

**EXECUTIVE SUMMARY - ENFORCEMENT MATTER**  
**DOCKET NO.:** 2010-1454-AIR-E **TCEQ ID:** RN102521150 **CASE NO.:** 40340  
**RESPONDENT NAME:** Cerrito Gas Processing, L.L.C.

<b>ORDER TYPE:</b>		
<input checked="" type="checkbox"/> 1660 AGREED ORDER	<input type="checkbox"/> FINDINGS AGREED ORDER	<input type="checkbox"/> FINDINGS ORDER FOLLOWING SOAH HEARING
<input type="checkbox"/> FINDINGS DEFAULT ORDER	<input type="checkbox"/> SHUTDOWN ORDER	<input type="checkbox"/> IMMINENT AND SUBSTANTIAL ENDANGERMENT ORDER
<input type="checkbox"/> AMENDED ORDER	<input type="checkbox"/> EMERGENCY ORDER	
<b>CASE TYPE:</b>		
<input checked="" type="checkbox"/> AIR	<input type="checkbox"/> MULTI-MEDIA (check all that apply)	<input type="checkbox"/> INDUSTRIAL AND HAZARDOUS WASTE
<input type="checkbox"/> PUBLIC WATER SUPPLY	<input type="checkbox"/> PETROLEUM STORAGE TANKS	<input type="checkbox"/> OCCUPATIONAL CERTIFICATION
<input type="checkbox"/> WATER QUALITY	<input type="checkbox"/> SEWAGE SLUDGE	<input type="checkbox"/> UNDERGROUND INJECTION CONTROL
<input type="checkbox"/> MUNICIPAL SOLID WASTE	<input type="checkbox"/> RADIOACTIVE WASTE	<input type="checkbox"/> DRY CLEANER REGISTRATION
<p><b>SITE WHERE VIOLATION(S) OCCURRED:</b> Big Reef Treater, located 3.1 miles west of Highway 83 on Booth Road, near Callaghan, Webb County</p> <p><b>TYPE OF OPERATION:</b> Natural gas processing plant</p> <p><b>SMALL BUSINESS:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><b>OTHER SIGNIFICANT MATTERS:</b> There are no complaints. There is no record of additional pending enforcement actions regarding this facility location.</p> <p><b>INTERESTED PARTIES:</b> No one other than the ED and the Respondent has expressed an interest in this matter.</p> <p><b>COMMENTS RECEIVED:</b> The <i>Texas Register</i> comment period expired on January 17, 2011. No comments were received.</p> <p><b>CONTACTS AND MAILING LIST:</b>  <b>TCEQ Attorney/SEP Coordinator:</b> None  <b>TCEQ Enforcement Coordinator:</b> Mr. Kirk Schoppe, Enforcement Division, Enforcement Team 4, MC 149, (512) 239-0489; Ms. Laurie Eaves, Enforcement Division, MC 219, (512) 239-4495  <b>Respondent:</b> Mr. John Lupear, Gas Compression/Pipeline Engineer, Cerrito Gas Processing, L.L.C., P.O. Box 180, Encinal, Texas 78019  Mr. Rodney R. Lewis, President, Cerrito Gas Processing, L.L.C., P.O. Box 180, Encinal, Texas 78019  <b>Respondent's Attorney:</b> Not represented by counsel on this enforcement matter</p>		

