

EXECUTIVE SUMMARY - ENFORCEMENT MATTER

DOCKET NO.: 2009-1403-AIR-E TCEQ ID: RN100825348 CASE NO.: 38274

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: Terrell Compressor Station, approximately 29.3 miles south of Sheffield on Farm-to-Market Road 3155 in Terrell County</p> <p>TYPE OF OPERATION: Carbon dioxide compressor 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 18, 2009. No comments were received.</p> <p>CONTACTS AND MAILING LIST: TCEQ Attorney/SEP Coordinator: None TCEQ Enforcement Coordinator: Ms. Suzanne Walrath, Enforcement Division, Enforcement Team 4, MC 149, (512) 239-2134; Ms. Cari-Michel La Caille, Enforcement Division, MC 219, (512) 239-1387 Respondent: Mr. Stuart A. Wittenbach, Director of Environmental Health and Safety, SandRidge CO2, LLC, 123 Robert South 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 29, 2009</p> <p>Date of NOV/NOE Relating to this Case: August 14, 2009 (NOE)</p> <p>Background Facts: This was a record review investigation.</p> <p>AIR</p> <p>1) Failure to certify compliance for the period of May 23, 2007 through May 30, 2007, a seven day gap [30 TEX. ADMIN. CODE § 122.146(1) and TEX. HEALTH & SAFETY CODE § 382.085(b)].</p> <p>2) Failure to conduct quarterly engine performance evaluations by measuring the nitrogen oxides, carbon dioxide, and oxygen content of the exhaust for Engine Nos. C-516 and C-518. Specifically, quarterly evaluations were not performed on Engine Nos. C-516 and C-518 from the fourth quarter of 2005 until September 23, 2008 [30 TEX. ADMIN. CODE § 116.115(c), Air Permit No. 73399, Special Condition 3.A., and TEX. HEALTH & SAFETY CODE § 382.085(b)].</p> <p>3) Failure to use the portable analyzer data to demonstrate compliance with the Maximum Allowable Emission Rate Table ("MAERT"). Specifically, from June 30, 2006 through September 22, 2008, the Respondent failed to use emission calculations to convert the portable analyzer data to a clear demonstration of compliance with the pounds per hour of nitrogen oxides and carbon monoxide as shown on the MAERT on a quarterly basis for each engine [30 TEX. ADMIN. CODE § 116.115(c), Air Permit No. 73399, Special Condition 3.C., and TEX. HEALTH & SAFETY § 382.085(b)].</p>	<p>Total Assessed: \$33,641</p> <p>Total Deferred: \$6,728 <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: \$26,913</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 has implemented the following corrective measures at the Plant:</p> <p>a. Began quarterly engine performance evaluations at the Plant on September 23, 2008, and permanently assigned this task to a designated engine maintenance technician to ensure future compliance with engine evaluation requirements;</p> <p>b. Began using the portable analyzer data to demonstrate compliance with the MAERT on September 23, 2008;</p> <p>c. Began maintaining written records of quarterly engine performance evaluations for Engine Nos. C-516 and C-518 on September 23, 2008; and</p> <p>d. Implemented the Electronic Task System (ESS Task Manager) on December 18, 2008, to ensure future Permit Compliance Certifications and DRs are accurately and timely submitted, assigned the task to the Environmental Manager, and hired two environmental engineers to the Plant staff.</p>

<p>4) Failure to prepare and maintain written records of quarterly engine performance evaluations for Engine Nos. C-516 and C-518. Specifically, no records of these evaluations were available for the timeframe of June 30, 2006 through September 22, 2008 [30 TEX. ADMIN. CODE § 116.115(c), Air Permit No. 73399, Special Condition 4.B., and TEX. HEALTH & SAFETY CODE § 382.085(b)].</p> <p>5) Failure to provide deviation reports (“DRs”) for the reporting periods of May 31, 2005 through November 30, 2005, December 1, 2005 through May 30, 2006, May 31, 2006 through November 30, 2006, December 1, 2006 through May 30, 2007, and May 31, 2007 through November 30, 2007 [30 TEX. ADMIN. CODE § 122.145(2)(B) and TEX. HEALTH & SAFETY CODE § 382.085(b)].</p>		
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Additional ID No(s): TC0001S



Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002)

