox"/> High <input checked="" type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p>Major Source: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Applicable Penalty Policy: September 2002</p>	<p>Corrective Actions Taken:</p> <p>The Executive Director recognizes that the Respondent developed a corrective action plan on June 24, 2008, which included a spreadsheet, to be maintained by the Plant's environmental staff to compile the monthly inspection logs.</p> <p>Ordering Provisions:</p> <p>The Order will require the Respondent to, within 30 days after the effective date of this Agreed Order, submit a revised PCC for the period May 25, 2007 through May 25, 2008, to include the emission event that occurred September 1, 2007 along with the SDR for the period of the May 25, 2007 through November 23, 2007.</p>

<p>Respondent failed to submit an SDR containing the emission event that occurred September 1, 2007 [30 TEX. ADMIN. CODE §§ 122.143(4) and 122.145(2)(A) and (B), TEX. HEALTH & SAFETY CODE § 382.085(b), and Federal Operating Permit No. O-1854, General Terms and Conditions].</p>		
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Additional ID No(s): AC0015F



Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002)

PCW Revision June 12, 2008

DATES	Assigned	11-Aug-2008	Screening	12-Aug-2008	EPA Due	1-May-2009
	PCW	15-Aug-2008				

RESPONDENT/FACILITY INFORMATION			
Respondent	Lufkin Industries, Inc.		
Reg. Ent. Ref. No.	RN100221613		
Facility/Site Region	10-Beaumont	Major/Minor Source	Major

CASE INFORMATION			
Enf./Case ID No.	36481	No. of Violations	3
Docket No.	2008-1439-AIR-E	Order Type	1660
Media Program(s)	Air	Government/Non-Profit	No
Multi-Media		Enf. Coordinator	Jeremy Escobar
		EC's Team	Enforcement Team 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 Enhancement Subtotals 2, 3, & 7

Notes

Culpability Enhancement Subtotal 4

Notes

Good Faith Effort to Comply Total Adjustments Subtotal 5

Economic Benefit Enhancement* Subtotal 6

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

SUM OF SUBTOTALS 1-7 Final Subtotal

OTHER FACTORS AS JUSTICE MAY REQUIRE Adjustment

Reduces or enhances the Final Subtotal by the indicated percentage.

Notes

Final Penalty Amount

STATUTORY LIMIT ADJUSTMENT Final Assessed Penalty

DEFERRAL 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 12-Aug-2008

Docket No. 2008-1439-AIR-E

PCW

Respondent Lufkin Industries, Inc.

Policy Revision 2 (September 2002)

Case ID No. 36481

PCW Revision June 12, 2008

Reg. Ent. Reference No. RN100221613

Media [Statute] Air

Enf. Coordinator Jeremy Escobar

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 <i>(number of NOVs meeting criteria)</i>	0	0%
	Other written NOVs	1	2%
Orders	Any agreed final enforcement orders containing a denial of liability <i>(number of orders meeting criteria)</i>	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 <i>(number of judgements or consent decrees meeting criteria)</i>	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 <i>(number of counts)</i>	0	0%
Emissions	Chronic excessive emissions events <i>(number of events)</i>	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 <i>(number of audits for which notices were submitted)</i>	0	0%
	Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 <i>(number of audits for which violations were disclosed)</i>	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) 22%

>> **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

An enhancement is recommended for having one NOV with dissimilar violations, and one Agreed Order with denial in the past five years

Total Adjustment Percentage (Subtotals 2, 3, & 7) 22%

Screening Date 12-Aug-2008 Respondent Lufkin Industries, Inc. Case ID No. 36481 Reg. Ent. Reference No. RN100221613 Media [Statute] Air Enf. Coordinator Jeremy Escobar Violation Number 1 Rule Cite(s) 30 Tex. Admin. Code §§ 122.143(4), 122.146(5)(C), and 122.146(5)(D), and Tex. Health & Safety Code § 382.085(b), and Federal Operating Permit No. O-1854, General Terms and Conditions Violation Description Failed to accurately certify compliance in the annual permit compliance certification ("PCC), as documented during an investigation conducted on June 12, 2008. Specifically, the Respondent failed to include an emission event (Incident 104800) on the PCC for the May 25, 2007 through May 24, 2008 reporting period.	Docket No. 2008-1439-AIR-E PCW <i>Policy Revision 2 (September 2002)</i> <i>PCW Revision June 12, 2008</i>																									
Base Penalty \$10,000																										
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	Major	Moderate	Minor																							
Falsification			X																							
Matrix Notes <div style="border: 1px solid black; padding: 5px; margin-left: 20px;"> Less than 30% of the rule requirement was not met </div>																										
Adjustment \$9,900																										
\$100																										
Violation Events																										
Number of Violation Events <input type="text" value="1"/> <input type="text" value="42"/> Number of violation days mark only one with an x <table border="1" style="margin-left: 20px;"> <tr><td>daily</td><td></td></tr> <tr><td>monthly</td><td></td></tr> <tr><td>quarterly</td><td></td></tr> <tr><td>semiannual</td><td></td></tr> <tr><td>annual</td><td></td></tr> <tr><td>single event</td><td style="text-align: center;">x</td></tr> </table>	daily		monthly		quarterly		semiannual		annual		single event	x	Violation Base Penalty <input type="text" value="\$100"/>													
daily																										
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One single event is recommended.																										
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Ordinary																										
N/A	X	(mark with x)																								
Economic Benefit (EB) for this violation																										
Estimated EB Amount <input type="text" value="\$66"/>	Statutory Limit Test Violation Final Penalty Total <input type="text" value="\$122"/>																									
This violation Final Assessed Penalty (adjusted for limits) <input type="text" value="\$122"/>																										