**VIOLATION SUMMARY CHART:**

VIOLATION INFORMATION	PENALTY CONSIDERATIONS	CORRECTIVE ACTIONS TAKEN/REQUIRED
<p><b>Type of Investigation:</b>  <input type="checkbox"/> Complaint  <input checked="" type="checkbox"/> Routine  <input type="checkbox"/> Enforcement Follow-up  <input type="checkbox"/> Records Review</p> <p><b>Date(s) of Complaints Relating to this Case:</b> None</p> <p><b>Date of Investigation Relating to this Case:</b> July 8, 2010</p> <p><b>Date of NOV/NOE Relating to this Case:</b> August 19, 2010 (NOE)</p> <p><b>Background Facts:</b> This was a routine investigation.</p> <p><b>AIR</b></p> <p>1) Failed to obtain permit authorization. Specifically, the Respondent was operating a compressor engine without having obtained the proper authorization prior to operation or construction [30 TEX. ADMIN. CODE § 116.110(a)(1) and TEX. HEALTH &amp; SAFETY CODE §§ 382.0518(a) and 382.085(b)].</p> <p>2) Failed to replace the oxygen ("O2") sensors on Generator 1 ("GEN1") and Generator 2 ("GEN2") at least quarterly between 2008 and 2010. Specifically, the last recorded O2 sensor replacement for GEN1 was September 25, 2009, and September 17, 2008 for GEN2 [30 TEX. ADMIN. CODE § 106.512(2)(C)(i) and TEX. HEALTH &amp; SAFETY CODE § 382.085(b)].</p> <p>3) Failed to notify the Commission within ten days, or as soon as practicable, prior to any scheduled maintenance, startup, or shutdown activity that is expected to cause an unauthorized emission. Specifically, the Respondent notified the Commission (Incident No. 121761) on March 24, 2009 for the March 20, 2009 planned startup activity [30 TEX. ADMIN. CODE § 101.211(a) and TEX. HEALTH &amp; SAFETY CODE § 382.085(b)].</p> <p>4) Failed to report an emissions event within 24 hours after the discovery.</p>	<p><b>Total Assessed:</b> \$12,355</p> <p><b>Total Deferred:</b> \$2,471  <input type="checkbox"/> Expedited Settlement  <input type="checkbox"/> Financial Inability to Pay</p> <p><b>SEP Conditional Offset:</b> \$0</p> <p><b>Total Paid to General Revenue:</b> \$9,884</p> <p><b>Compliance History Classifications:</b>                      Person/CN - Average                      Site/RN - Average</p> <p><b>Major Source:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><b>Applicable Penalty Policy:</b> September 2002</p>	<p><b>Corrective Actions Taken:</b></p> <p>The Executive Director recognizes that the Respondent has implemented the following corrective measures at the Plant:</p> <p>a. On September 3, 2010, submitted an amendment for Standard Permit Registration No. 82234; and</p> <p>b. By September 14, 2010, developed a new procedure to ensure that personnel change the O2 sensors the same day the contract emission tester is scheduled to perform quarterly performance tests on the units, and that the change in O2 sensors is recorded on the test document.</p> <p><b>Ordering Provisions:</b></p> <p>The Order will require the Respondent to:</p> <p>a. Respond completely and adequately, as determined by the TCEQ, to all requests for information concerning the permit amendment application within 30 days after the date of such requests, or by any other deadline specified in writing;</p> <p>b. Within 30 days after the effective date of this Agreed Order, implement improvements to training or procedures to ensure notifications for planned startup activities and emissions events are submitted timely;</p> <p>c. Within 45 days after the effective date of this Agreed Order, submit written certification and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision b.;</p> <p>d. Within 180 days after the effective date of this Agreed Order, submit written certification that either authorization to operate the compressor engine has been obtained or that construction/operation has ceased until such time that appropriate</p>

<p>Specifically, the Respondent had emissions events on March 21, 2009 (Incident No. 121774) and March 22, 2009 (Incident No. 121780) that were not reported until March 24, 2009 [30 TEX. ADMIN. CODE § 101.201(a)(1)(B) and TEX. HEALTH &amp; SAFETY CODE § 382.085(b)].</p>		<p>authorization is obtained; and</p> <p>e. The certifications shall be notarized by a State of Texas Notary Public and include certification language.</p>
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Additional ID No(s): WE0304Q



# Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002)

PCW Revision October 30, 2008

<b>DATES</b>	<b>Assigned</b>	23-Aug-2010	<b>Screening</b>	30-Aug-2010	<b>EPA Due</b>	
	<b>PCW</b>	30-Aug-2010				

<b>RESPONDENT/FACILITY INFORMATION</b>	
<b>Respondent</b>	Cerrito Gas Processing, L.L.C.
<b>Reg. Ent. Ref. No.</b>	RN102521150
<b>Facility/Site Region</b>	16-Laredo
<b>Major/Minor Source</b>	Minor

