

EXECUTIVE SUMMARY - ENFORCEMENT MATTER
DOCKET NO.: 2009-1782-AIR-E **TCEQ ID:** RN100217686 **CASE NO.:** 38615
RESPONDENT NAME: Davis Gas Processing, Inc.

ORDER TYPE:		
<input checked="" type="checkbox"/> 166o 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: Big Lake Gas Plant, located six miles east of Big Lake on United States Highway 67, then one mile south on the lease road, Reagan County</p> <p>TYPE OF OPERATION: Gas plant</p> <p>SMALL BUSINESS: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>OTHER SIGNIFICANT MATTERS: There are no complaints. There is no record of additional pending enforcement actions regarding this facility location.</p> <p>INTERESTED PARTIES: No one other than the ED and the Respondent has expressed an interest in this matter.</p> <p>COMMENTS RECEIVED: The <i>Texas Register</i> comment period expired on May 10, 2010. No comments were received.</p> <p>CONTACTS AND MAILING LIST: TCEQ Attorney/SEP Coordinator: Mr. Phillip Hampsten, SEP Coordinator, Enforcement Division, MC 219, (512) 239-6732 TCEQ Enforcement Coordinator: Ms. Gena Hawkins, Enforcement Division, Enforcement Team 4, MC 149, (512) 239-2583; Ms. Laurie Eaves, Enforcement Division, MC 219, (512) 239-4495 Respondent: Mr. J. L. Davis, President, Davis Gas Processing, Inc., 211 North Colorado Street, Midland, Texas 79701 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 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: September 16, 2009 and May 6, 2010</p> <p>Date of NOV/NOE Relating to this Case: October 23, 2009 (NOE)</p> <p>Background Facts: This was a routine investigation and a records review.</p> <p>There are outstanding fees or penalties associated with this Respondent.</p> <p>AIR</p> <p>1) Failed to certify compliance with the terms and conditions of the Title V permit for at least each 12 month period no later than 30 days after the end of the reporting period. Specifically, the annual certification for the period of August 5, 2008 through August 4, 2009 was due no later than September 3, 2009, and was not submitted until September 21, 2009 [30 TEX. ADMIN. CODE §§ 122.143(4) and 122.146(2), General Operating Permit ("GOP") No. O-00380, Oil and Gas GOP No. 514, Site-wide requirements (b)(1) and (2), and TEX. HEALTH & SAFETY CODE § 382.085(b)].</p> <p>2) Failed to submit deviation reports no later than 30 days after the end of the reporting period. Specifically, the deviation report for the period of August 5, 2008 through February 4, 2009 was due no later than March 6, 2009 and was not submitted until June 25, 2009, and the deviation report for the reporting period of February 5, 2009 through August 4, 2009 was due no later than September 3, 2009 and was not submitted until September 21, 2009 [30 TEX. ADMIN. CODE §§ 122.143(4) and 122.145(2)(C), GOP No. O-00380, Oil and Gas GOP No. 514, Site-wide</p>	<p>Total Assessed: \$93,085</p> <p>Total Deferred: \$18,617 <input checked="" type="checkbox"/> Expedited Settlement <input type="checkbox"/> Financial Inability to Pay</p> <p>SEP Conditional Offset: \$37,234</p> <p>Total Paid to General Revenue: \$37,234</p> <p>Compliance History Classification: Person/CN – Average Site/RN – Average</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. Obtained a Standard Permit to authorize the modification and rerouting of the dehydration system vent to the Plant's flare system on July 1, 2009;</p> <p>b. Implemented modifications and re-routed the dehydration system vent to the Plant's flare system on August 19, 2009; and</p> <p>c. Obtained Federal Operating Permit No. O-03060 on October 5, 2009.</p> <p>Ordering Provisions:</p> <p>1) The Order will require the Respondent to implement and complete a Supplemental Environmental Project (SEP). (See SEP Attachment A)</p> <p>2) The Order will also require the Respondent to:</p> <p>a. Within 30 days after the effective date of this Agreed Order:</p> <p>i. Conduct and complete training of all Plant personnel responsible for submitting reports, specifically personnel responsible for the submittal of annual compliance certifications and deviation reports, detailing all proper procedures that should be followed;</p> <p>ii. Submit complete and accurate EI reports for the years 2002 through 2007 and 2009 and implement measures designed to ensure the complete, accurate, and timely submittal of future EI reports; and</p> <p>iii. Submit payment for all outstanding fees, including any associated penalties and interest.</p> <p>b. Within 45 days after the effective</p>