PCW Revision October 30, 2008

TCEQ

DATES	Assigned	17-Aug-2009			
	PCW	12-Oct-2009	Screening	28-Aug-2009	EPA Due 11-May-2010

RESPONDENT/FACILITY INFORMATION	
Respondent	SandRidge CO2, LLC
Reg. Ent. Ref. No.	RN100825348
Facility/Site Region	7-Midland
Major/Minor Source	Major

CASE INFORMATION			
Enf./Case ID No.	38274	No. of Violations	5
Docket No.	2009-1403-AIR-E	Order Type	1660
Media Program(s)	Air	Government/Non-Profit	No
Multi-Media		Enf. Coordinator	Suzanne Walrath
		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* **\$35,100**

ADJUSTMENTS (+/-) TO SUBTOTAL 1

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

Compliance History 4.0% Enhancement *Subtotals 2, 3, & 7* **\$1,404**

Notes: The Respondent received one Notice of Violation for same or similar violations and the penalty was reduced due to one letter notifying of an intended audit.

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* **\$8,775**

Economic Benefit 0.0% Enhancement* *Subtotal 6* **\$0**

Total EB Amounts	\$7,261
Approx. Cost of Compliance	\$14,000

*Capped at the Total EB \$ Amount

SUM OF SUBTOTALS 1-7 *Final Subtotal* **\$27,729**

OTHER FACTORS AS JUSTICE MAY REQUIRE 21.3% *Adjustment* **\$5,912**

Reduces or enhances the Final Subtotal by the indicated percentage.

Notes: An upward adjustment is recommended for avoided engine testing costs for Violation No. 2.

Final Penalty Amount **\$33,641**

STATUTORY LIMIT ADJUSTMENT *Final Assessed Penalty* **\$33,641**

DEFERRAL 20.0% Reduction *Adjustment* **-\$6,728**

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 **\$26,913**

Screening Date 28-Aug-2009

Docket No. 2009-1403-AIR-E

PCW

Respondent SandRidge CO2, LLC

Policy Revision 2 (September 2002)

Case ID No. 38274

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN100825348

Media [Statute] Air

Enf. Coordinator Suzanne Walrath

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%
<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) 4%

>> Repeat Violator (Subtotal 3)

No

Adjustment Percentage (Subtotal 3) 0%

>> Compliance History Person Classification (Subtotal 7)

Average Performer

Adjustment Percentage (Subtotal 7) 0%

>> Compliance History Summary

Compliance History Notes

The Respondent received one Notice of Violation for same or similar violations and the penalty was reduced due to one letter notifying of an intended audit.

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

Screening Date: 28-Aug-2009

Docket No.: 2009-1403-AIR-E

PCW

Respondent: SandRidge CO2, LLC

Policy Revision 2 (September 2002)

Case ID No.: 38274

PCW Revision October 30, 2008

Reg. Ent. Reference No.: RN100825348

Media [Statute]: Air

Enf. Coordinator: Suzanne Walrath

Violation Number: 1

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

Release	Harm			Percent
	Major	Moderate	Minor	
Actual				0%
Potential				

>> Programmatic Matrix

Matrix Notes	Falsification	Harm			Percent
		Major	Moderate	Minor	
		X			25%
100% of the rule requirement was not met.					

Adjustment \$7,500

\$2,500

Violation Events

Number of Violation Events: 1 Number of violation days: 721

daily	
weekly	
monthly	
quarterly	
semiannual	
annual	
single event	X

mark only one with an x

Violation Base Penalty \$2,500

One single event is recommended for the 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 achieved compliance for this violation on December 18, 2008, and the NOE was issued on August 14, 2009.

Violation Subtotal \$1,875

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$846

Violation Final Penalty Total \$2,396

This violation Final Assessed Penalty (adjusted for limits) \$2,396

Economic Benefit Worksheet

Respondent: SandRidge CO2, LLC
Case ID No.: 38274
Reg. Ent. Reference No.: RN100825348
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
No commas or \$							

Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)	\$3,000	30-Dec-2005	18-Dec-2008	2.97	\$30	\$594	\$624
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	30-Dec-2005	18-Dec-2008	2.97	\$223	N/A	\$223

Notes for DELAYED costs

The estimated cost of the ESS Task Manager system, and for implementing Plant procedures and hiring adequate staff to ensure that PCCs and deviation reports are completed timely and accurately. The date required is the date the first missed deviation report was due to be submitted (Violation No. 5). The final date is the compliance date.