<b>CASE INFORMATION</b>		<b>No. of Violations</b>	4
<b>Enf./Case ID No.</b>	40340	<b>Order Type</b>	1660
<b>Docket No.</b>	2010-1454-AIR-E	<b>Government/Non-Profit</b>	No
<b>Media Program(s)</b>	Air	<b>Enf. Coordinator</b>	Kirk Schoppe
<b>Multi-Media</b>		<b>EC's Team</b>	Enforcement Team 4
<b>Admin. Penalty \$ Limit Minimum</b>	\$0	<b>Maximum</b>	\$10,000

## Penalty Calculation Section

<b>TOTAL BASE PENALTY (Sum of violation base penalties)</b>	<b>Subtotal 1</b>	\$7,300
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<b>ADJUSTMENTS (+/-) TO SUBTOTAL 1</b>		Subtotals 2-7 are obtained by multiplying the Total Base Penalty (Subtotal 1) by the indicated percentage.
<b>Compliance History</b>	47.0% Enhancement	<b>Subtotals 2, 3, &amp; 7</b>
		\$3,431

Notes: Enhancement for one dissimilar NOV, one order with denial, and one order without denial.

<b>Culpability</b>	No	0.0% Enhancement	<b>Subtotal 4</b>	\$0
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Notes: The Respondent does not meet the culpability criteria.

<b>Good Faith Effort to Comply Total Adjustments</b>	<b>Subtotal 5</b>	\$500
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<b>Economic Benefit</b>	0.0% Enhancement*	<b>Subtotal 6</b>	\$0
Total EB Amounts	\$2,568	*Capped at the Total EB \$ Amount	
Approx. Cost of Compliance	\$8,300		

<b>SUM OF SUBTOTALS 1-7</b>	<b>Final Subtotal</b>	\$10,231
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<b>OTHER FACTORS AS JUSTICE MAY REQUIRE</b>	20.8%	<b>Adjustment</b>	\$2,124
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Reduces or enhances the Final Subtotal by the indicated percentage.

Notes: Recommended enhancement to capture the avoided costs of compliance associated to violation no. 2.

**Final Penalty Amount** \$12,355

<b>STATUTORY LIMIT ADJUSTMENT</b>	<b>Final Assessed Penalty</b>	\$12,355
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<b>DEFERRAL</b>	20.0% Reduction	<b>Adjustment</b>	-\$2,471
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Reduces the Final Assessed Penalty by the indicated percentage. (Enter number only; e.g. 20 for 20% reduction.)

Notes: Deferral offered for expedited settlement.

<b>PAYABLE PENALTY</b>	\$9,884
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Screening Date 30-Aug-2010

Docket No. 2010-1454-AIR-E

PCW

Respondent Cerrito Gas Processing, L.L.C.

Policy Revision 2 (September 2002)

Case ID No. 40340

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN102521150

Media [Statute] Air

Enf. Coordinator Kirk Schoppe

### Compliance History Worksheet

>> Compliance History Site Enhancement (Subtotal 2)

Component	Number of...	Enter Number Here	Adjust.
NOVs	Written notices of violation ("NOVs") with same or similar violations as those in the current enforcement action ( <i>number of NOVs meeting criteria</i> )	0	0%
	Other written NOVs	1	2%
Orders	Any agreed final enforcement orders containing a denial of liability ( <i>number of orders meeting criteria</i> )	1	20%
	Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission	1	25%
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)** 47%

>> 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

Enhancement for one dissimilar NOV, one order with denial, and one order without denial.

**Total Adjustment Percentage (Subtotals 2, 3, & 7)** 47%

Screening Date 30-Aug-2010

Docket No. 2010-1454-AIR-E

PCW

Respondent Cerrito Gas Processing, L.L.C.

Policy Revision 2 (September 2002)

Case ID No. 40340

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN102521150

Media [Statute] Air

Enf. Coordinator Kirk Schoppe

Violation Number 1

Rule Cite(s) 30 Tex. Admin. Code § 116.110(a)(1) and Tex. Health & Safety Code §§ 382.0518(a) and 382.085(b)

Violation Description Failed to obtain permit authorization. Specifically, the Respondent was operating a compressor engine without having obtained the proper authorization prior to operation or construction.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

OR	Release	Harm			Percent
		Major	Moderate	Minor	
	Actual				0%
	Potential				

>> Programmatic Matrix

Matrix Notes	Falsification	Harm			Percent
		Major	Moderate	Minor	
		X			10%
100% of the rule requirement was not met.					