<p>requirements (b)(1) and (2), and TEX. HEALTH & SAFETY CODE § 382.085(b)].</p> <p>3) Failed to report all instances of deviations no later than 30 days after the end of the reporting period. Specifically, the deviation report for the reporting period of August 5, 2002 through February 4, 2003 failed to include the deviation of the change in use from ethylene glycol to triethylene glycol on November 1, 2002 as it was not included in a report until September 21, 2009 [30 TEX. ADMIN. CODE §§ 122.143(4) and 122.145(2)(A), GOP No. O-00380, Oil and Gas GOP No. 514, Site-wide requirements (b)(1) and (2), and TEX. HEALTH & SAFETY CODE § 382.085(b)].</p> <p>4) Failed to maintain compliance with the maximum allowable emissions rate table for volatile organic compounds ("VOC") at the dehydration unit [emission point number ("EPN") 12 EG Still Vent]. Specifically, the triethylene glycol emissions from the dehydration unit required a modification of the control process on November 1, 2002, and this change did not occur until August 19, 2009. During the time period from November 1, 2002 until August 19, 2009, the following VOC emissions were released: 8.11 pounds per hour ("lbs/hr") and 5.94 tons per year ("tpy") from November 1, 2002 until December 31, 2002, 6.10 lbs/hr and 35.42 tpy for 2003, 8.12 lbs/hr and 35.55 tpy for 2004, 8.12 lbs/hr and 35.53 tpy for 2005, 8.12 lbs/hr and 35.49 tpy for 2006, 8.13 lbs/hr and 35.61 tpy for 2007, 8.13 lbs/hr and 35.61 tpy for 2008, and 8.12 lbs/hr and 22.51 tpy for January 1, 2009 through August 19, 2009, and the allowable rate for EPN 12 EG Still Vent is 1.61 lbs/hr and 7.07 tpy [30 TEX. ADMIN. CODE §§ 113.390 and 116.115(c), Air Permit No. 48944, Special Condition No. 1, 40 CODE OF FEDERAL REGULATIONS §§ 63.764(c)(1), 63.765(b)(1), and 63.771(d)(1)(D)(iii), and TEX. HEALTH & SAFETY CODE § 382.085(b)].</p> <p>5) Failed to submit an application for a new Authorization to Operate under the GOP. Specifically, the change from ethylene glycol to triethylene glycol required an application for a new authorization to operate on November 1, 2002. The new permit was not granted until October 5, 2009 [30 TEX. ADMIN. CODE §§ 122.121 and 122.503(c), GOP No. O-00380, Oil and Gas GOP No. 514, Site-wide requirements (b)(5), and TEX. HEALTH & SAFETY CODE § 382.085(b)].</p>		<p>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 No. 2.a.</p>
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<p>6) Failed to submit a complete and accurate Emissions Inventory ("EI") report. Specifically, the EI reports for the years 2002 through 2007 and 2009, did not contain accurate information [30 TEX. ADMIN. CODE § 101.10(a) and TEX. HEALTH & SAFETY CODE § 382.085(b)].</p> <p>7) Failed to pay outstanding air emissions fees for Financial Administration Account No. 21004388 [30 TEX. ADMIN. CODE § 101.27(a), TEX. HEALTH & SAFETY CODE § 382.085(b), and TEX. WATER CODE § 5.702].</p>		
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Additional ID No(s): RC0001Q

Attachment A
Docket Number: 2009-1782-AIR-E

SUPPLEMENTAL ENVIRONMENTAL PROJECT

Respondent: Davis Gas Processing, Inc.

Payable Penalty Amount: Seventy-Four Thousand Four Hundred Sixty-Eight Dollars (\$74,468)

SEP Amount: Thirty-Seven Thousand Two Hundred Thirty-Four Dollars (\$37,234)

Type of SEP: Pre-approved

Third-Party Recipient: Texas Association of Resource Conservation and Development Areas, Inc. ("RC&D")-Abandoned Tire Clean-Up

Location of SEP: Reagan County

The Texas Commission on Environmental Quality ("TCEQ") agrees to offset a portion of the administrative penalty amount assessed in this Agreed Order for the Respondent to contribute to a Supplemental Environmental Project ("SEP"). The offset is equal to the SEP amount set forth above and is conditioned upon completion of the project in accordance with the terms of this Attachment A.

1. Project Description

A. Project

The Respondent shall contribute to the SEP offset amount to the Third-Party Recipient named above. The contribution will be to Texas Association of Resource Conservation and Development Areas, Inc. to be used for the RC&D Abandoned Tire Clean-Up Program as set forth in an agreement between the Third-Party Recipient and the TCEQ. Specifically, the contribution will be used to clean-up sites where tires have been disposed of illegally. Eligible sites will be limited to those where a responsible party cannot be found and where reasonable efforts have been made to prevent the dumping. SEP monies will be used to pay for the direct cost of collecting and disposing of tires. All dollars contributed will be used solely for the direct cost of the project and no portion will be spent on administrative costs. The SEP will be done in accordance with all federal, state and local environmental laws and regulations.

The Respondent certifies that there is no prior commitment to do this project and that it is being performed solely in an effort to settle this enforcement action.

B. Environmental Benefit

This SEP will provide a discernible environmental benefit by providing for the proper disposal of tires and by reducing health threats associated with illegally dumped tires. Illegal tire dumpsites can become breeding grounds for mosquitoes and rodents which carry disease. The potential for tire

Davis Gas Processing, Inc.
Agreed Order - Attachment A

fires is also reduced by removing illegally dumped tires. Tire fires can result in the contamination of surface water, ground water, and soil.

C. Minimum Expenditure

The Respondent shall contribute at least the SEP amount to the Third-Party Recipient and comply with all other provisions of this SEP.

2. Performance Schedule

Within 30 days after the effective date of this Agreed Order, the Respondent must contribute the SEP amount to the Third-Party Recipient. The Respondent shall mail the contribution, with a copy of the Agreed Order, to:

Texas Association of Resource Conservation and Development Areas, Inc.
1716 Briarcrest Drive, Suite 510
Bryan, Texas 77802-2700

3. Records and Reporting

Concurrent with the payment of the SEP amount, the Respondent shall provide the Enforcement Division SEP Coordinator with a copy of the check and transmittal letter indicating full payment of the SEP amount to the Third-Party Recipient. The Respondent shall mail a copy of the check and transmittal letter to:

Enforcement Division
Attention: SEP Coordinator, MC 219
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

4. Failure to Fully Perform

If the Respondent does not perform its obligations under this SEP in any way, including full payment of the SEP amount and submittal of the required reporting described in Section 3 above, the Executive Director may require immediate payment of all or part of the SEP amount.