Economic Benefit Worksheet

Respondent Lufkin Industries, Inc.
Case ID No. 36481
Reg. Ent. Reference No. RN100221613
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				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System	\$1,500	12-Jun-2008	30-Apr-2009	0.88	\$66	n/a	\$66
Training/Sampling				0.00	\$0	n/a	\$0
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

Estimated cost to submit all instances of deviation. The Date Required is the date of the investigation. The final Date is the expected date of compliance.

Avoided Costs

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

Disposal				0.00	\$0	\$0	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.00	\$0	\$0	\$0
Supplies/equipment				0.00	\$0	\$0	\$0
Financial Assurance [2]				0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs

N/A

Approx. Cost of Compliance

\$1,500

TOTAL

\$66

Screening Date 12-Aug-2008	Docket No. 2008-1439-AIR-E	PCW
Respondent Lufkin Industries, Inc.		<small>Policy Revision 2 (September 2002)</small>
Case ID No. 36481		<small>PCW Revision June 12, 2008</small>
Reg. Ent. Reference No. RN100221613		
Media [Statute] Air		
Enf. Coordinator Jeremy Escobar		
Violation Number 2		
Rule Cite(s)	30 Tex. Admin. Code §§ 116.115(c) and 122.143(4), Tex. Health & Safety Code § 382.085(b), Federal Operating Permit No. O-1854, Special Terms and Conditions 7, and New Source Review Permit No. 6285, Special Condition 25	
Violation Description	Failed to maintain records of the monthly emission capture system inspections for the months of March and April 2008, as documented during an investigation conducted on June 12, 2008. Specifically, records for the Large Casting Facility ("LCF") Shakeout Collector, LCF Sand System Collector, and the LCF Bin Vent Collector were not available for March 2008, and the Main Bay ("MB") Strip Gate Hood Collector and the LCF/MB Mixer Collector were not available for April 2008.	
	Base Penalty	\$10,000

>> Environmental, Property and Human Health Matrix

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

>> Programmatic Matrix

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

Matrix Notes

Adjustment

Violation Events

Number of Violation Events <input type="text" value="2"/>	<input type="text" value="1"/>	Number of violation days
mark only one with an x <input type="checkbox"/> daily <input type="checkbox"/> monthly <input type="checkbox"/> quarterly <input type="checkbox"/> semiannual <input type="checkbox"/> annual <input checked="" type="checkbox"/> single event		Violation Base Penalty <input type="text" value="\$200"/>

Two single events are recommended (one event for each month of having incomplete records)

Good Faith Efforts to Comply Reduction

	Before NOV	NOV to EDRP/Settlement Offer
Extraordinary	<input type="text"/>	<input type="text"/>
Ordinary	<input checked="" type="text" value="x"/>	<input type="text"/>
N/A	(mark with x)	
Notes	The Respondent came into compliance on June 24, 2008.	

Violation Subtotal

Economic Benefit (EB) for this violation **Statutory Limit Test**

Estimated EB Amount <input type="text" value="\$1"/>	Violation Final Penalty Total <input type="text" value="\$194"/>
This violation Final Assessed Penalty (adjusted for limits) <input type="text" value="\$194"/>	

Economic Benefit Worksheet

Respondent Lufkin Industries, Inc.
Case ID No. 36481
Reg. Ent. Reference No. RN100221613
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				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System	\$500	12-Jun-2008	24-Jun-2008	0.03	\$1	n/a	\$1
Training/Sampling				0.00	\$0	n/a	\$0
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

Estimated cost to develop an improved recordkeeping procedure. The Date Required is the date of the investigation. The Final Date is the date of compliance.