Adjustment \$9,000

\$1,000

Violation Events

Number of Violation Events 2 53 Number of violation days

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

Violation Base Penalty \$2,000

Two monthly events are recommended based on the investigation date of July 8, 2010 to the screening date of August 30, 2010.

Good Faith Efforts to Comply

0.0% Reduction

\$0

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

Notes The Respondent does not meet the good faith criteria for this violation.

Violation Subtotal \$2,000

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$255

Violation Final Penalty Total \$3,550

This violation Final Assessed Penalty (adjusted for limits) \$3,550

# Economic Benefit Worksheet

**Respondent** Cerrito Gas Processing, L.L.C.  
**Case ID No.** 40340  
**Reg. Ent. Reference No.** RN102521150  
**Media** Air  
**Violation No.** 1

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Overtime 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	\$5,000	8-Jul-2010	15-Jul-2011	1.02	\$255	n/a	\$255
Other (as needed)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

Estimated cost for preparation and submittal of a new permit application. Date required is the date of the investigation. Final date is the date of projected compliance.

### Avoided Costs

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

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

Notes for AVOIDED costs

Approx. Cost of Compliance

\$5,000

**TOTAL**

\$255

Screening Date 30-Aug-2010

Docket No. 2010-1454-AIR-E

PCW

Respondent Cerrito Gas Processing, L.L.C.

Policy Revision 2 (September 2002)

Case ID No. 40340

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN102521150

Media [Statute] Air

Enf. Coordinator Kirk Schoppe

Violation Number 2

Rule Cite(s) 30 Tex. Admin. Code § 106.512(2)(C)(i) and Tex. Health & Safety Code § 382.085(b)

Violation Description

Failed to replace the oxygen ("O2") sensors on Generator 1 ("GEN1") and Generator 2 ("GEN2") at least quarterly between 2008 and 2010. Specifically, the last recorded O2 sensor replacement for GEN1 was September 25, 2009, and September 17, 2008 for GEN2.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm		
	Major	Moderate	Minor
Actual			
Potential			x

Percent 5%

>> 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 as a result of the violation.

Adjustment \$9,500

\$500

Violation Events

Number of Violation Events 10

869 Number of violation days

mark only one with an x

daily	
weekly	
monthly	
quarterly	
semiannual	
annual	
single event	x

Violation Base Penalty \$5,000

Ten single events are recommended for the ten instances the O2 sensors were not replaced, seven for GEN1 and three for GEN2.

Good Faith Efforts to Comply

10.0% Reduction

\$500

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

Notes

The Respondent returned to compliance on September 14, 2010, and the NOE is dated August 19, 2010.

Violation Subtotal \$4,500

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$2,255

Violation Final Penalty Total \$8,272

This violation Final Assessed Penalty (adjusted for limits) \$8,272

# Economic Benefit Worksheet

**Respondent** Cerrito Gas Processing, L.L.C.  
**Case ID No.** 40340  
**Reg. Ent. Reference No.** RN102521150  
**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**  
**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	\$1,500	17-Dec-2008	14-Sep-2010	1.74	\$131	n/a	\$131
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

Estimated cost for additional oversight and management practices designed to ensure O2 sensors are replaced every quarter on GEN1 and GEN2. Date Required is based on the first date of noncompliance (one quarter from the last recorded date) and the Final Date is the date 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	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.00	\$0	\$0	\$0
Supplies/equipment	\$1,300	17-Dec-2008	8-Jul-2010	1.56	\$101	\$2,023	\$2,124
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

Estimated avoided cost for the replacement of O2 sensors for GEN1 and GEN2. Date required is the first date of noncompliance (one quarter from the last recorded date) and the Final Date is the date of the investigation.

Approx. Cost of Compliance

\$2,800

**TOTAL**

\$2,255

Screening Date 30-Aug-2010

Docket No. 2010-1454-AIR-E

PCW

Respondent Cerrito Gas Processing, L.L.C.