The check for any amount due shall be made out to "Texas Commission on Environmental Quality" and mailed to:

Litigation Division
Attention: SEP Coordinator, MC 175
Texas Commission on Environmental Quality
P.O. Box 13088
Austin, Texas 78711-3088

The Respondent shall also mail a copy of the check to the Enforcement Division SEP Coordinator at the address in Section 3 above.

5. Publicity

Any public statements concerning this SEP made by or on behalf of the Respondent must include a clear statement that the project was performed as part of the settlement of an enforcement action brought by the TCEQ. Such statements include advertising, public relations, and press releases.

6. Clean Texas Program

The Respondent shall not include this SEP in any application made to TCEQ under the "Clean Texas" (or any successor) program(s). Similarly, the Respondent may not seek recognition for this contribution in any other state or federal regulatory program.

7. Other SEPs by TCEQ or Other Agencies

The SEP identified in this Agreed Order has not been, and shall not be, included as an SEP for the Respondent under any other Agreed Order negotiated with the TCEQ or any other agency of the state or federal government.



Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002)

PCW Revision October 30, 2008

DATES	Assigned	26-Oct-2009	Screening	27-Oct-2009	EPA Due	18-Jul-2010
	PCW	24-Jun-2010				

RESPONDENT/FACILITY INFORMATION	
Respondent	Davis Gas Processing, Inc.
Reg. Ent. Ref. No.	RN100217686
Facility/Site Region	8-San Angelo
Major/Minor Source	Major

CASE INFORMATION			
Enf./Case ID No.	38615	No. of Violations	7
Docket No.	2009-1782-AIR-E	Order Type	1660
Media Program(s)	Air	Government/Non-Profit	No
Multi-Media		Enf. Coordinator	Gena Hawkins
		EC's Team	Enforcement Team 4
Admin. Penalty \$ Limit Minimum	\$0	Maximum	\$10,000

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties) **Subtotal 1**

ADJUSTMENTS (+/-) TO SUBTOTAL 1

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

Compliance History Enhancement **Subtotals 2, 3, & 7**

Notes

Culpability Enhancement **Subtotal 4**

Notes

Good Faith Effort to Comply Total Adjustments **Subtotal 5**

Economic Benefit Enhancement* **Subtotal 6**

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

SUM OF SUBTOTALS 1-7 **Final Subtotal**

OTHER FACTORS AS JUSTICE MAY REQUIRE **Adjustment**

Reduces or enhances the Final Subtotal by the indicated percentage.

Notes

Final Penalty Amount

STATUTORY LIMIT ADJUSTMENT **Final Assessed Penalty**

DEFERRAL Reduction **Adjustment**

Reduces the Final Assessed Penalty by the indicated percentage. (Enter number only; e.g. 20 for 20% reduction.)

Notes

PAYABLE PENALTY

Screening Date 27-Oct-2009

Docket No. 2009-1782-AIR-E

PCW

Respondent Davis Gas Processing, Inc.

Policy Revision 2 (September 2002)

Case ID No. 38615

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN100217686

Media [Statute] Air

Enf. Coordinator Gena Hawkins

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)	4	20%
	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 judgments 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)	0	0%
	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) 20%

>> 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 has received four Notices of Violation for same or similar violations.

Total Adjustment Percentage (Subtotals 2, 3, & 7) 20%

Screening Date 27-Oct-2009

Docket No. 2009-1782-AIR-E

PCW

Respondent Davis Gas Processing, Inc.

Policy Revision 2 (September 2002)

Case ID No. 38615

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN100217686

Media [Statute] Air

Enf. Coordinator Gena Hawkins

Violation Number 1

Rule Cite(s) 30 Tex. Admin. Code §§ 122.143(4) and 122.146(2), General Operating Permit ("GOP") No. O-00380, Oil and Gas GOP No. 514, Site-wide requirements (b)(1) and (2), and Tex. Health & Safety Code § 382.085(b)

Violation Description Failed to certify compliance with the terms and conditions of the Title V permit for at least each 12 month period no later than 30 days after the end of the reporting period. Specifically, the annual certification for the period of August 5, 2008 through August 4, 2009 was due no later than September 3, 2009, and was not submitted until September 21, 2009.

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 18

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 annual compliance certification that was not submitted timely.

Good Faith Efforts to Comply

0.0% Reduction \$0

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

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

Violation Subtotal \$2,500

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$543

Violation Final Penalty Total \$3,000

This violation Final Assessed Penalty (adjusted for limits) \$3,000

Economic Benefit Worksheet

Respondent Davis Gas Processing, Inc.
Case ID No. 38615
Reg. Ent. Reference No. RN100217686
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)				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	6-Mar-2003	1-Jun-2010	7.24	\$543	n/a	\$543
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

This is an estimated cost for the additional training and oversight needed to ensure the timely and accurate submittal of annual compliance certifications and deviation reports. The date required is the date the first accurate deviation report was due to be submitted. The final date is the estimated 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

\$1,500

TOTAL

\$543

Screening Date 27-Oct-2009

Docket No. 2009-1782-AIR-E

PCW

Respondent Davis Gas Processing, Inc.

