

EXECUTIVE SUMMARY - ENFORCEMENT MATTER
DOCKET NO.: 2010-0639-AIR-E **TCEQ ID:** RN105613822 **CASE NO.:** 39549
RESPONDENT NAME: Koch Pipeline Company, L.P.

ORDER TYPE:		
<input type="checkbox"/> 1660 AGREED ORDER	<input checked="" 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: Koch Pipe Line Pipeline Nueces County, at the Nueces County Origin pipeline segments, north of Up River Road and 150 yards west of BTB Refinery Road, Corpus Christi, Nueces County</p> <p>TYPE OF OPERATION: Liquid petroleum gas pipeline</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 October 4, 2010. No comments were received.</p> <p>CONTACTS AND MAILING LIST: TCEQ Attorney/SEP Coordinator: None TCEQ Enforcement Coordinator: Ms. Heather Podlipny, Enforcement Division, Enforcement Team 4, MC 149, (512) 239-2603; Ms. Laurie Eaves, Enforcement Division, MC 219, (512) 239-4495 Respondent: Mr. Bobby Hill, Manager, Koch Pipeline Company, L.P., 1806 Interstate Highway 37, Corpus Christi, Texas 78409 Mr. Bob O'Hair, Executive Vice President, Koch Pipeline Company, L.P., 1806 Interstate Highway 37, Corpus Christi, Texas 78409 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: August 5, 2009</p> <p>Date of NOV/NOE Relating to this Case: April 6, 2010 (NOE)</p> <p>Background Facts: This was a routine investigation.</p> <p>AIR</p> <p>Failed to prevent unauthorized emissions during an event that began on July 21, 2009. Specifically, the Respondent released 128,210 pounds ("lbs") of volatile organic compounds ("VOCs") during the 33 hour and 32 minute event (Incident No. 127097) from the Site. The event occurred when a contractor's track hoe bucket hit the pipeline during a maintenance program excavation. Since the release occurred due to human error, it does not meet the demonstrations for an affirmative defense in 30 TEX. ADMIN. CODE § 101.222 [TEX. HEALTH & SAFETY CODE § 382.085(a) and (b)].</p>	<p>Total Assessed: \$15,000</p> <p>Total Deferred: \$0 <input type="checkbox"/> Expedited Settlement <input type="checkbox"/> Financial Inability to Pay</p> <p>SEP Conditional Offset: \$0</p> <p>Total Paid to General Revenue: \$15,000</p> <p>Person Compliance History Classification <input type="checkbox"/> High <input checked="" type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p>Site 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>Findings Orders Justification:</p> <p>Human health or the environment has been exposed to pollutants which exceed levels that are protective.</p>	<p>Corrective Actions Taken:</p> <p>The Executive Director recognizes that the Respondent has implemented the following corrective measures at the Site:</p> <p>a. By July 22, 2009, completed temporary repairs to the broken section of pipeline and completed an evaluation of the Respondent's excavation program;</p> <p>b. By July 25, 2009, completed permanent repairs to the broken section of pipeline;</p> <p>c. By September 19, 2009, reinforced and trained contractors and employees on health and safety expectations, which included individual instruction to seventeen Respondent inspectors by inspection supervisors; and</p> <p>d. By December 18, 2009, increased oversight of field activities, including field excavation and construction projects.</p>

Additional ID No(s): N/A



Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002)

PCW Revision October 30, 2008

TCEQ

DATE:	Assigned	12-Apr-2010	PCW	24-May-2010	Screening	22-Apr-2010	EPA Due	
--------------	-----------------	-------------	------------	-------------	------------------	-------------	----------------	--

RESPONDENT/FACILITY INFORMATION

Respondent	Koch Pipeline Company, L.P.		
Reg. Ent. Ref. No.	RN105613822		
Facility/Site Region	14-Corpus Christi	Major/Minor Source	Major

CASE INFORMATION

Enf./Case ID No.	39549	No. of Violations	1
Docket No.	2010-0639-AIR-E	Order Type	Findings
Media Program(s)	Air	Government/Non-Profit	No
Multi-Media		Enf. Coordinator	Heather Podlipny
		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	0.0% Enhancement	Subtotals 2, 3, & 7 \$0
Notes	No adjustments due to compliance history.	
Culpability	No 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	\$3,036	
Approx. Cost of Compliance	\$309,600	
	*Capped at the Total EB \$ Amount	
SUM OF SUBTOTALS 1-7	Final Subtotal	\$15,000
OTHER FACTORS AS JUSTICE MAY REQUIRE	0.0%	Adjustment \$0
Reduces or enhances the Final Subtotal by the indicated percentage.		
Notes		
	Final Penalty Amount	\$15,000
STATUTORY LIMIT ADJUSTMENT		Final Assessed Penalty \$15,000
DEFERRAL	0.0% Reduction	Adjustment \$0
Reduces the Final Assessed Penalty by the indicated percentage. (Enter number only; e.g. 20 for 20% reduction.)		
Notes	No deferral is recommended for Findings Orders.	
PAYABLE PENALTY		\$15,000