Policy Revision 2 (September 2002)

Case ID No. 40340

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN102521150

Media [Statute] Air

Enf. Coordinator Kirk Schoppe

Violation Number 3

Rule Cite(s)

30 Tex. Admin. Code § 101.211(a) and Tex. Health & Safety Code § 382.085(b)

Violation Description

Failed to notify the Commission within ten days, or as soon as practicable, prior to any scheduled maintenance, startup, or shutdown activity that is expected to cause an unauthorized emission. Specifically, the Respondent notified the Commission (Incident No. 121761) on March 24, 2009 for the March 20, 2009 planned startup activity.

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 1%

Matrix Notes

Less than 30% of the rule requirement was not met.

Adjustment \$9,900

\$100

Violation Events

Number of Violation Events 1

14 Number of violation days

daily	
weekly	
monthly	
quarterly	
semiannual	
annual	
single event	x

mark only one with an x

Violation Base Penalty \$100

One single event is recommended based on the late notification that occurred on March 24, 2009 for the scheduled maintenance, startup, or shutdown activity that occurred on March 20, 2009.

Good Faith Efforts to Comply

0.0% Reduction

\$0

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

Notes

The Respondent does not meet the good faith criteria for this violation.

Violation Subtotal \$100

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$29

Violation Final Penalty Total \$178

This violation Final Assessed Penalty (adjusted for limits) \$178

# Economic Benefit Worksheet

**Respondent** Cerrito Gas Processing, L.L.C.  
**Case ID No.** 40340  
**Reg. Ent. Reference No.** RN102521150  
**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
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	\$250	10-Mar-2009	15-Jul-2011	2.35	\$29	n/a	\$29
Training/Sampling				0.00	\$0	n/a	\$0
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)				0.00	\$0	n/a	\$0

**Notes for DELAYED costs**  
 Estimated cost for additional oversight and management practices designed to ensure proper notification procedures are followed. Date Required is based on the date the notification was due and the Final Date is the expected date of compliance.

### Avoided Costs

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

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

**Notes for AVOIDED costs**

Approx. Cost of Compliance	\$250	<b>TOTAL</b>	\$29
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Screening Date 30-Aug-2010

Docket No. 2010-1454-AIR-E

PCW

Respondent Cerrito Gas Processing, L.L.C.

Policy Revision 2 (September 2002)

Case ID No. 40340

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN102521150

Media [Statute] Air

Enf. Coordinator Kirk Schoppe

Violation Number 4

Rule Cite(s) 30 Tex. Admin. Code § 101.201(a)(1)(B) and Tex. Health & Safety Code § 382.085(b)

Violation Description

Failed to report an emissions event within twenty-four hours after the discovery. Specifically, the Respondent had emissions events on March 21, 2009 (Incident No. 121774) and March 22, 2009 (Incident No. 121780) that were not reported until March 24, 2009.

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 1%

Matrix Notes

Less than 30% of the rule requirement was not met.

Adjustment \$9,900

\$100

Violation Events

Number of Violation Events 2

2 Number of violation days

mark only one with an x

daily	
weekly	
monthly	
quarterly	
semiannual	
annual	
single event	x

Violation Base Penalty \$200

Two single events are recommended based on the two emissions events that occurred on March 21, 2010 and March 22, 2010, but were not reported until March 24, 2010.

Good Faith Efforts to Comply

0.0% Reduction

\$0

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

Notes The Respondent does not meet the good faith criteria for this violation.

Violation Subtotal \$200

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$29

Violation Final Penalty Total \$355

This violation Final Assessed Penalty (adjusted for limits) \$355

## Economic Benefit Worksheet

**Respondent** Cerrito Gas Processing, L.L.C.  
**Case ID No.** 40340  
**Reg. Ent. Reference No.** RN102521150  
**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	\$250	22-Mar-2009	15-Jul-2011	2.32	\$29	n/a	\$29
Training/Sampling				0.00	\$0	n/a	\$0
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

Estimated cost for additional oversight and management practices designed to ensure proper reporting procedures are followed. Date Required is based on the date the first notification was due and the Final Date is the expected date of compliance.