Policy Revision 2 (September 2002)

Case ID No. 38615

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN100217686

Media [Statute] Air

Enf. Coordinator Gena Hawkins

Violation Number 2

Rule Cite(s) 30 Tex. Admin. Code §§ 122.143(4) and 122.145(2)(C), GOP No. O-00380, Oil and Gas GOP No. 514, Site-wide requirements (b)(1) and (2), and Tex. Health & Safety Code § 382.085(b)

Violation Description Failed to report submit deviation reports no later than 30 days after the end of the reporting period. Specifically, the deviation report for the period of August 5, 2008 through February 4, 2009 was due no later than March 6, 2009 and was not submitted until June 25, 2009; the deviation report for the reporting period of February 5, 2009 through August 4, 2009 was due no later than September 3, 2009 and was not submitted until September 21, 2009.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

Release	Harm			Percent
	Major	Moderate	Minor	
Actual				0%
Potential				

>> Programmatic Matrix

Falsification	Major	Moderate	Minor	Percent
	x			25%

Matrix Notes

100% of the rule requirement was not met.

Adjustment \$7,500

\$2,500

Violation Events

Number of Violation Events 2 Number of violation days 129

daily	
weekly	
monthly	
quarterly	
semiannual	
annual	
single event	x

mark only one with an x

Violation Base Penalty \$5,000

Two single events are recommended for the two reports that were not submitted timely.

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 \$5,000

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$0

Violation Final Penalty Total \$6,000

This violation Final Assessed Penalty (adjusted for limits) \$6,000

Economic Benefit Worksheet

Respondent Davis Gas Processing, Inc.
Case ID No. 38615
Reg. Ent. Reference No. RN100217686
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

Please see the economic benefit for Violation 1.

Avoided Costs

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

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

Notes for AVOIDED costs

Approx. Cost of Compliance

\$0

TOTAL

\$0

Screening Date 27-Oct-2009

Docket No. 2009-1782-AIR-E

PCW

Respondent Davis Gas Processing, Inc.

Policy Revision 2 (September 2002)

Case ID No. 38615

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN100217686

Media [Statute] Air

Enf. Coordinator Gena Hawkins

Violation Number 3

Rule Cite(s) 30 Tex. Admin. Code §§ 122.143(4) and 122.145(2)(C), GOP No. O-00380, Oil and Gas GOP No. 514, Site-wide requirements (b)(1) and (2), and Tex. Health & Safety Code § 382.085(b)

Violation Description Failed to report all instances of deviations no later than 30 days after the end of the reporting period. Specifically, the deviation report for the reporting period of August 5, 2002 through February 4, 2003, failed to include the deviation of the change in use from ethylene glycol to triethylene glycol on November 1, 2002; it was not included in a report until September 21, 2009 (2,391 days late).

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	1%

Matrix Notes

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

Adjustment \$9,900

\$100

Violation Events

Number of Violation Events 1 Number of violation days 2391

daily	
weekly	
monthly	
quarterly	
semiannual	
annual	
single event	X

mark only one with an x

Violation Base Penalty \$100

One single event is recommended for the one report that was not accurate.

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 \$100

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$0

Violation Final Penalty Total \$120

This violation Final Assessed Penalty (adjusted for limits) \$120

Economic Benefit Worksheet

Respondent Davis Gas Processing, Inc.
Case ID No. 38615
Reg. Ent. Reference No. RN100217686
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)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

Please see the economic benefit for Violation No. 1.

Avoided Costs

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

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

Notes for AVOIDED costs

Approx. Cost of Compliance

\$0

TOTAL

\$0

Screening Date 27-Oct-2009

Docket No. 2009-1782-AIR-E

PCW

Respondent Davis Gas Processing, Inc.

Policy Revision 2 (September 2002)

Case ID No. 38615

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN100217686

Media [Statute] Air

Enf. Coordinator Gena Hawkins

Violation Number 4

Rule Cite(s) 30 Tex. Admin. Code §§ 113.390 and 116.115(c), Air Permit No. 48944, Special Condition No. 1, 40 Code of Federal Regulations §§ 63.764(c)(1), 63.765(b)(1), and 63.771(d)(1)(D)(iii), and Tex. Health & Safety Code § 382.085(b)

Violation Description Failed to maintain compliance with the maximum allowable emissions rate table for volatile organic compounds ("VOC") at the dehydration unit [emission point number ("EPN") 12 EG Still Vent]. Specifically, the triethylene glycol emissions from the dehydration unit required a modification of the control process on November 1, 2002, and this change did not occur until August 19, 2009. During the time period from November 1, 2002 until August 19, 2009, the following VOC emissions were released: 8.11 pounds per hour ("lbs/hr") and 5.94 tons per year ("tpy") from November 1, 2002 until December 31, 2002, 6.10 lbs/hr and 35.42 tpy for 2003, 8.12 lbs/hr and 35.55 tpy for 2004, 8.12 lbs/hr and 35.53 tpy for 2005, 8.12 lbs/hr and 35.49 tpy for 2006, 8.13 lbs/hr and 35.61 tpy for 2007, 8.13 lbs/hr and 35.61 tpy for 2008, and 8.12 lbs/hr and 22.51 tpy for January 1, 2009 through August 19, 2009, and the allowable rate for EPN 12 EG Still Vent is 1.61 lbs/hr and 7.07 tpy.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

OR	Release	Harm			Percent
		Major	Moderate	Minor	
	Actual		x		50%
	Potential				

>> Programmatic Matrix

Matrix Notes	Falsification	Harm			Percent
		Major	Moderate	Minor	
					0%

Human health or the environment has been exposed to significant amounts of pollutants which do not exceed levels that are protective of human health or environmental receptors.

Adjustment \$5,000

\$5,000

Violation Events

Number of Violation Events 14 Number of violation days 2483

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

Violation Base Penalty \$70,000

Fourteen semiannual events are recommended beginning on the date the unit was required to be modified (November 1, 2002) until the date of compliance (August 19, 2009).

