

EXECUTIVE SUMMARY - ENFORCEMENT MATTER

DOCKET NO.: 2009-1379-AIR-E **TCEQ ID:** RN104379672 **CASE NO.:** 38247

RESPONDENT NAME: SandRidge CO2, LLC

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: Sierra Madera Compression Facility, at U.S Highway 385, 18.7 miles south of Fort Stockton and 1/4 mile to the east, Pecos County</p> <p>TYPE OF OPERATION: Gas compression station</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 December 21, 2009. No comments were received.</p> <p>CONTACTS AND MAILING LIST: TCEQ Attorney/SEP Coordinator: None TCEQ Enforcement Coordinator: Ms. Miriam Hall, Enforcement Division, Enforcement Team 4, MC 149, (512) 239-1044; Ms. Cari-Michel La Caille, Enforcement Division, MC 219, (512) 239-1387 Respondent: Mr. Mike Hampton, Environmental Manager, SandRidge CO2, LLC, 123 Robert S. Kerr Avenue, Oklahoma City, Oklahoma 73102 Mr. Stuart A. Wittenbach, Director of EHS, SandRidge CO2, LLC, 123 Robert S. Kerr Avenue, Oklahoma City, Oklahoma 73102 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 type="checkbox"/> Routine <input type="checkbox"/> Enforcement Follow-up <input checked="" 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 25, 2009</p> <p>Date of NOV/NOE Relating to this Case: July 29, 2009 (NOE)</p> <p>Background Facts: This was a record review investigation.</p> <p>AIR</p> <p>1) Failure to submit the Permit Compliance Certification ("PCC"), for the period May 31, 2007 through May 30, 2008, no later than 30 days after the end of the certification period. Specifically, the PCC was submitted 110 days after the certification period ended [30 TEX. ADMIN. CODE § 122.146(2) and TEX. HEALTH & SAFETY CODE § 382.085(b)].</p> <p>2) Failure to submit a Deviation Report ("DR") no later than 30 days after the end of reporting period. The DR for the time period November 30, 2007 through May 30, 2008 was submitted 110 days after the reporting period ended [30 TEX. ADMIN. CODE § 122.145(2)(C) and TEX. HEALTH & SAFETY CODE § 382.085(b)].</p> <p>3) Failure to certify compliance for the period of May 23, 2007 to May 30, 2007, a seven day gap [30 TEX. ADMIN. CODE § 122.146(1) and TEX. HEALTH & SAFETY CODE § 382.085(b)].</p> <p>4) Failure to submit DRs when deviations had occurred during the May 31, 2005 to November 29, 2007 time period [30 TEX. ADMIN. CODE § 122.145(2)(A) and TEX. HEALTH & SAFETY CODE § 382.085(b)].</p>	<p>Total Assessed: \$13,800</p> <p>Total Deferred: \$2,760 <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: \$11,040</p> <p>Site Compliance History Classification <input checked="" type="checkbox"/> High <input type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p>Person Compliance History Classification <input checked="" type="checkbox"/> High <input 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 has implemented the following corrective measures at the Plant:</p> <p>a. On September 17, 2008, submitted the annual PCC, for the period May 31, 2007 through May 30, 2008, along with the DR for the time period November 30, 2007 through May 30, 2008 which also included unreported deviations from the May 31, 2005 to November 29, 2007 time period; and</p> <p>b. On September 30, 2008, implemented new procedures and a tracking system to ensure that PCCs and DRs are completed timely and accurately.</p>

Penalty Calculation Worksheet (PCW)
 Policy Revision 2 (September 2002) PCW Revision October 30, 2008

TCEQ	DATES	Assigned 3-Aug-2009			
	PCW	31-Aug-2009	Screening	25-Aug-2009	EPA Due

RESPONDENT/FACILITY INFORMATION			
Respondent	SandRidge CO2, LLC		
Reg. Ent. Ref. No.	RN104379872		
Facility/Site Region	7-Midland	Major/Minor Source	Major