### Avoided Costs

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

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

Notes for AVOIDED costs

Approx. Cost of Compliance

	\$250
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**TOTAL**

	\$29
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# Compliance History Report

Customer/Respondent/Owner-Operator: CN602447427 Cerrito Gas Processing, L.L.C. Classification: AVERAGE Rating: 41.14  
Regulated Entity: RN102521150 BIG REEF TREATER Classification: AVERAGE Site Rating: 41.14  
ID Number(s): AIR NEW SOURCE PERMITS AFS NUM 4847900623  
AIR NEW SOURCE PERMITS ACCOUNT NUMBER WE0304Q  
AIR NEW SOURCE PERMITS REGISTRATION 82234  
AIR EMISSIONS INVENTORY ACCOUNT NUMBER WE0304Q

Location: 3.1 MILES WEST OF HIGHWAY 83 ON  
BOOTH ROAD NEAR CALLAGHAN, WEBB  
COUNTY, TEXAS

TCEQ Region: REGION 16 - LAREDO  
Date Compliance History Prepared: August 25, 2010  
Agency Decision Requiring Compliance History: Enforcement  
Compliance Period: August 25, 2005 to August 25, 2010

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

Name: Kirk Schoppe Phone: (512) 239-0489

## 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 judgments, and consent decrees of the State of Texas and the federal government.

Effective Date: 03/05/2007 ADMINORDER 2006-0947-AIR-E

Classification: Moderate

Citation: 30 TAC Chapter 106, SubChapter A 106.8(c)

5C THC Chapter 382, SubChapter D 382.085(b)

Description: Complete failure to submit the requested documentation.

Effective Date: 12/20/2007 ADMINORDER 2006-2161-AIR-E

Classification: Minor

Citation: 30 TAC Chapter 101, SubChapter F 101.201(a)(1)(B)

5C THC Chapter 382, SubChapter D 382.085(b)

Description: Cerrito failed to notify the agency within 24 hours of the discovery of emissions events. Specifically, between March 30, 2006 and June 30, 2006, 40 individual events occurred. Notification of the first event was due to the TCEQ on March 31, 2006 and subsequent emissions events notifications were due within 24 hours of discovery. Emissions event notifications were not received by the TCEQ Laredo Regional Office until December 20, 2006.

Classification: Minor

Citation: 30 TAC Chapter 106, SubChapter W 106.512(2)(C)(iii)

5C THC Chapter 382, SubChapter D 382.085(b)

Description: Cerrito failed to conduct the initial testing for nitrogen oxides ("NOx") and carbon monoxide ("CO") emissions. Specifically, Cerrito failed to conduct initial testing within 60 days of the March 19, 2001 initial engine start-up date and biennially thereafter for two 561-horsepower, Waukesha L5108-G engines (Emissions Point Numbers GEN-1 and GEN-2).

Classification: Moderate

Citation: 30 TAC Chapter 106, SubChapter W 106.512(2)(C)(iii)

5C THC Chapter 382, SubChapter D 382.085(b)

Description: Cerrito failed to conduct the initial testing for NOx and CO emissions. Specifically, Cerrito failed to conduct initial testing within 60 days of November 4, 2003 initial engine start-up date and biennially thereafter for one 1,265-horsepower, Caterpillar G3516 LE engine (Emissions Point Number ENG-4).

Classification: Minor

Citation: 30 TAC Chapter 106, SubChapter A 106.6(b)

5C THC Chapter 382, SubChapter D 382.085(b)

Description: Cerrito failed to prevent unauthorized emissions. Specifically, on March 30, 2006, April 3, 2006, April 5, 2006, April 14, 2006, April 24, 2006, May 3, 2006, May 5, 2006, May 7, 2006, May 12, 2006, May 23, 2006, May 27, 2006, June 5, 2006, June 6, 2006, June 7, 2006, June 8, 2006, June 10, 2006, June 11, 2006, June 12, 2006, June 13, 2006, June 14, 2006, June 17, 2006, June 20, 2006, June 22, 2006, June 23, 2006, and June 30, 2006, 25 emissions events occurred over a total period of 81.5 hours,

Classification: Moderate

Citation: 30 TAC Chapter 106, SubChapter A 106.6(b)  
5C THC Chapter 382, SubChapter D 382.085(b)

Description: Cerrito failed to prevent unauthorized emissions. Specifically, on April 7, 2006, April 11, 2006, April 12, 2006, May 14, 2006, May 22, 2006, and May 29, 2006, six emissions events occurred over a total period of 120 hours, 172,755 pounds ("lbs") of sulfur dioxide ("SO2") and 1,873 lbs of hydrogen sulfide ("H2S") were emitted when malfunctions occurred in the acid gas compressor causing the waste gas to be routed to the flare.