Good Faith Efforts to Comply

25.0% Reduction

\$17,500

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

Notes The Respondent achieved compliance for this violation on August 19, 2009.

Violation Subtotal \$52,500

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$9,881

Violation Final Penalty Total \$66,500

This violation Final Assessed Penalty (adjusted for limits) \$66,500

Economic Benefit Worksheet

Respondent Davis Gas Processing, Inc.
Case ID No. 38615
Reg. Ent. Reference No. RN100217686
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	\$19,000	1-Nov-2002	19-Aug-2009	6.80	\$431	\$8,617	\$9,048
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	\$2,500	1-Nov-2002	1-Jul-2009	6.67	\$834	n/a	\$834
Other (as needed)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

This is an estimated cost for the modification and rerouting of the dehydration system vent to the Plant's flare system, and for obtaining a standard permit to authorize the modification. The date required is the beginning date that the modification was required. The final dates are the two compliance dates.

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

\$21,500

TOTAL

\$9,881

Screening Date 27-Oct-2009

Docket No. 2009-1782-AIR-E

PCW

Respondent Davis Gas Processing, Inc.

Policy Revision 2 (September 2002)

Case ID No. 38615

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN100217686

Media [Statute] Air

Enf. Coordinator Gena Hawkins

Violation Number 5

Rule Cite(s)

30 Tex. Admin. Code §§ 122.121 and 122.503(c), GOP No. O-00380, Oil and Gas GOP No. 514, Site-wide requirements (b)(5), and Tex. Health & Safety Code § 382.085(b)

Violation Description

Failed to submit an application for a new Authorization to Operate under the GOP. Specifically, the change from ethylene glycol to triethylene glycol required an application for a new authorization to operate on November 1, 2002. The new permit was not granted until October 5, 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 25%

Matrix Notes

100% of the rule requirement was not met.

Adjustment \$7,500

\$2,500

Violation Events

Number of Violation Events 7

2530 Number of violation days

daily	
weekly	
monthly	
quarterly	
semiannual	
annual	x
single event	

mark only one with an x

Violation Base Penalty \$17,500

Seven annual events are recommended beginning on the date the new authorization was required (November 1, 2002) until the date the Federal Operating Permit was renewed (October 5, 2009).

Good Faith Efforts to Comply

25.0% Reduction

\$4,375

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

Notes

The Respondent achieved compliance for this violation on October 5, 2009.

Violation Subtotal \$13,125

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$866

Violation Final Penalty Total \$16,625

This violation Final Assessed Penalty (adjusted for limits) \$16,625

Economic Benefit Worksheet

Respondent Davis Gas Processing, Inc.
Case ID No. 38615
Reg. Ent. Reference No. RN100217686
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
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	\$2,500	1-Nov-2002	5-Oct-2009	6.93	\$866	n/a	\$866
Other (as needed)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

These are estimated costs associated with obtaining an air permit. The date required is the date the new authorization was due to be obtained. 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

\$866

Screening Date 27-Oct-2009

Docket No. 2009-1782-AIR-E

PCW

Respondent Davis Gas Processing, Inc.

Policy Revision 2 (September 2002)

Case ID No. 38615

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN100217686

Media [Statute] Air

Enf. Coordinator Gena Hawkins

Violation Number 6

Rule Cite(s) 30 Tex. Admin. Code § 101.10(a) and Tex. Health & Safety Code § 382.085(b)

Violation Description Failed to submit a complete and accurate Emissions Inventory ("EI"). Specifically, the EI for the years 2002 through 2007 and 2009, did not contain accurate information.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

Release	Harm			Percent
	Major	Moderate	Minor	
Actual				0%
Potential				

>> Programmatic Matrix

Falsification	Major	Moderate	Minor	Percent
			x	1%

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

Adjustment \$9,900

\$100

Violation Events

Number of Violation Events 7 Number of violation days 2554

daily	
weekly	
monthly	
quarterly	
semiannual	
annual	x
single event	

mark only one with an x

Violation Base Penalty \$700

Seven annual events are recommended for the seven inaccurate reports.

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 \$700

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$208

Violation Final Penalty Total \$840

This violation Final Assessed Penalty (adjusted for limits) \$840

Economic Benefit Worksheet

Respondent Davis Gas Processing, Inc.
Case ID No. 38615
Reg. Ent. Reference No. RN100217686
Media Air
Violation No. 6

Percent Interest	Years of Depreciation
5.0	15

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

Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System				0.00	\$0	n/a	\$0
Training/Sampling				0.00	\$0	n/a	\$0
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)	\$500	1-Nov-2002	18-Feb-2011	8.30	\$208	n/a	\$208

Notes for DELAYED costs

Estimated cost to submit and complete an accurate Emissions Inventory Report. The date required is the first date of the emissions inventory reporting period and the final date is the estimated date of compliance.

Avoided Costs

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

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

Notes for AVOIDED costs

Approx. Cost of Compliance	\$500	TOTAL	\$208
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Screening Date 27-Oct-2009

Docket No. 2009-1782-AIR-E

PCW

Respondent Davis Gas Processing, Inc.

Policy Revision 2 (September 2002)

Case ID No. 38615

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN100217686

Media [Statute] Air

Enf. Coordinator Gena Hawkins

Violation Number 7

Rule Cite(s) 30 Tex. Admin. Code § 101.27(a), Tex. Health & Safety Code § 382.085(b) and Tex. Water Code § 5.702

Violation Description Failed to pay outstanding air emissions fees for Financial Administration Account No. 21004388.