Avoided Costs

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

Disposal				0.00	\$0	\$0	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.00	\$0	\$0	\$0
Supplies/equipment				0.00	\$0	\$0	\$0
Financial Assurance [2]				0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs

Approx. Cost of Compliance

\$500

TOTAL

\$1

Screening Date 12-Aug-2008 Respondent Lufkin Industries, Inc. Case ID No. 36481 Reg. Ent. Reference No. RN100221613 Media [Statute] Air Enf. Coordinator Jeremy Escobar Violation Number 3 Rule Cite(s) 30 Tex. Admin. Code §§ 122.143(4), and 122.145(2)(A) and (B), and Tex. Health & Safety Code § 382.085(b), and Federal Operating Permit No. O-1854, General Terms and Conditions Violation Description Failed to submit a semi-annual deviation report ("SDR") for the May 25, 2007 through November 23, 2007 reporting period. Specifically, the Respondent failed to submit an SDR containing the emission event that occurred September 1, 2007.	Docket No. 2008-1439-AIR-E PCW <i>Policy Revision 2 (September 2002)</i> <i>PCW Revision June 12, 2008</i>																								
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		Harm																							
Falsification	Major	Moderate	Minor																						
	X			Percent	25%																				
Matrix Notes	100% of the rule requirement was not met																								
Adjustment \$7,500																									
\$2,500																									
Violation Events																									
Number of Violation Events	1	233	Number of violation days																						
mark only one with an x	<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td style="text-align: center;">daily</td><td></td></tr> <tr><td style="text-align: center;">monthly</td><td></td></tr> <tr><td style="text-align: center;">quarterly</td><td></td></tr> <tr><td style="text-align: center;">semiannual</td><td></td></tr> <tr><td style="text-align: center;">annual</td><td></td></tr> <tr><td style="text-align: center;">single event</td><td style="text-align: center;">X</td></tr> </table>	daily		monthly		quarterly		semiannual		annual		single event	X	Violation Base Penalty	\$2,500										
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single event	X																								
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	Before NOV	NOV to EDPRP/Settlement Offer																							
Extraordinary																									
Ordinary																									
N/A	X	(mark with x)																							
Notes	The Respondent does not meet the good faith criteria for this violation.																								
Violation Subtotal		\$2,500																							
Economic Benefit (EB) for this violation		Statutory Limit Test																							
Estimated EB Amount	\$2	Violation Final Penalty Total	\$3,050																						
This violation Final Assessed Penalty (adjusted for limits)		\$3,050																							

Economic Benefit Worksheet

Respondent Lufkin Industries, Inc.
Case ID No. 36481
Reg. Ent. Reference No. RN100221613
Media Air
Violation No. 3

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				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System				0.00	\$0	n/a	\$0
Training/Sampling				0.00	\$0	n/a	\$0
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)	\$100	23-Dec-2008	30-Apr-2009	0.35	\$2	n/a	\$2

Notes for DELAYED costs: Estimated cost to prepare and submit the SDR. The Date Required is the date the SDR was due. The Final Date is the estimated date of compliance.

Avoided Costs

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

Disposal				0.00	\$0	\$0	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.00	\$0	\$0	\$0
Supplies/equipment				0.00	\$0	\$0	\$0
Financial Assurance [2]				0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs