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

\$4,500

TOTAL

\$846

Screening Date: 28-Aug-2009

Docket No: 2009-1403-AIR-E

PCW

Respondent: SandRidge CO2, LLC

Policy Revision 2 (September 2002)

Case ID No: 38274

PCW Revision October 30, 2008

Reg. Ent. Reference No: RN100825348

Media [Statute]: Air

Enf. Coordinator: Suzanne Walrath

Violation Number: 2

Rule Cite(s): 30 Tex. Admin. Code § 116.115(c), Air Permit No. 73399, Special Condition 3.A., and Tex. Health & Safety Code § 382.085(b)

Violation Description

Failed to conduct quarterly engine performance evaluations by measuring the nitrogen oxides, carbon dioxide, and oxygen content of the exhaust for Engine Nos. C-516 and C-518. Specifically, quarterly evaluations were not performed on Engine Nos. C-516 and C-518 from the fourth quarter of 2005 until September 23, 2008.

Base Penalty: \$10,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm		
	Major	Moderate	Minor
Actual			
Potential			X

Percent: 10%

>> Programmatic Matrix

Falsification	Major	Moderate	Minor

Percent: 0%

Matrix Notes

Human health or the environment will or could be exposed to insignificant amounts of pollutants which would not exceed levels that are protective of human health or environmental receptors.

Adjustment: \$9,000

\$1,000

Violation Events

Number of Violation Events: 11

996 Number of violation days

mark only one with an x

daily	
weekly	
monthly	
quarterly	
semiannual	
annual	
single event	X

Violation Base Penalty: \$11,000

Eleven single events are recommended for the eleven quarters that evaluations were not performed.

Good Faith Efforts to Comply

25.0% Reduction

\$2,750

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

Notes

The Respondent achieved compliance with this violation on September 23, 2008, and the NOE was issued on August 14, 2009.

Violation Subtotal: \$8,250

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount: \$5,912

Violation Final Penalty Total: \$10,543

This violation Final Assessed Penalty (adjusted for limits): \$10,543

Economic Benefit Worksheet

Respondent SandRidge CO2, LLC
Case ID No. 38274
Reg. Ent. Reference No. RN100825348
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
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

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)	\$5,000	1-Jan-2006	23-Sep-2008	3.65	\$912	\$5,000	\$5,912

Notes for AVOIDED costs

This is the yearly avoided cost for engine testing for two engines. The date required is the day after the last day of the quarter the testing should have been performed in (4th quarter 2005). The final date is the date of compliance.

Approx. Cost of Compliance

\$5,000

TOTAL

\$5,912

Screening Date: 28-Aug-2009 **Docket No.:** 2009-1403-AIR-E **PCW**
Respondent: SandRidge CO2, LLC *Policy Revision 2 (September 2002)*
Case ID No.: 38274 *PCW Revision October 30, 2008*
Reg. Ent. Reference No.: RN100825348
Media [Statute]: Air
Enf. Coordinator: Suzanne Walrath
Violation Number: 3
Rule Cite(s): 30 Tex. Admin. Code § 116.115(c), Air Permit No. 73399, Special Condition 3.C., and Tex. Health & Safety Code § 382.085(b)

Violation Description:
 Failed to use the portable analyzer data to demonstrate compliance with the Maximum Allowable Emission Rate Table ("MAERT"). Specifically, from June 30, 2006 through September 23, 2008, the Respondent failed to use emission calculations to convert the portable analyzer data to a clear demonstration of compliance with the pounds per hour of nitrogen oxides and carbon monoxide as shown on the MAERT on a quarterly basis for each engine.

Base Penalty: \$10,000

>> Environmental, Property and Human Health Matrix

Release	Harm			Percent
	Major	Moderate	Minor	
Actual				0%
Potential				

>> Programmatic Matrix

Falsification	Harm			Percent
	Major	Moderate	Minor	
		X		10%

Matrix Notes: 50% of the rule requirement was not met.