CASE INFORMATION			
Enf./Case ID No.	38247	No. of Violations	4
Docket No.	2009-1379-AIR-E	Order Type	1680
Media Program(s)	Air	Government/Non-Profit	No
Multi-Media		Enf. Coordinator	Miriam Hall
		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	\$20,000
ADJUSTMENTS (+/-) TO SUBTOTAL 1			
Subtotals 2-7 are obtained by multiplying the Total Base Penalty (Subtotal 1) by the indicated percentage.			
Compliance History	-6.0% Enhancement	Subtotals 2, 3, & 7	-\$1,200
Notes	The penalty was enhanced for one similar NOV. The penalty was reduced for "High Performer" classification and one Notice of Audit.		
Culpability	0.0% Enhancement	Subtotal 4	\$0
Notes	The Respondent does not meet the culpability criteria.		
Good Faith Effort to Comply Total Adjustments		Subtotal 5	\$5,000
Economic Benefit	0.0% Enhancement	Subtotal 6	\$0
Total EB Amounts	\$282	*Capped at the Total EB \$ Amount	
Approx. Cost of Compliance	\$1,500		
SUM OF SUBTOTALS 1-7		Final Subtotal	\$13,800
OTHER FACTORS AS JUSTICE MAY REQUIRE		0.0%	Adjustment
Reduces or enhances the Final Subtotal by the indicated percentage.			
Notes			
			Final Penalty Amount
			\$13,800
STATUTORY LIMIT ADJUSTMENT		Final Assessed Penalty	\$13,800
DEFERRAL	20.0% Reduction	Adjustment	-\$2,760
Reduces the Final Assessed Penalty by the indicated percentage. (Enter number only; e.g. 20 for 20% reduction.)			
Notes	Deferral offered for expedited settlement.		
PAYABLE PENALTY			\$11,040

Screening Date 25-Aug-2009

Docket No. 2009-1379-AIR-E

PCW

Respondent SandRidge CO2, LLC

Policy Revision 2 (September 2002)

Case ID No. 38247

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN104379672

Media [Statute] Air

Enf. Coordinator Miriam Hall

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)	0	0%
	Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission	0	0%
Judgments and Consent Decrees	Any non-adjudicated final court judgments or consent decrees containing a denial of liability of this state or the federal government (number of judgements or consent decrees meeting criteria)	0	0%
	Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government	0	0%
Convictions	Any criminal convictions of this state or the federal government (number of counts)	0	0%
Emissions	Chronic excessive emissions events (number of events)	0	0%
Audits	Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (number of audits for which notices were 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%

>> Repeat Violator (Subtotal 3)

No

Adjustment Percentage (Subtotal 3) 0%

>> Compliance History Person Classification (Subtotal 7)

High Performer

Adjustment Percentage (Subtotal 7) -10%

>> Compliance History Summary

Compliance History Notes

The penalty was enhanced for one similar NOV. The penalty was reduced for "High Performer" classification and one Notice of Audit.

Total Adjustment Percentage (Subtotals 2, 3, & 7) -6%

Screening Date 25-Aug-2009	Docket No. 2009-1379-AIR-E	PCW			
Respondent SandRidge CO2, LLC	<small>Policy Revision 2 (September 2002)</small>				
Case ID No. 38247	<small>PCW Revision October 30, 2008</small>				
Reg. Ent. Reference No. RN104379672					
Media [Statute] Air					
Enf. Coordinator Miriam Hall					
Violation Number	1				
Rule Cite(s)	30 Tex. Admin. Code § 122.146(2) and Tex. Health & Safety Code § 382.086(b)				
Violation Description	Failed to submit the Permit Compliance Certification ("PCC"), for the period May 31, 2007 through May 30, 2008, no later than 30 days after the end of the certification period. The PCC was submitted 110 days after the certification period ended.				
Base Penalty		\$10,000			
>> Environmental, Property and Human Health Matrix					
OR	Harm				
	Release	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 checked="" type="text" value="x"/>	<input type="text"/>	<input type="text"/>
				Percent <input type="text" value="25%"/>	
Matrix Notes	The Respondent failed to meet 100% of the rule requirement.				
Adjustment				\$7,500	
				\$2,500	
Violation Events					
Number of Violation Events		<input type="text" value="1"/>	Number of violation days		
		<input type="text" value="80"/>			
<small>mark only one with an x</small>	daily	<input type="text"/>			
	weekly	<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 <input type="text" value="\$2,500"/>	
One single event is recommended for one late PCC.					
Good Faith Efforts to Comply		25.0% Reduction	\$625		
		<small>Before NOV NOV to EDCRP/Settlement Offer</small>			
Extraordinary	<input type="text"/>	<input type="text"/>			
Ordinary	<input checked="" type="text" value="x"/>	<input type="text"/>			
N/A	<input type="text"/>	<small>(mark with x)</small>			
Notes	The Respondent completed corrective actions on September 30, 2008, and the NOE was issued on July 29, 2009.				
Violation Subtotal				\$1,875	
Economic Benefit (EB) for this violation			Statutory Limit Test		
Estimated EB Amount		<input type="text" value="\$282"/>	Violation Final Penalty Total <input type="text" value="\$1,725"/>		
This violation Final Assessed Penalty (adjusted for limits)				\$1,725	