Approx. Cost of Compliance \$100

TOTAL \$2

Compliance History

Customer/Respondent/Owner-Operator:	CN600399570 Lufkin Industries, Inc.	Classification: AVERAGE	Rating: 2.72																																																						
Regulated Entity:	RN100221613 LUFKIN INDUSTRIES FOUNDRY & POWER TRANSMISSION MFG FACILITIES	Classification: AVERAGE	Site Rating: 5.63																																																						
ID Number(s):	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">AIR OPERATING PERMITS</td> <td style="width: 25%;">ACCOUNT NUMBER</td> <td style="width: 25%;">AC0015F</td> </tr> <tr> <td>AIR OPERATING PERMITS</td> <td>PERMIT</td> <td>1854</td> </tr> <tr> <td>AIR NEW SOURCE PERMITS</td> <td>PERMIT</td> <td>2517</td> </tr> <tr> <td>AIR NEW SOURCE PERMITS</td> <td>PERMIT</td> <td>5943</td> </tr> <tr> <td>AIR NEW SOURCE PERMITS</td> <td>PERMIT</td> <td>6285</td> </tr> <tr> <td>AIR NEW SOURCE PERMITS</td> <td>PERMIT</td> <td>7788</td> </tr> <tr> <td>AIR NEW SOURCE PERMITS</td> <td>PERMIT</td> <td>8318</td> </tr> <tr> <td>AIR NEW SOURCE PERMITS</td> <td>PERMIT</td> <td>11032</td> </tr> <tr> <td>AIR NEW SOURCE PERMITS</td> <td>PERMIT</td> <td>49792</td> </tr> <tr> <td>AIR NEW SOURCE PERMITS</td> <td>ACCOUNT NUMBER</td> <td>AC0015F</td> </tr> <tr> <td>AIR NEW SOURCE PERMITS</td> <td>PERMIT</td> <td>54771</td> </tr> <tr> <td>AIR NEW SOURCE PERMITS</td> <td>REGISTRATION</td> <td>55536</td> </tr> <tr> <td>AIR NEW SOURCE PERMITS</td> <td>PERMIT</td> <td>50828</td> </tr> <tr> <td>AIR NEW SOURCE PERMITS</td> <td>AFS NUM</td> <td>4800500005</td> </tr> <tr> <td>AIR NEW SOURCE PERMITS</td> <td>PERMIT</td> <td>56311</td> </tr> <tr> <td>AIR NEW SOURCE PERMITS</td> <td>ACCOUNT NUMBER</td> <td>50828</td> </tr> <tr> <td>AIR NEW SOURCE PERMITS</td> <td>REGISTRATION</td> <td>79092</td> </tr> <tr> <td>STORMWATER</td> <td>PERMIT</td> <td>TXR05M500</td> </tr> </table>			AIR OPERATING PERMITS	ACCOUNT NUMBER	AC0015F	AIR OPERATING PERMITS	PERMIT	1854	AIR NEW SOURCE PERMITS	PERMIT	2517	AIR NEW SOURCE PERMITS	PERMIT	5943	AIR NEW SOURCE PERMITS	PERMIT	6285	AIR NEW SOURCE PERMITS	PERMIT	7788	AIR NEW SOURCE PERMITS	PERMIT	8318	AIR NEW SOURCE PERMITS	PERMIT	11032	AIR NEW SOURCE PERMITS	PERMIT	49792	AIR NEW SOURCE PERMITS	ACCOUNT NUMBER	AC0015F	AIR NEW SOURCE PERMITS	PERMIT	54771	AIR NEW SOURCE PERMITS	REGISTRATION	55536	AIR NEW SOURCE PERMITS	PERMIT	50828	AIR NEW SOURCE PERMITS	AFS NUM	4800500005	AIR NEW SOURCE PERMITS	PERMIT	56311	AIR NEW SOURCE PERMITS	ACCOUNT NUMBER	50828	AIR NEW SOURCE PERMITS	REGISTRATION	79092	STORMWATER	PERMIT	TXR05M500
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Location:	435 JEFFERSON AVE, LUFKIN, TX, 75904	Rating Date: 9/1/2007 Repeat Violator: NO																																																							
TCEQ Region:	REGION 10 - BEAUMONT																																																								
Date Compliance History Prepared:	August 12, 2008																																																								
Agency Decision Requiring Compliance History:	Enforcement																																																								
Compliance Period:	August 12, 2003 to August 12, 2008																																																								

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

Name: Jeremy Escobar Phone: (512) 239-1460

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? | <u>N/A</u> |
| 4. If Yes, who was/were the prior owner(s)? | <u>N/A</u> |
| 5. When did the change(s) in ownership occur? | <u>N/A</u> |

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: ADMINORDER 2006-1258-AIR-E
- Classification: Moderate
- Citation: 30 TAC Chapter 116, SubChapter B 116.115(b)(2)(F)
30 TAC Chapter 122, SubChapter B 122.143(4)
5C THC Chapter 382, SubChapter D 382.085(b)
- Rqmt Prov: 1854/ Gen. Terms and Conditions OP
50829/Max. Allowable Emission Rate Table PERMIT
FOP 1854 Special Condition 7 OP
- Description: Failure to meet the Rolling TPY VOC limit for painting operation of the dip tank covered under Permit Number 50829. A,8,C,2,A,ii
- 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.)

N/A 1 08/11/2005 (401327)
2 08/11/2006 (486108)
3 02/16/2007 (536095)
4 05/31/2007 (558190)
5 07/10/2007 (565927)
6 10/15/2007 (574015)
7 04/28/2008 (640654)
8 07/15/2008 (682648)
9 07/30/2008 (681904)
10 08/04/2008 (683291)

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

Date: 04/29/2008 (640654)

Self Report? NO

Classification: Minor

Citation: 30 TAC Chapter 101, SubChapter F 101.201(g)
30 TAC Chapter 122, SubChapter B 122.143(4)
5C THSC Chapter 382 382.085(b)

Rqmt Prov: OP O-01854, General Terms and Conditions
OP O-01854, Special Condition 2F
OP O-01854, Special Condition 2I

Description: Failure to properly report an emissions event.