Adjustment: \$9,000

Violation Events

Number of Violation Events: 9 816 Number of violation days

mark only one with an x	daily	
	weekly	
	monthly	
	quarterly	X
	semiannual	
	annual	
	single event	

Violation Base Penalty: \$9,000

Nine quarterly events are recommended for the period of June 30, 2006 through September 22, 2008.

Good Faith Efforts to Comply 25.0% Reduction \$2,250

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

Notes: The Respondent achieved compliance with this violation on September 23, 2008, and the NOE was issued on August 14, 2009.

Violation Subtotal: \$6,750

Economic Benefit (EB) for this violation	Statutory Limit Test
Estimated EB Amount: \$279	Violation Final Penalty Total: \$8,626
This violation Final Assessed Penalty (adjusted for limits): \$8,626	

Economic Benefit Worksheet

Respondent: SandRidge CO2, LLC
Case ID No.: 38274
Reg. Ent. Reference No.: RN100826348
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
<small>No commas or \$</small>							

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)	\$2,500	30-Jun-2006	23-Sep-2006	2.24	\$279	n/a	\$279

Notes for DELAYED costs

These are estimated costs for performing emission calculations in order to demonstrate compliance with the pounds per hour of nitrogen oxides and carbon monoxide as shown on the MAERT on a quarterly basis for each engine. The required date is the starting date of the violation, and the final date is the compliance date.

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

\$2,500

TOTAL

\$279

Screening Date: 28-Aug-2009 **Docket No:** 2009-1403-AIR-E **PCW**
Respondent: SandRidge CO2, LLC *Policy Revision 2 (September 2002)*
Case ID No.: 38274 *PCW Revision October 30, 2008*
Reg. Ent. Reference No.: RN100825348
Media [Statute]:
Enf. Coordinator: Suzanne Walrath
Violation Number: 4
Rule Cite(s): 30 Tex. Admin. Code § 116.115(c), Air Permit No. 79399, Special Condition 4.B., and Tex. Health & Safety Code § 382.085(b)
Violation Description: Failed to prepare and maintain written records of quarterly engine performance evaluations for Engine Nos. C-516 and C-518. Specifically, no records of these evaluations were available for the timeframe of June 30, 2008 through September 23, 2008.
Base Penalty: \$10,000

>> Environmental, Property and Human Health Matrix

OR	Harm			Percent
	Major	Moderate	Minor	
	Actual			
Potential				

>> Programmatic Matrix

Matrix Notes	Falsification			Percent
	Major	Moderate	Minor	
			X	
Less than 30% of the rule requirement was not met.				
Adjustment:				\$9,900

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: \$100
 One single event is recommended for the records that were unavailable.

Good Faith Efforts to Comply 25.0% Reduction \$25

	Before NOV	NOV to EDRP/Settlement Offer
Extraordinary		
Ordinary	X	
N/A		(mark with x)
Notes	The Respondent achieved compliance with this violation on September 23, 2008, and the NOE was issued on August 14, 2009.	
Violation Subtotal: \$75		

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

Estimated EB Amount: \$224 **Violation Final Penalty Total:** \$96
This violation Final Assessed Penalty (adjusted for limits): \$96

Economic Benefit Worksheet

Respondent: SandRidge CO2, LLC
Case ID No.: 38274
Reg. Ent. Reference No.: RN100825348
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	\$2,000	30-Jun-2006	23-Sep-2008	2.24	\$224	n/a	\$224
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

These are estimated costs for maintaining written records and having them available on site indicating the results of all engine testing. The required date is the starting date of the violation, and the final date is the compliance date.

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

\$2,000

TOTAL

\$224

Screening Date: 28-Aug-2009

Docket No: 2009-1403-AIR-E

PCW

Respondent: SandRidge CO2, LLC

Policy Revision 2 (September 2002)

Case ID No: 38274

PCW Revision October 30, 2008

Reg. Ent. Reference No: RN100825348

Media [Statute]: Air

Enf. Coordinator: Suzanne Walrath

Violation Number: 5

Rule Cite(s)

30 Tex. Admin. Code § 122.145(2)(B) and Tex. Health & Safety Code § 382.085(b)

Violation Description

Failed to provide deviation reports for the reporting periods of May 31, 2005 through November 30, 2005, December 1, 2005 through May 30, 2006, May 31, 2006 through November 30, 2006, December 1, 2006 through May 30, 2007, and May 31, 2007 through November 30, 2007.