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	Major	Moderate	Minor	Percent

Adjustment \$10,000

\$0

Violation Events

			Number of violation days	
mark only one with an x	daily			Violation Base Penalty \$0
	weekly			
	monthly			
	quarterly			
	semiannual			
	annual			
	single event			

No administrative penalty is recommended because penalty and interest will be assessed at the next billing.

Good Faith Efforts to Comply

	0.0%	Reduction	\$0
Extraordinary	Before NOV		
	NOV to EDPRP/Settlement Offer		
	N/A	(mark with x)	
Notes			

Violation Subtotal \$0

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$0

Violation Final Penalty Total \$0

This violation Final Assessed Penalty (adjusted for limits) \$0

Economic Benefit Worksheet

Respondent Davis Gas Processing, Inc.
Case ID No. 38615
Reg. Ent. Reference No. RN100217686
Media Air
Violation No. 7

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

N/A

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: CN601282502 Davis Gas Processing, Inc. Classification: AVERAGE Rating: 2.14
 Regulated Entity: RN100217686 BIG LAKE GAS PLANT Classification: AVERAGE Site Rating: 0.72

ID Number(s):	AIR OPERATING PERMITS	ACCOUNT NUMBER	RC0001Q
	AIR OPERATING PERMITS	PERMIT	380
	AIR OPERATING PERMITS	PERMIT	3060
	AIR OPERATING PERMITS	PERMIT	3060
	AIR NEW SOURCE PERMITS	AFS NUM	4838300003
	AIR NEW SOURCE PERMITS	ACCOUNT NUMBER	RC0009A
	AIR NEW SOURCE PERMITS	PERMIT	48944
	AIR NEW SOURCE PERMITS	PERMIT	12167
	AIR NEW SOURCE PERMITS	PERMIT	49802
	AIR NEW SOURCE PERMITS	AFS NUM	4838300019
	AIR NEW SOURCE PERMITS	REGISTRATION	89117
	AIR NEW SOURCE PERMITS	REGISTRATION	90541
	AIR EMISSIONS INVENTORY	ACCOUNT NUMBER	RC0009A
	AIR EMISSIONS INVENTORY	ACCOUNT NUMBER	RC0001Q

Location: 6 MI EAST OF BIG LAKE ON US HIGHWAY 67 THEN 1 MILE SOUTH ON THE LEASE ROAD

TCEQ Region: REGION 08 - SAN ANGELO

Date Compliance History Prepared: October 27, 2009

Agency Decision Requiring Compliance History: Enforcement

Compliance Period: October 27, 2004 to October 27, 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	06/14/2005	(379480)
2	03/01/2006	(457568)
3	04/14/2006	(462651)
4	08/11/2006	(497247)
5	02/27/2007	(542296)
6	04/05/2007	(556272)
7	05/30/2007	(562287)
8	08/07/2007	(569790)
9	08/07/2007	(571432)
10	09/06/2007	(593483)
11	09/12/2007	(594228)
12	09/17/2007	(567772)
13	09/19/2008	(703255)
14	09/19/2008	(703292)
15	12/19/2008	(721960)
16	05/19/2009	(746168)
17	06/16/2009	(749639)
18	10/12/2009	(777778)
19	10/21/2009	(777227)

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

Date: 08/03/2007 (567772)
 Self Report? NO Classification: Moderate
 Citation: 30 TAC Chapter 101, SubChapter A 101.10(e)
 5C THC Chapter 382, SubChapter A 382.014
 5C THC Chapter 382, SubChapter A 382.085(b)
 Description: Failure to submit a 2006 Emissions Inventory: Category B19(g)(3)

Date: 08/07/2007 (569790) CN601282502
 Self Report? NO Classification: Moderate
 Citation: 30 TAC Chapter 112, SubChapter B 112.32
 Description: Failure to prevent emissions of hydrogen sulfide from sources operated at the Big Lake Gas Plant from exceeding a net ground level concentration of 0.12 ppm averaged over a 30-minute period

Self Report? NO Classification: Moderate
 Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)
 Permit No 48944, Special Condition 6 PERMIT
 Description: Failure to maintain records of all H2S leaks, repairs, and replacements made to process piping, valves, pumps, and compressors in H2S service

Date: 09/19/2008 (703292) CN601282502
 Self Report? NO Classification: Minor
 Citation: 30 TAC Chapter 101, SubChapter F 101.201(a)
 Description: Failure to notify the TCEQ of a reportable emissions event within 24 hours after the discovery of the event

Date: 09/19/2008 (703255) CN601282502
 Self Report? NO Classification: Moderate
 Citation: 30 TAC Chapter 122, SubChapter B 122.145(2)(A)
 Description: Failure to report all instances of deviations, the probable cause of the deviations, and any corrective actions or preventative measures taken for each emission unit addressed in the GOP

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
DAVIS GAS PROCESSING, INC.
RN100217686**

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

**AGREED ORDER
DOCKET NO. 2009-1782-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 Davis Gas Processing, Inc. ("the Respondent") under the authority of TEX. HEALTH & SAFETY CODE ch. 382 and TEX. WATER CODE chs. 5 and 7. The Executive Director of the TCEQ, through the Enforcement Division, and the Respondent, appear before the Commission and together stipulate that:

1. The Respondent owns and operates a gas plant located six miles east of Big Lake on United States Highway 67, then one mile south on the lease road in Reagan 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 October 28, 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 Ninety-Three Thousand Eighty-Five Dollars (\$93,085) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent has paid Thirty-Seven Thousand Two

Hundred Thirty-Four Dollars (\$37,234) of the administrative penalty and Eighteen Thousand Six Hundred Seventeen Dollars (\$18,617) 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. Thirty-Seven Thousand Two Hundred Thirty-Four Dollars (\$37,234) shall be conditionally offset by the Respondent's completion of a Supplemental Environmental Project ("SEP").