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
LUFKIN INDUSTRIES, INC.
RN100221613

§
§
§
§
§

BEFORE THE
TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

AGREED ORDER DOCKET NO. 2008-1439-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 Lufkin Industries, 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 a foundry and kiln plant, at 435 Jefferson Avenue in Lufkin, Angelina 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 August 9, 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 Three Thousand Three Hundred Sixty-Six Dollars (\$3,366) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent has paid Two Thousand Six Hundred Ninety-Three Dollars

(\$2,693) of the administrative penalty and Six Hundred Seventy-Three Dollars (\$673) 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 developed a corrective action plan on June 24, 2008, which included a spreadsheet, to be maintained by the Plant's environmental staff to compile the monthly inspection logs.
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 of the Plant, the Respondent is alleged to have:

1. Failed to accurately certify the annual permit compliance certification ("PCC"), in violation of 30 TEX. ADMIN. CODE §§ 122.143(4), 122.146(5)(C), and 122.146(5)(D), TEX. HEALTH & SAFETY CODE § 382.085(b), and Federal Operating Permit No. O-1854, General Terms and Conditions, as documented during an investigation conducted on June 12, 2008. Specifically, the Respondent failed to include an emission event (Incident 104800) on the PCC for the May 25, 2007 through May 24, 2008 reporting period.
2. Failed to maintain records of the monthly emission capture system inspections for the months of March and April 2008, in violation of 30 TEX. ADMIN. CODE §§ 116.115(c) and 122.143(4), TEX. HEALTH & SAFETY CODE § 382.085(b), Federal Operating Permit No. O-1854, Special Terms and Conditions 7, and New Source Review ("NSR") Permit No. 6285, Special Condition 25, as documented during an investigation conducted on June 12, 2008. Specifically, records for the Large Casting Facility ("LCF") Shakeout Collector, LCF Sand System Collector, and the LCF Bin Vent Collector were not available for March 2008, and the Main Bay ("MB") Strip Gate Hood Collector and the LCF/MB Mixer Collector were not available for April 2008.

3. Failed to submit a semi-annual deviation report ("SDR") for the May 25, 2007 through November 23, 2007 reporting period, in violation of 30 TEX. ADMIN. CODE §§ 122.143(4), 122.145(2)(A) and (B), TEX. HEALTH & SAFETY CODE § 382.085(b), and Federal Operating Permit No. O-1854, General Terms and Conditions, as documented during an investigation conducted on June 12, 2008. Specifically, the Respondent failed to submit an SDR containing the emission event that occurred September 1, 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: Lufkin Industries, Inc., Docket No. 2008-1439-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. It is further ordered that the Respondent shall, within 30 days after the effective date of this Agreed Order, submit a revised PCC for the period May 25, 2007 through May 25, 2008 to include the emission event that occurred September 1, 2007 along with the SDR for the period of the May 25, 2007 through November 23, 2007 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:

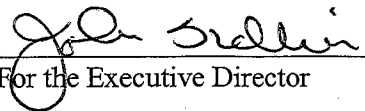
Air Section, Manager
Beaumont Regional Office
Texas Commission on Environmental Quality
3870 Eastex Fwy
Beaumont, Texas 77703-1830

3. 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.
4. 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.
5. The Executive Director may grant an extension of any deadline in this Agreed Order or in any plan, report, or other document submitted pursuant to this Agreed Order, upon a written and substantiated showing of good cause. All requests for extensions by 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.
6. 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.
7. This agreement may be executed in multiple counterparts, which together shall constitute a single original instrument. Any executed signature page to this Agreement may be transmitted by facsimile transmission to the other parties, which shall constitute an original signature for all purposes.
8. Under 30 TEX. ADMIN. CODE § 70.10(b), the effective date is the date of hand-delivery of the Order to 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



For the Executive Director

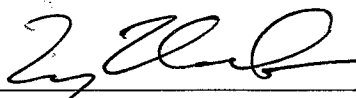
Date 12/29/2008

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.



Signature

Date 10.29.08

Ty THORNTON

Name (Printed or typed)
Authorized Representative of
Lufkin Industries, Inc.

MANAGER EHS

Title

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

THE UNIVERSITY OF CHICAGO

Department of Chemistry

Chicago, Illinois

1954

James E. Cox

[Handwritten signature]

James E. Cox