Economic Benefit Worksheet

Respondent SandRidge CO2, LLC
Case ID No. 38247
Reg. Ent. Reference No. RN104379672
Media Air
Violation No. 1

Percent Interest	Years of Depreciation
5.0	15

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

Delayed Costs

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
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)	\$1,500	29-Dec-2005	30-Sep-2009	3.78	\$282	n/a	\$282

Notes for DELAYED costs
 The estimated cost of additional oversight and developing new procedures and a tracking system to ensure that PCCs and DRs are completed timely and accurately from the beginning of the first missed DR reporting period (Violation No. 4) to the date that procedures were implemented.

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				0.00	\$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 **\$1,500** **TOTAL** **\$282**

Screening Date 25-Aug-2009	Docket No. 2009-1379-AIR-E
Respondent SandRidge CO2, LLC	PCW <small>Policy Revision 2 (September 2002) PCW Revision October 30, 2008</small>
Case ID No. 38247	
Reg. Ent. Reference No. RN104379672	
Media [Statute] Air	
Enf. Coordinator Miriam Hall	
Violation Number <input type="text" value="2"/>	
Rule Cite(s)	30 Tex. Admin. Code § 122.145(2)(C) and Tex. Health & Safety Code § 382.085(b)
Violation Description	Failed to submit a Deviation Report ("DR") no later than 30 days after the end of reporting period. The DR for the time period November 30, 2007 through May 30, 2008 was submitted 110 days after the reporting period ended.
Base Penalty	<input type="text" value="\$10,000"/>
>> Environmental Property and Human Health Matrix	
OR	Harm
	Release Major Moderate Minor
	Actual <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Potential <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Percent <input type="text" value="0%"/>
>> Programmatic Matrix	
	Punishment Major Moderate Minor
	<input type="text"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Percent <input type="text" value="25%"/>
Matrix Notes	The Respondent failed to meet 100% of the rule requirement.
Adjustment	<input type="text" value="\$7,500"/>
	<input type="text" value="\$2,500"/>
Violation Events	
Number of Violation Events	<input type="text" value="1"/> <input type="text" value="110"/> Number of violation days
<small>mark only one with an x</small>	daily <input type="text"/>
	weekly <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	<input type="text" value="\$2,500"/>
	One single event is recommended for one late DR.
Good Faith Efforts to Comply	
25.0% Reduction	<input type="text" value="\$625"/>
	Before NOV NOV to ED/PRP/Settlement Offer
Extraordinary <input type="text"/>	<input type="text"/>
Ordinary <input checked="" type="checkbox"/>	<input type="text"/>
N/A <input type="checkbox"/>	(mark with x)
Notes	The Respondent completed corrective actions on September 30, 2008, and the NOE was issued on July 29, 2009.
Violation Subtotal	<input type="text" value="\$1,875"/>
Economic Benefit (EB) for this violation	
Statutory Limit Test	
Estimated EB Amount	<input type="text" value="\$0"/>
Violation Final Penalty Total	<input type="text" value="\$1,725"/>
This violation Final Assessed Penalty (adjusted for limits)	<input type="text" value="\$1,725"/>

Economic Benefit Worksheet

Respondent SandRidge CO2, LLC
Case ID No. 38247
Reg. Ent. Reference No. RN104379672
Media Air
Violation No. 2

Percent Interest	Years of Depreciation
5.0	15

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

Delayed Costs

	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
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)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

The economic benefit for this violation is included in Violation No. 1.

Avoided Costs

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

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

\$0

TOTAL

\$0

Screening Date	25-Aug-2009	Docket No.	2009-1379-AIR-E	PCW
Respondent	SandRidge CO2, LLC	<i>Policy Revision 2 (September 2002)</i>		
Case ID No.	38247	<i>PCW Revision October 30, 2008</i>		
Reg. Ent. Reference No.	RN104379672			
Media [Statute]	Air			
Enf. Coordinator	Miriam Hall			
Violation Number	3			
Rule Cite(s)	30 Tex. Admin. Code § 122.146(1) and Tex. Health & Safety Code § 382.085(b)			
Violation Description	Failed to certify compliance for the period of May 23, 2007 to May 30, 2007, a seven day gap.			
Base Penalty				\$10,000

>> Environmental, Property and Human Health Matrix

OR	Harm			Percent	
	Release	Major	Moderate		Minor
	Actual				
	Potential				
				0%	

>> Programmatic Matrix

Falsification	Major	Moderate	Minor	Percent
	x			25%

Matrix Notes

The Respondent failed to meet 100% of the rule requirement.