Screening Date 22-Apr-2010

Docket No. 2010-0639-AIR-E

PCW

Respondent Koch Pipeline Company, L.P.

Policy Revision 2 (September 2002)

Case ID No. 39549

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN105613822

Media [Statute] Air

Enf. Coordinator Heather Podlipny

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	0	0%
Orders	Any agreed final enforcement orders containing a denial of liability (<i>number of orders meeting criteria</i>)	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	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) 0%

>> Repeat Violator (Subtotal 3)

No

Adjustment Percentage (Subtotal 3) 0%

>> Compliance History Person Classification (Subtotal 7)

Average Performer

Adjustment Percentage (Subtotal 7) 0%

>> Compliance History Summary

Compliance History Notes

No adjustments due to compliance history.

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

Screening Date: 22-Apr-2010

Docket No.: 2010-0639-AIR-E

PCW

Respondent: Koch Pipeline Company, L.P.

Policy Revision 2 (September 2002)

Case ID No.: 39549

PCW Revision October 30, 2008

Reg. Ent. Reference No.: RN105613822

Media [Statute]: Air

Enf. Coordinator: Heather Podlony

Violation Number: 1

Rule Cite(s)

Tex. Health & Safety Code § 382.085(a) and (b)

Violation Description

Failed to prevent unauthorized emissions during an event that began on July 21, 2009, as documented during an investigation conducted on August 5, 2009. Specifically, the Respondent released 128,210 pounds ("lbs") of volatile organic compounds ("VOCs") during the 33 hour and 32 minute event (Incident No. 127097) from the Site. The event occurred when a contractor's track hoe bucket hit the pipeline during a maintenance program excavation. Since the release occurred due to human error, it does not meet the demonstrations for an affirmative defense in 30 Tex. Admin. Code § 101.222.

Base Penalty: \$10,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm		
	Major	Moderate	Minor
Actual	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Potential	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Percent: 100%

>> Programmatic Matrix

Falsification	Major	Moderate	Minor
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Percent: 0%

Matrix Notes

Human health or the environment has been exposed to pollutants which exceed levels that are protective of human health or environmental receptors as a result of the violation. Normal use of the Port of Corpus Christi Industrial Ship channel, railroad and local roads were affected since they were shut down approximately three hours and forty minutes due to this event.

Adjustment: \$0

\$10,000

Violation Events

Number of Violation Events: 2

Number of violation days: 2

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

mark only one with an x

Violation Base Penalty: \$20,000

Two daily events are recommended.

Good Faith Efforts to Comply

25.0% Reduction

\$5,000

	Before NOV	NOV to EDRP/Settlement Offer
Extraordinary	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary	<input checked="" type="checkbox"/>	<input type="checkbox"/>
N/A	<input type="checkbox"/>	(mark with x)

Notes

The Respondent returned to compliance by December 18, 2009 and the NOE is dated April 6, 2010.

Violation Subtotal: \$15,000

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount: \$3,036

Violation Final Penalty Total: \$15,000

This violation Final Assessed Penalty (adjusted for limits): \$15,000

Economic Benefit Worksheet

Respondent: Koch Pipeline Company, L.P.
Case ID No.: 39549
Reg. Ent. Reference No.: RN105613822
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
Buildings				0.00	\$0	\$0
Other (as needed)	\$208,450	21-Jul-2009	25-Jul-2009	0.01	\$8	\$152
Engineering/construction	\$99,500	21-Jul-2009	18-Dec-2009	0.41	\$136	\$2,726
Land				0.00	\$0	n/a
Record Keeping System				0.00	\$0	n/a
Training/Sampling	\$1,650	21-Jul-2009	19-Sep-2009	0.16	\$14	n/a
Remediation/Disposal				0.00	\$0	n/a
Permit Costs				0.00	\$0	n/a
Other (as needed)				0.00	\$0	n/a

Notes for DELAYED costs

Estimated costs for emergency response, value of product lost, property damage and pipeline repair costs. The Engineering/Construction estimated costs reflect increased oversight of field excavation and construction projects. Training estimated costs include individual instruction provided for seventeen Respondent inspectors. The Date Required is the date of the emissions event and the Final Dates are the dates of compliance.