Base Penalty: \$10,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm		
	Major	Moderate	Minor
Actual			
Potential			

Percent: 0%

>> Programmatic Matrix

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: 5

1267 Number of violation days

mark only one with an x

daily	
weekly	
monthly	
quarterly	
semiannual	
annual	
single event	X

Violation Base Penalty: \$12,500

Five single events are recommended for the five reports that were not submitted.

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 achieved compliance for this violation on June 19, 2009, and the NOE was issued on August 14, 2009.

Violation Subtotal: \$9,375

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount: \$0

Violation Final Penalty Total: \$11,980

This violation Final Assessed Penalty (adjusted for limits): \$11,980

Economic Benefit Worksheet

Respondent SandRidge CO2, LLC
Case ID No. 38274
Reg. Ent. Reference No. RN100825348
Media Air
Violation No. 5

Percent Interest	Years of Depreciation
5.0	15

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

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

Compliance History Report

Customer/Respondent/Owner-Operator: CN603414012 SandRidge CO2, LLC Classification: AVERAGE Rating: 2.93
Regulated Entity: RN100825348 TERRELL COMPRESSOR STATION Classification: AVERAGE Site Rating: 3.80

ID Number(s):	AIR OPERATING PERMITS	ACCOUNT NUMBER	TC0001S
	AIR OPERATING PERMITS	PERMIT	2685
	AIR NEW SOURCE PERMITS	ACCOUNT NUMBER	TC0001S
	AIR NEW SOURCE PERMITS	AFS NUM	4844300001
	AIR NEW SOURCE PERMITS	PERMIT	73399
	AIR EMISSIONS INVENTORY	ACCOUNT NUMBER	TC0001S

Location: FM 3155, APPROXIMATELY 29.3 MILES SOUTH OF SHEFFIELD, TERRELL COUNTY, TEXAS

TCEQ Region: REGION 07 - MIDLAND

Date Compliance History Prepared: December 21, 2009

Agency Decision Requiring Compliance History: Enforcement

Compliance Period: October 12, 2004 to October 12, 2009

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

Name: Suzanne Walrath Phone: 239 - 2134

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. Rating Date: 9/1/2009 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	08/15/2005	(405045)
2	07/31/2006	(489312)
3	08/09/2007	(571684)
4	08/14/2009	(760417)

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

Date: 08/14/2009 (760417)

Self Report? NO

Classification: Moderate

Citation: 30 TAC Chapter 101, SubChapter F 101.201(b)
5C THSC Chapter 382 382.085(b)

Description: Failure to prepare final reports for emission events.
 Self Report? NO Classification: Moderate
 Citation: 30 TAC Chapter 101, SubChapter F 101.211(b)
 5C THSC Chapter 382 382.085(b)

Description: Failure to prepare final reports for Maintenance Startup/Shutdown (MSS) events.
 Self Report? NO Classification: Minor
 Citation: 30 TAC Chapter 122, SubChapter B 122.143(4)

5C THSC Chapter 382 382.085(b)
 Special Terms and Condition 3(A)(iv)(3) OP

Description: Failure to demonstrate that quarterly visible emissions observations were conducted.
 Self Report? NO Classification: Moderate
 Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)
 5C THSC Chapter 382 382.085(b)
 Special Condition No. 2 PERMIT

Description: Failure to comply with special conditions of the permit.
 Self Report? NO Classification: Moderate
 Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)
 5C THSC Chapter 382 382.085(b)
 Special Condition Nos. 3.D. & 4.C. PERMIT

Description: Failure to comply with special conditions of the permit.
 Self Report? NO Classification: Moderate
 Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)
 5C THSC Chapter 382 382.085(b)
 Special Condition No. 4.A. PERMIT

Description: Failure to comply with special conditions of the permit.
 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 report all deviations.
 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 include all information on deviation report.