Adjustment \$7,500

\$2,500

Violation Events

Number of Violation Events Number of violation days

mark only one with an x

daily	
weekly	
monthly	
quarterly	
semiannual	
annual	
single event	x

Violation Base Penalty \$2,500

One single event is recommended for one missed report.

Good Faith Efforts to Comply

25.0% Reduction

\$625

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

Notes
The Respondent completed corrective actions on September 30, 2008, and the NOE was issued on July 29, 2009.

Violation Subtotal \$1,875

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$0

Violation Final Penalty Total \$1,725

This violation Final Assessed Penalty (adjusted for limits) \$1,725

Economic Benefit Worksheet

Respondent SandRidge CO2, LLC
Case ID No. 38247
Reg. Ent. Reference No. RN104379672
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)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

The economic benefit for this violation is included in Violation No. 1.

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

\$0

TOTAL

\$0

Screening Date 25-Aug-2009 **Docket No.** 2009-1379-AIR-E **PCW**
Respondent SandRidge CO2, LLC *Policy Revision 2 (September 2002)*
Case ID No. 38247 *PCW Revision October 30, 2008*
Reg. Ent. Reference No. RN104379672
Media [Statute] Air
Enf. Coordinator Miriam Hall
Violation Number 4
Rule Cite(s) 30 Tex. Admin. Code § 122.145(2)(A) and Tex. Health & Safety Code § 382.085(b)
Violation Description Failed to submit DRs when deviations had occurred during the May 31, 2005 to November 29, 2007 time period.
Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

OR	Release	Harm			Percent
		Major	Moderate	Minor	
	Actual				0%
	Potential				

>> Programmatic Matrix

	Falsification	Major	Moderate	Minor	Percent
		x			25%

Matrix Notes The Respondent failed to meet 100% of the rule requirement.

Adjustment \$7,500

\$2,500

Violation Events

Number of Violation Events 5 **Number of violation days** 993

mark only one with an x

daily	
weekly	
monthly	
quarterly	
semiannual	
annual	
single event	x

Violation Base Penalty \$12,500

Five events are recommended for the five missed reports.

Good Faith Efforts to Comply 25.0% Reduction \$3,125

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

Notes The Respondent completed corrective actions on September 30, 2008, and the NOE was issued on July 29, 2009.

Violation Subtotal \$9,375

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

Estimated EB Amount \$0 **Violation Final Penalty Total** \$8,625

This violation Final Assessed Penalty (adjusted for limits) \$8,625

Economic Benefit Worksheet

Respondent SandRidge CO2, LLC
Case ID No. 38247
Reg. Ent. Reference No. RN104379672
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
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)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

The economic benefit for this violation is included in Violation No. 1.

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

TOTAL

Compliance History Report

Customer/Respondent/Owner-Operator:	CN603414012 SandRidge CO2, LLC	Classification: HIGH	Rating: 0.00
Regulated Entity:	RN104379672 SIERRA MADERA COMPRESSION FACILITY	Classification: HIGH	Site Rating: 0.00
ID Number(s):	AIR OPERATING PERMITS	PERMIT	2760
	AIR NEW SOURCE PERMITS	REGISTRATION	73310
	AIR NEW SOURCE PERMITS	AFS NUM	4837100200
	AIR NEW SOURCE PERMITS	ACCOUNT NUMBER	PEA001A
Location:	Hwy 385, south of Fort Stockton 18.7 miles, 1/4 mile to the east		
TCEQ Region:	REGION 07 - MIDLAND		
Date Compliance History Prepared:	August 24, 2009		
Agency Decision Requiring Compliance History:	Enforcement		
Compliance Period:	August 24, 2004 to August 24, 2009		

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

Name: Miriam Hall Phone: (512) 239-1044

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/operator of the site during the compliance period? Yes
3. If Yes, who is the current owner/operator? SandRidge CO2, LLC
4. If Yes, who was/were the prior owner(s)/operator(s) ? Petro Source Energy Company
5. When did the change(s) in owner or operator occur? March 10, 2008
6. Rating Date: 9/1/2008 Repeat Violator: NO

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 | 07/25/2006 | (488478) |
| 2 | 07/12/2007 | (567405) |
| 3 | 07/29/2009 | (760866) |

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

Date: 07/07/2009 (760866)

Self Report? NO

Classification: Moderate

Citation: 30 TAC Chapter 106, SubChapter W 106.512(2)(C)(i)
5C THSC Chapter 382 382.085(b)

Description: Failure to replace oxygen sensors at least quarterly. This is an alleged violation of 30 Texas Administrative Code (TAC) 106.512(2)(C)(i) and Texas Health Code (THC) 382.085(b).