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

Notes for AVOIDED costs

Approx. Cost of Compliance

\$309,600

TOTAL

\$3,036

Compliance History Report

Customer/Respondent/Owner-Operator: CN601418510 Koch Pipeline Company, L.P. Classification: AVERAGE Rating: 2.66
Regulated Entity: RN105613822 KOCH PIPE LINE PIPELINE NUECES COUNTY Classification: AVERAGE Site Rating: 3.01
BY DEFAULT

ID Number(s):

Location: NUECES COUNTY PIPELINE SEGMENT(S); ORIGIN PIPELINE SEGMENTS
North of Up River Road and 150 yards west of BTB Refinery Road in Corpus Christi, Texas

TCEQ Region: REGION 14 - CORPUS CHRISTI

Date Compliance History Prepared: April 13, 2010

Agency Decision Requiring Compliance History: Enforcement

Compliance Period: April 13, 2005 to April 13, 2010

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

Name: Heather Podlipny Phone: (512) 239 - 2603

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? No
3. If Yes, who is the current owner/operator? N/A
4. If Yes, who was/were the prior owner(s)/operator(s)? N/A
5. When did the change(s) in owner or operator occur? N/A
- 6.

Components (Multimedia) for the Site :

- A. Final Enforcement Orders, court judgements, and consent decrees of the state of Texas and the federal government.
N/A
 - B. Any criminal convictions of the state of Texas and the federal government.
N/A
 - C. Chronic excessive emissions events.
N/A
 - D. The approval dates of investigations. (CCEDS Inv. Track. No.)
1 04/08/2010 (777920)
 - E. Written notices of violations (NOV). (CCEDS Inv. Track. No.)
N/A
 - F. Environmental audits.
N/A
 - G. Type of environmental management systems (EMSs).
N/A
 - H. Voluntary on-site compliance assessment dates.
N/A
 - I. Participation in a voluntary pollution reduction program.
N/A
 - J. Early compliance.
N/A
- Sites Outside of Texas
N/A

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



IN THE MATTER OF AN
ENFORCEMENT ACTION
CONCERNING
KOCH PIPELINE COMPANY, L.P.
RN105613822

§
§
§
§
§

BEFORE THE
TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

AGREED ORDER
DOCKET NO. 2010-0639-AIR-E

At its _____ agenda, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding Koch Pipeline Company, L.P. ("the Respondent") under the authority of TEX. HEALTH & SAFETY CODE ch. 382 and TEX. WATER CODE ch. 7. The Executive Director of the TCEQ, through the Enforcement Division, and the Respondent presented this agreement to the Commission.

The Respondent understands that it has certain procedural rights at certain points in the enforcement process, including, but not limited to, the right to formal notice of violations, notice of an evidentiary hearing, the right to an evidentiary hearing, and a right to appeal. By entering into this Agreed Order, the Respondent agrees to waive all notice and procedural rights.

It is further understood and agreed that this Order represents the complete and fully-integrated settlement of the parties. 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. The duties and responsibilities imposed by this Agreed Order are binding upon the Respondent.

The Commission makes the following Findings of Fact and Conclusions of Law:

I. FINDINGS OF FACT

1. The Respondent operates a liquid petroleum gas pipeline at the Nueces County Origin pipeline segments, north of Up River Road and 150 yards west of BTB Refinery Road, in Corpus Christi, Nueces County, Texas (the "Site").

2. The Site consists of one or more sources as defined in TEX. HEALTH & SAFETY CODE § 382.003(12).
3. During an investigation conducted on August 5, 2009, TCEQ staff documented the Respondent failed to prevent unauthorized emissions during an event that began on July 21, 2009. Specifically, the Respondent released 128,210 pounds of volatile organic compounds during the 33 hour and 32 minute event (Incident No. 127097) from the Site. The event occurred when a contractor's track hoe bucket hit the pipeline during a maintenance program excavation. Since the release occurred due to human error, it does not meet the demonstrations for an affirmative defense in 30 TEX. ADMIN. CODE § 101.222.
4. The Respondent received notice of the violations on April 8, 2010.
5. The Executive Director recognizes that the Respondent has implemented the following corrective measures at the Site:
 - a. By July 22, 2009, completed temporary repairs to the broken section of pipeline and completed an evaluation of the Respondent's excavation program;
 - b. By July 25, 2009, completed permanent repairs to the broken section of pipeline;
 - c. By September 19, 2009, reinforced and trained contractors and employees on health and safety expectations, which included individual instruction to seventeen Respondent inspectors by inspection supervisors; and
 - d. By December 18, 2009, increased oversight of field activities, including field excavation and construction projects.