Classification: Moderate

Citation: 30 TAC Chapter 106, SubChapter A 106.6(b)  
5C THC Chapter 382, SubChapter D 382.085(b)

Description: Cerrito failed to prevent unauthorized emissions. Specifically, on April 8, 2006, April 17, 2006, May 2, 2006, May 13, 2006, May 26, 2006, May 28, 2006, June 2, 2006, June 4, 2006, and June 9, 2006, nine emissions events occurred over a total period of 127 hours, 124,088 lbs of SO2 and 1,346 lbs of H2S were emitted when malfunctions occurred in the acid gas compressor causing the waste gas to be routed to the flare. Cerrito failed to meet the demonstrations for an affirmative defense.

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	06/23/2006	(483906)
2	11/01/2006	(516693)
3	02/05/2007	(537434)
4	04/10/2008	(646112)
5	08/25/2008	(700960)
6	09/29/2008	(688556)
7	08/19/2010	(849665)

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

Date: 05/23/2006 (467385)

Self Report? NO

Classification: Moderate

Citation: 30 TAC Chapter 106, SubChapter A 106.8(c)(4)

Description: Failure to submit required data within the allowable time frame.

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  
CERRITO GAS PROCESSING,  
L.L.C.  
RN102521150**

§  
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§  
§  
§  
§

**BEFORE THE  
TEXAS COMMISSION ON  
ENVIRONMENTAL QUALITY**

**AGREED ORDER  
DOCKET NO. 2010-1454-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 Cerrito Gas Processing, L.L.C. ("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 natural gas processing plant located 3.1 miles west of Highway 83 on Booth Road near Callaghan, Webb 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 24, 2010.
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 Twelve Thousand Three Hundred Fifty-Five Dollars (\$12,355) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent has paid Nine Thousand Eight Hundred Eighty-Four Dollars (\$9,884) of the administrative penalty and Two Thousand Four Hundred Seventy-One Dollars (\$2,471) 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 3, 2010, submitted an amendment for Standard Permit Registration No. 82234; and
  - b. By September 14, 2010, developed a new procedure to ensure that personnel change the oxygen ("O<sub>2</sub>") sensors the same day the contract emission tester is scheduled to perform quarterly performance tests on the units, and that the change in O<sub>2</sub> sensors is recorded on the test document.
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 obtain permit authorization, in violation of 30 TEX. ADMIN. CODE § 116.110(a)(1) and TEX. HEALTH & SAFETY CODE §§ 382.0518(a) and 382.085(b), as documented during an investigation conducted on July 8, 2010. Specifically, the Respondent was operating a

- compressor engine without having obtained the proper authorization prior to operation or construction.
2. Failed to replace the O2 sensors on Generator 1 ("GEN1") and Generator 2 ("GEN2") at least quarterly between 2008 and 2010, in violation of 30 TEX. ADMIN. CODE § 106.512(2)(C)(i) and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on July 8, 2010. Specifically, the last recorded O2 sensor replacement for GEN1 was September 25, 2009, and September 17, 2008 for GEN2.
  3. Failed to notify the Commission within ten days, or as soon as practicable, prior to any scheduled maintenance, startup, or shutdown activity that is expected to cause an unauthorized emission, in violation of 30 TEX. ADMIN. CODE § 101.211(a) and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on July 8, 2010. Specifically, the Respondent notified the Commission (Incident No. 121761) on March 24, 2009 for the March 20, 2009 planned startup activity.
  4. Failed to report an emissions event within 24 hours after the discovery, in violation of 30 TEX. ADMIN. CODE § 101.201(a)(1)(B) and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on July 8, 2010. Specifically, the Respondent had emissions events on March 21, 2009 (Incident No. 121774) and March 22, 2009 (Incident No. 121780) that were not reported until March 24, 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: Cerrito Gas Processing, L.L.C., Docket No. 2010-1454-AIR-E" to:

Financial Administration Division, Revenues Section  
Attention: Cashier's Office, MC 214  
Texas Commission on Environmental Quality  
P.O. Box 13088  
Austin, Texas 78711-3088