Self Report? NO

Classification: Moderate

Citation: 30 TAC Chapter 106, SubChapter W 106.512(2)(C)(iii)
5C THSC Chapter 382 382.085(b)

Description: Failure to test engines biennially. This is an alleged violation of 30 Texas Administrative Code (TAC) 106.512(2)(C)(iii) and Texas Health Code (THC) 382.085(b).

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 122, SubChapter B 122.145(2)(A)
5C THSC Chapter 382 382.085(b)

Description: Failure to measure NOx and CO by no later than 7 days after maintenance activities.
Failure to replace oxygen sensors at least quarterly. This is an alleged violation of 30
Texas Administrative Code (TAC) 106.512(2)(C)(ii) and Texas Health Code (THC)
382.085(b).

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 122, SubChapter B 122.145(2)(A)
5C THSC Chapter 382 382.085(b)

Description: Failure to have a satisfactory Cause of Deviation and Corrective Action in the Deviation
Report. This is an alleged violation of 30 Texas Administrative Code (TAC)
122.145(2)(A) and Texas Health Code (THC) 382.085(b).

F. Environmental audits.

Notice of Intent Date: 06/20/2008 (686760)
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

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



IN THE MATTER OF AN
ENFORCEMENT ACTION
CONCERNING
SANDRIDGE CO2, LLC
RN104379672

§
§
§
§
§

BEFORE THE
TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

AGREED ORDER
DOCKET NO. 2009-1379-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 SandRidge CO2, LLC ("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 gas compression station at U.S. Highway 385, 18.7 miles south of Fort Stockton and 1/4 mile to the east, in Pecos 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 3, 2009.
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 Thirteen Thousand Eight Hundred Dollars (\$13,800) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent has paid Eleven Thousand Forty Dollars (\$11,040) of the administrative penalty and Two Thousand Seven Hundred Sixty Dollars (\$2,760) 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 has implemented the following corrective measures at the Plant:
 - a. On September 17, 2008, submitted the annual Permit Compliance Certification ("PCC"), for the period May 31, 2007 through May 30, 2008, along with the Deviation Report ("DR") for the time period November 30, 2007 through May 30, 2008 which also included unreported deviations from the May 31, 2005 to November 29, 2007 time period; and
 - b. On September 30, 2008, implemented new procedures and a tracking system to ensure that PCCs and DRs are completed timely and accurately.
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 submit the PCC, for the period May 31, 2007 through May 30, 2008, no later than 30 days after the end of the certification period, in violation of 30 TEX. ADMIN. CODE § 122.146(2) and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during a record review conducted on June 25, 2009. Specifically, the PCC was submitted 110 days after the certification period ended.
2. Failed to submit a DR no later than 30 days after the end of reporting period, in violation of 30 TEX. ADMIN. CODE § 122.145(2)(C) and TEX. HEALTH & SAFETY CODE § 382.085(b), as

documented during a record review conducted on June 25, 2009. The DR for the time period November 30, 2007 through May 30, 2008 was submitted 110 days after the reporting period ended.

3. Failed to certify compliance for the period of May 23, 2007 to May 30, 2007, a seven day gap, in violation of 30 TEX. ADMIN. CODE § 122.146(1) and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during a record review conducted on June 25, 2009.
4. Failed to submit DRs when deviations had occurred during the May 31, 2005 to November 29, 2007 time period, in violation of 30 TEX. ADMIN. CODE § 122.145(2)(A) and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during a record review conducted on June 25, 2009.

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: SandRidge CO2, LLC, Docket No. 2009-1379-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 Plant 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 Agreed Order may be executed in multiple counterparts, which together shall constitute a single original instrument. Any executed signature page to this Agreed Order may be transmitted by facsimile transmission to the other parties, which shall constitute an original signature for all purposes under this Agreed Order.

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



For the Executive Director

Date 12/8/2009

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 Oct 8, 2009

Stuart A. Wittenbach

Name (Printed or typed)
Authorized Representative of
SandRidge CO2, LLC

Title Dir. of EHS

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.