II. CONCLUSIONS OF LAW

1. The Respondent is subject to the jurisdiction of the TCEQ pursuant to TEX. HEALTH & SAFETY CODE ch. 382 and TEX. WATER CODE ch. 7 and the rules of the Commission.
2. As evidenced by Findings of Fact No. 1, the Respondent failed to prevent unauthorized emissions during an event that began on July 21, 2009, in violation of TEX. HEALTH & SAFETY CODE § 382.085(a) and (b).
3. Pursuant to TEX. WATER CODE § 7.051, the Commission has the authority to assess an administrative penalty against the Respondent for violations of the Texas Water Code and the Texas Health and Safety Code within the Commission's jurisdiction; for violations of rules adopted under such statutes; or for violations of orders or permits issued under such statutes.

4. An administrative penalty in the amount of Fifteen Thousand Dollars (\$15,000) is justified by the facts recited in this Agreed Order, and considered in light of the factors set forth in TEX. WATER CODE § 7.053. The Respondent has paid the Fifteen Thousand Dollar (\$15,000) administrative penalty.

III. ORDERING PROVISIONS

NOW, THEREFORE, THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ORDERS that:

1. The Respondent is assessed an administrative penalty in the amount of Fifteen Thousand Dollars (\$15,000) as set forth in Section II, Paragraph 4 above, for violations of TCEQ rules and state statutes. The payment of this administrative penalty and the Respondent's compliance with all the terms and conditions set forth in this Agreed Order completely resolve the violations set forth by this Agreed Order in this action. However, the Commission shall not be constrained in any manner from requiring corrective actions or penalties for other violations that are not raised here. Administrative penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: Koch Pipeline Company, L.P., Docket No. 2010-0639-AIR-E" to:

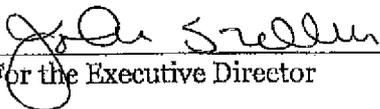
Financial Administration Division, Revenues Section
Attention: Cashier's Office, MC 214
Texas Commission on Environmental Quality
P.O. Box 13088
Austin, Texas 78711-3088
2. The provisions of this Agreed Order shall apply to and be binding upon the Respondent. The Respondent is ordered to give notice of the Agreed Order to personnel who maintain day-to-day control over the Site operations referenced in this Agreed Order.
3. The Executive Director may refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings without notice to the Respondent if the Executive Director determines that the Respondent has not complied with one or more of the terms or conditions in this Agreed Order.
4. 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.
5. 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.

6. 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.
7. The Chief Clerk shall provide a copy of this Agreed Order to each of the parties. By law, the effective date of this Agreed Order is the third day after the mailing date, as provided by 30 TEX. ADMIN. CODE § 70.10(b) and TEX. GOV'T CODE § 2001.142.

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission


For the Executive Director

9/13/2010
Date

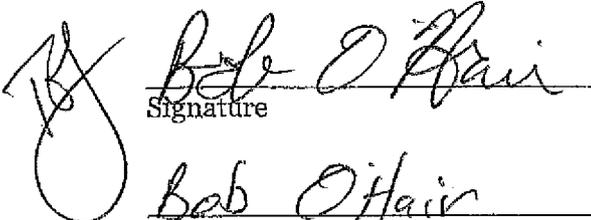
I, the undersigned, have read and understand the attached Agreed Order in the matter of Koch Pipeline Company, L.P. I am authorized to agree to the attached Agreed Order on behalf of Koch Pipeline Company, L.P., and do agree to the specified terms and conditions. I further acknowledge that the TCEQ, in accepting payment for the penalty amount, is materially relying on such representation.

I understand that by entering into this Agreed Order, Koch Pipeline Company, L.P. waives certain procedural rights, including, but not limited to, the right to formal notice of violations addressed by this Agreed Order, notice of an evidentiary hearing, the right to an evidentiary hearing, and the right to appeal. I agree to the terms of the Agreed Order in lieu of an evidentiary hearing. This Agreed Order constitutes full and final adjudication by the Commission of the violations set forth in this Agreed Order.

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

7-23-10
Date

Bob O'Hair
Name (Printed or typed)
Authorized Representative of
Koch Pipeline Company, L.P.

Exec. V.P.
Title

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