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. Obtained a Standard Permit to authorize the modification and rerouting of the dehydration system vent to the Plant's flare system on July 1, 2009;
 - b. Implemented modifications and re-routed the dehydration system vent to the Plant's flare system on August 19, 2009; and
 - c. Obtained Federal Operating Permit No. O-03060 on October 5, 2009.
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 certify compliance with the terms and conditions of the Title V permit for at least each 12 month period no later than 30 days after the end of the reporting period, in violation of 30 TEX. ADMIN. CODE §§ 122.143(4) and 122.146(2), General Operating Permit ("GOP") No. O-00380, Oil and Gas GOP No. 514, Site-wide requirements (b)(1) and (2), and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an

- investigation conducted on September 16, 2009. Specifically, the annual certification for the period of August 5, 2008 through August 4, 2009 was due no later than September 3, 2009, and was not submitted until September 21, 2009.
2. Failed to submit deviation reports no later than 30 days after the end of the reporting period, in violation of 30 TEX. ADMIN. CODE §§ 122.143(4) and 122.145(2)(C), GOP No. O-00380, Oil and Gas GOP No. 514, Site-wide requirements (b)(1) and (2), and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on September 16, 2009. Specifically, the deviation report for the period of August 5, 2008 through February 4, 2009 was due no later than March 6, 2009 and was not submitted until June 25, 2009, and the deviation report for the reporting period of February 5, 2009 through August 4, 2009 was due no later than September 3, 2009 and was not submitted until September 21, 2009.
 3. Failed to report all instances of deviations no later than 30 days after the end of the reporting period, in violation of 30 TEX. ADMIN. CODE §§ 122.143(4) and 122.145(2)(A), GOP No. O-00380, Oil and Gas GOP No. 514, Site-wide requirements (b)(1) and (2), and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on September 16, 2009. Specifically, the deviation report for the reporting period of August 5, 2002 through February 4, 2003 failed to include the deviation of the change in use from ethylene glycol to triethylene glycol on November 1, 2002 as it was not included in a report until September 21, 2009.
 4. Failed to maintain compliance with the maximum allowable emissions rate table for volatile organic compounds ("VOC") at the dehydration unit [emission point number ("EPN") 12 EG Still Vent], in violation of 30 TEX. ADMIN. CODE §§ 113.390 and 116.115(c), Air Permit No. 48944, Special Condition No. 1, 40 CODE OF FEDERAL REGULATIONS §§ 63.764(c)(1), 63.765(b)(1), and 63.771(d)(1)(D)(iii), and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on September 16, 2009. Specifically, the triethylene glycol emissions from the dehydration unit required a modification of the control process on November 1, 2002, and this change did not occur until August 19, 2009. During the time period from November 1, 2002 until August 19, 2009, the following VOC emissions were released: 8.11 pounds per hour ("lbs/hr") and 5.94 tons per year ("tpy") from November 1, 2002 until December 31, 2002, 6.10 lbs/hr and 35.42 tpy for 2003, 8.12 lbs/hr and 35.55 tpy for 2004, 8.12 lbs/hr and 35.53 tpy for 2005, 8.12 lbs/hr and 35.49 tpy for 2006, 8.13 lbs/hr and 35.61 tpy for 2007, 8.13 lbs/hr and 35.61 tpy for 2008, and 8.12 lbs/hr and 22.51 tpy for January 1, 2009 through August 19, 2009, and the allowable rate for EPN 12 EG Still Vent is 1.61 lbs/hr and 7.07 tpy.
 5. Failed to submit an application for a new Authorization to Operate under the GOP, in violation of 30 TEX. ADMIN. CODE §§ 122.121 and 122.503(c), GOP No. O-00380, Oil and Gas GOP No. 514, Site-wide requirements (b)(5), and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on September 16, 2009. Specifically, the change from ethylene glycol to triethylene glycol required an application for a new authorization to operate on November 1, 2002. The new permit was not granted until October 5, 2009.
 6. Failed to submit a complete and accurate Emissions Inventory ("EI") report, in violation of 30 TEX. ADMIN. CODE § 101.10(a) and TEX. HEALTH & SAFETY CODE § 382.085(b), as

documented during a record review on May 6, 2010. Specifically, the EI reports for the years 2002 through 2007 and 2009, did not contain accurate information.

7. Failed to pay outstanding air emissions fees for Financial Administration Account No. 21004388, in violation of 30 TEX. ADMIN. CODE § 101.27(a), TEX. HEALTH & SAFETY CODE § 382.085(b), and TEX. WATER CODE § 5.702, as documented during a record review on May 6, 2010.