2. It is further ordered that the Respondent shall undertake the following technical requirements:

- a. Respond completely and adequately, as determined by the TCEQ, to all requests for information concerning the permit amendment application within 30 days after the date of such requests, or by any other deadline specified in writing;
- b. Within 30 days after the effective date of this Agreed Order, implement improvements to training or procedures to ensure notifications for planned startup activities and emissions events are submitted timely;
- c. Within 45 days after the effective date of this Agreed Order, submit written certification in accordance with Ordering Provision No. 2.e., and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision No. 2.b.;
- d. Within 180 days after the effective date of this Agreed Order, submit written certification that either authorization to operate the compressor engine has been obtained or that construction/operation has ceased until such time that appropriate authorization is obtained; and
- e. The certifications shall be notarized by a State of Texas Notary Public and include the following certification language:

"I certify under penalty of law that I have personally examined and am familiar with the information submitted and all attached documents, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fines and imprisonment for knowing violations."

The certification shall be submitted to:

Order Compliance Team  
Enforcement Division, MC 149A  
Texas Commission on Environmental Quality  
P.O. Box 13087  
Austin, Texas 78711-3087

with a copy to:

Air Section, Manager  
Laredo Regional Office  
Texas Commission on Environmental Quality  
707 East Calton Road, Suite 304  
Laredo, Texas 78041-3887

3. The provisions of this Agreed Order shall apply to and be binding upon the Respondent. The Respondent is ordered to give notice of the Agreed Order to personnel who maintain day-to-day control over the Plant operations referenced in this Agreed Order.

4. If the Respondent fails to comply with any of the Ordering Provisions in this Agreed Order within the prescribed schedules, and that failure is caused solely by an act of God, war, strike, riot, or other catastrophe, the Respondent's failure to comply is not a violation of this Agreed Order. The Respondent shall have the burden of establishing to the Executive Director's satisfaction that such an event has occurred. The Respondent shall notify the Executive Director within seven days after the Respondent becomes aware of a delaying event and shall take all reasonable measures to mitigate and minimize any delay.
5. The Executive Director may grant an extension of any deadline in this Agreed Order or in any plan, report, or other document submitted pursuant to this Agreed Order, upon a written and substantiated showing of good cause. All requests for extensions by the Respondent shall be made in writing to the Executive Director. Extensions are not effective until the Respondent receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.
6. This Agreed Order, issued by the Commission, shall not be admissible against the Respondent in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Agreed Order; or (2) pursue violations of a statute within the Commission's jurisdiction, or of a rule adopted or an order or permit issued by the Commission under such a statute.
7. This Agreed Order may be executed in separate and multiple counterparts, which together shall constitute a single instrument. Any page of this Agreed Order may be copied, scanned, digitized, converted to electronic portable document format ("pdf"), or otherwise reproduced and may be transmitted by digital or electronic transmission, including but not limited to facsimile transmission and electronic mail. Any signature affixed to this Agreed Order shall constitute an original signature for all purposes and may be used, filed, substituted, or issued for any purpose for which an original signature could be used. The term "signature" shall include manual signatures and true and accurate reproductions of manual signatures created, executed, endorsed, adopted, or authorized by the person or persons to whom the signatures are attributable. Signatures may be copied or reproduced digitally, electronically, by photocopying, engraving, imprinting, lithographing, electronic mail, facsimile transmission, stamping, or any other means or process which the Executive Director deems acceptable. In this paragraph exclusively, the terms "electronic transmission", "owner", "person", "writing", and "written" shall have the meanings assigned to them under TEX. BUS. ORG. CODE § 1.002.
8. Under 30 TEX. ADMIN. CODE § 70.10(b), the effective date is the date of hand-delivery of the Order to the Respondent, or three days after the date on which the Commission mails notice of the Order to the Respondent, whichever is earlier. The Chief Clerk shall provide a copy of this Agreed Order to each of the parties.

## SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

\_\_\_\_\_  
For the Commission

  
\_\_\_\_\_  
For the Executive Director

\_\_\_\_\_  
Date 1/10/2011

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 *cm*

\_\_\_\_\_  
Date 11/9/10

Rodney R. Lewis  
\_\_\_\_\_  
Name (Printed or typed)  
Authorized Representative of  
Cerrito Gas Processing, L.L.C.

\_\_\_\_\_  
Title  
President

**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.