F. Environmental audits.

Notice of Intent Date: 06/20/2008 (686149)

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
RN100825348**

§ **BEFORE THE**
§
§ **TEXAS COMMISSION ON**
§
§ **ENVIRONMENTAL QUALITY**

AGREED ORDER DOCKET NO. 2009-1403-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 operates a carbon dioxide compressor station approximately 29.3 miles south of Sheffield on Farm-to-Market Road 3155 in Terrell 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 19, 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 Thirty-Three Thousand Six Hundred Forty-One Dollars (\$33,641) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent has paid Twenty-Six Thousand Nine Hundred Thirteen Dollars (\$26,913) of the administrative penalty and Six Thousand Seven Hundred Twenty-Eight

Dollars (\$6,728) 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. Began quarterly engine performance evaluations at the Plant on September 23, 2008, and permanently assigned this task to a designated engine maintenance technician to ensure future compliance with engine evaluation requirements;
 - b. Began using the portable analyzer data to demonstrate compliance with the Maximum Allowable Emission Rate Table ("MAERT") on September 23, 2008;
 - c. Began maintaining written records of quarterly engine performance evaluations for Engine Nos. C-516 and C-518 on September 23, 2008; and
 - d. Implemented the Electronic Task System (ESS Task Manager) on December 18, 2008, to ensure future Permit Compliance Certifications and Deviation Reports ("DRs") are accurately and timely submitted, assigned the task to the Environmental Manager, and hired two environmental engineers to the Plant staff.
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 operator of the Plant, the Respondent is alleged to have:

1. Failed to certify compliance for the period of May 23, 2007 through 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 29, 2009.
2. Failed to conduct quarterly engine performance evaluations by measuring the nitrogen oxides, carbon dioxide, and oxygen content of the exhaust for Engine Nos. C-516 and C-518, in violation of 30 TEX. ADMIN. CODE § 116.115(c), Air Permit No. 73399, Special Condition 3.A., and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during a record review conducted on June 29, 2009. Specifically, quarterly evaluations were not performed on Engine Nos. C-516 and C-518 from the fourth quarter of 2005 until September 23, 2008.
3. Failed to use the portable analyzer data to demonstrate compliance with the MAERT, in violation of 30 TEX. ADMIN. CODE § 116.115(c), Air Permit No. 73399, Special Condition 3.C., and TEX. HEALTH & SAFETY § 382.085(b), as documented during a record review conducted on June 29, 2009. Specifically, from June 30, 2006 through September 22, 2008, the Respondent failed to use emission calculations to convert the portable analyzer data to a clear demonstration of compliance with the pounds per hour of nitrogen oxides and carbon monoxide as shown on the MAERT on a quarterly basis for each engine.
4. Failed to prepare and maintain written records of quarterly engine performance evaluations for Engine Nos. C-516 and C-518, in violation of 30 TEX. ADMIN. CODE § 116.115(c), Air Permit No. 73399, Special Condition 4.B., and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during a record review conducted on June 29, 2009. Specifically, no records of these evaluations were available for the timeframe of June 30, 2006 through September 22, 2008.
5. Failed to provide DRs for the reporting periods of May 31, 2005 through November 30, 2005, December 1, 2005 through May 30, 2006, May 31, 2006 through November 30, 2006, December 1, 2006 through May 30, 2007, and May 31, 2007 through November 30, 2007, in violation of 30 TEX. ADMIN. CODE § 122.145(2)(B) and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during a record review conducted on June 29, 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. 2009-1403-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

John Szolter
For the Executive Director

1/8/2010
Date

I, the undersigned, have read and understand the attached Agreed Order. I am authorized to agree to the attached Agreed Order on behalf of the entity indicated below my signature, and I do agree to the terms and conditions specified therein. I further acknowledge that the TCEQ, in accepting payment for the penalty amount, is materially relying on such representation.

I also understand that failure to comply with the Ordering Provisions, if any, in this order and/or failure to timely pay the penalty amount, may result in:

- A negative impact on compliance history;
- Greater scrutiny of any permit applications submitted;
- Referral of this case to the Attorney General's Office for contempt, injunctive relief, additional penalties, and/or attorney fees, or to a collection agency;
- Increased penalties in any future enforcement actions;
- Automatic referral to the Attorney General's Office of any future enforcement actions; and
- TCEQ seeking other relief as authorized by law.

In addition, any falsification of any compliance documents may result in criminal prosecution.

[Signature]
Signature

Nov 10, 09
Date

Stuart A. Wittenbach
Name (Printed or typed)
Authorized Representative of
SandRidge CO2, LLC

Dir. of EHSR
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 I of this Agreed Order.