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: Davis Gas Processing, Inc., Docket No. 2009-1782-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 Respondent shall implement and complete a SEP in accordance with TEX. WATER CODE § 7.067. As set forth in Section I, Paragraph 6 above, Thirty-Seven Thousand Two Hundred Thirty-Four Dollars (\$37,234) of the assessed administrative penalty shall be offset with the condition that the Respondent implement the SEP defined in Attachment A, incorporated herein by reference. The Respondent's obligation to pay the conditionally offset portion of the administrative penalty assessed shall be discharged upon final completion of all provisions of the SEP agreement.
3. It is further ordered that the Respondent shall undertake the following technical requirements:
 - a. Within 30 days after the effective date of this Agreed Order:
 - i. Conduct and complete training of all Plant personnel responsible for submitting reports, specifically personnel responsible for the submittal of annual compliance certifications and deviation reports, detailing all proper procedures that should be followed;

- ii. Submit complete and accurate EI reports for the years 2002 through 2007 and 2009, in accordance with 30 TEX. ADMIN. CODE § 101.10(e), and implement measures designed to ensure the complete, accurate, and timely submittal of future EI reports; and
 - iii. Submit payment for all outstanding fees, including any associated penalties and interest and with the notation, "Re: Davis Gas Processing, Inc. - Financial Administration Account No. 21004388" to the address provided in Ordering Provision No. 1.
- b. Within 45 days after the effective date of this Agreed Order, submit written certification as described below, and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision No. 3.a. The certification 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
San Angelo Regional Office
Texas Commission on Environmental Quality
622 South Oakes, Suite K
San Angelo, Texas 76903-7035

4. 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.
5. 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.

6. 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.
7. 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.
8. 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.
9. 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 3/23/2011

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

Date 12-1-10

J.L. Davis

Name (Printed or typed)
Authorized Representative of
Davis Gas Processing, Inc.

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.

Attachment A
Docket Number: 2009-1782-AIR-E

SUPPLEMENTAL ENVIRONMENTAL PROJECT

Respondent: Davis Gas Processing, Inc.

Payable Penalty Amount: Seventy-Four Thousand Four Hundred Sixty-Eight Dollars (\$74,468)

SEP Amount: Thirty-Seven Thousand Two Hundred Thirty-Four Dollars (\$37,234)

Type of SEP: Pre-approved

Third-Party Recipient: Texas Association of Resource Conservation and Development Areas, Inc. ("RC&D")-Abandoned Tire Clean-Up

Location of SEP: Reagan County

The Texas Commission on Environmental Quality ("TCEQ") agrees to offset a portion of the administrative penalty amount assessed in this Agreed Order for the Respondent to contribute to a Supplemental Environmental Project ("SEP"). The offset is equal to the SEP amount set forth above and is conditioned upon completion of the project in accordance with the terms of this Attachment A.

1. Project Description

A. Project

The Respondent shall contribute to the SEP offset amount to the Third-Party Recipient named above. The contribution will be to Texas Association of Resource Conservation and Development Areas, Inc. to be used for the RC&D Abandoned Tire Clean-Up Program as set forth in an agreement between the Third-Party Recipient and the TCEQ. Specifically, the contribution will be used to clean-up sites where tires have been disposed of illegally. Eligible sites will be limited to those where a responsible party cannot be found and where reasonable efforts have been made to prevent the dumping. SEP monies will be used to pay for the direct cost of collecting and disposing of tires. All dollars contributed will be used solely for the direct cost of the project and no portion will be spent on administrative costs. The SEP will be done in accordance with all federal, state and local environmental laws and regulations.

The Respondent certifies that there is no prior commitment to do this project and that it is being performed solely in an effort to settle this enforcement action.

B. Environmental Benefit

This SEP will provide a discernible environmental benefit by providing for the proper disposal of tires and by reducing health threats associated with illegally dumped tires. Illegal tire dumpsites can become breeding grounds for mosquitoes and rodents which carry disease. The potential for tire

Davis Gas Processing, Inc.
Agreed Order – Attachment A

fires is also reduced by removing illegally dumped tires. Tire fires can result in the contamination of surface water, ground water, and soil.

C. Minimum Expenditure

The Respondent shall contribute at least the SEP amount to the Third-Party Recipient and comply with all other provisions of this SEP.

2. Performance Schedule

Within 30 days after the effective date of this Agreed Order, the Respondent must contribute the SEP amount to the Third-Party Recipient. The Respondent shall mail the contribution, with a copy of the Agreed Order, to:

Texas Association of Resource Conservation and Development Areas, Inc.
1716 Briarcrest Drive, Suite 510
Bryan, Texas 77802-2700

3. Records and Reporting

Concurrent with the payment of the SEP amount, the Respondent shall provide the Enforcement Division SEP Coordinator with a copy of the check and transmittal letter indicating full payment of the SEP amount to the Third-Party Recipient. The Respondent shall mail a copy of the check and transmittal letter to:

Enforcement Division
Attention: SEP Coordinator, MC 219
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

4. Failure to Fully Perform

If the Respondent does not perform its obligations under this SEP in any way, including full payment of the SEP amount and submittal of the required reporting described in Section 3 above, the Executive Director may require immediate payment of all or part of the SEP amount.

The check for any amount due shall be made out to "Texas Commission on Environmental Quality" and mailed to:

Litigation Division
Attention: SEP Coordinator, MC 175
Texas Commission on Environmental Quality
P.O. Box 13088
Austin, Texas 78711-3088

The Respondent shall also mail a copy of the check to the Enforcement Division SEP Coordinator at the address in Section 3 above.

5. Publicity

Any public statements concerning this SEP made by or on behalf of the Respondent must include a clear statement that the project was performed as part of the settlement of an enforcement action brought by the TCEQ. Such statements include advertising, public relations, and press releases.

6. Clean Texas Program

The Respondent shall not include this SEP in any application made to TCEQ under the "Clean Texas" (or any successor) program(s). Similarly, the Respondent may not seek recognition for this contribution in any other state or federal regulatory program.

7. Other SEPs by TCEQ or Other Agencies

The SEP identified in this Agreed Order has not been, and shall not be, included as an SEP for the Respondent under any other Agreed Order negotiated with the TCEQ or any other agency of the state or federal government.