

Executive Summary – Enforcement Matter – Case No. 40822
Patriot Resources, Inc.
RN106023856, RN106023419, RN106023914
Docket No. 2010-1968-AIR-E

Order Type:

1660 Agreed Order

Findings Order Justification:

N/A

Media:

AIR

Small Business:

No

Location(s) Where Violation(s) Occurred:

Chivas Regal 201 Tank Battery, RN106023856, located approximately 2.1 miles west of Farm-to-Market Road 1788 on Farm-to-Market Road 158, Gardendale, Ector County;

Grey Goose 101 Tank Battery, RN106023419, located approximately 0.5 mile north of Farm-to-Market Road 158 on Farm-to-Market Road 1788, Midland, Midland County;

Haag 1201 Tank Battery, RN106023914, located approximately 0.1 mile south of West County Road 35 on North County Road 1294, Midland, Midland County.

Type of Operation:

Oil and gas production sites

Other Significant Matters:

Additional Pending Enforcement Actions: No

Past-Due Penalties: No

Other: N/A

Interested Third-Parties: None

Texas Register Publication Date: May 13, 2011

Comments Received: No

Penalty Information

Total Penalty Assessed: \$60,000

Amount Deferred for Expedited Settlement: \$12,000

Amount Deferred for Financial Inability to Pay: \$0

Total Paid to General Revenue: \$48,000

Total Due to General Revenue: \$0

Payment Plan: N/A

SEP Conditional Offset: \$0

Name of SEP: N/A

Compliance History Classifications:

Person/CN - N/A

Site/RN - Average by Default

Major Source: Yes

Statutory Limit Adjustment: N/A

Applicable Penalty Policy: September 2002

Executive Summary – Enforcement Matter – Case No. 40822
Patriot Resources, Inc.
RN106023856, RN106023419, RN106023914
Docket No. 2010-1968-AIR-E

Investigation Information

Complaint Date(s): October 25, 2010

Complaint Information: A complaint was received alleging flaring at the plant and trouble breathing at the Haag 1201 Tank Battery location (RN106023914).

Date(s) of Investigation: September 28, 2010, September 29, 2010, and November 1, 2010

Date(s) of NOE(s): November 15, 2010 and November 19, 2010

Violation Information

1. Failed to obtain authorization to construct and operate a source of air emissions. Specifically, the Respondent failed to obtain permit authorization to operate the Chivas Regal 201 Tank Battery and the conditions for the Permit by Rule for oil and gas production facilities cannot be satisfied [30 TEX. ADMIN. CODE § 116.110(a) and TEX. HEALTH & SAFETY CODE §§ 382.0518(a) and 382.085(b)].
2. Failed to apply for a Federal Operating Permit (“FOP”). Specifically, Chivas Regal 201 Tank Battery has a potential to emit 332.96 tons per year (“tpy”) of volatile organic compounds (“VOC”) [30 TEX. ADMIN. CODE § 122.130(b) and TEX. HEALTH & SAFETY CODE §§ 382.054 and 382.085(b)].
3. Failed to obtain authorization to construct and operate a source of air emissions. Specifically, the Respondent failed to obtain permit authorization to operate the Grey Goose 101 Tank Battery and the conditions of the Permit by Rule for oil and gas production facilities cannot be satisfied [30 TEX. ADMIN. CODE § 116.110(a) and TEX. HEALTH & SAFETY CODE §§ 382.0518(a) and 382.085(b)].
4. Failed to apply for a FOP. Specifically, Grey Goose 101 Tank Battery has a potential to emit 139.23 tpy of VOC [30 TEX. ADMIN. CODE § 122.130(b) and TEX. HEALTH & SAFETY CODE §§ 382.054 and 382.085(b)].
5. Failed to obtain authorization to construct and operate a source of air emissions. Specifically, the Respondent failed to obtain permit authorization to operate the Haag 1201 Tank Battery and the conditions for the Permit by Rule for oil and gas production facilities cannot be satisfied [30 TEX. ADMIN. CODE § 116.110(a) and TEX. HEALTH & SAFETY CODE §§ 382.0518(a) and 382.085(b)].
6. Failed to apply for a FOP. Specifically, Haag 1201 Tank Battery has a potential to emit 382.30 tpy of VOC [30 TEX. ADMIN. CODE § 122.130(b) and TEX. HEALTH & SAFETY CODE §§ 382.054 and 382.085(b)].

Corrective Actions/Technical Requirements

Corrective Action(s) Completed:

The Executive Director recognizes that on February 1, 2011, ownership of the Tank Batteries was transferred to RSP Permian LLC. The Executive Director also recognizes that the Respondent has implemented the following corrective measures at the Tank Batteries:

Executive Summary – Enforcement Matter – Case No. 40822
Patriot Resources, Inc.
RN106023856, RN106023419, RN106023914
Docket No. 2010-1968-AIR-E

- a. By November 17, 2010, installed a flare stack and vapor recovery unit which lowered the potential to emit VOC to 24.66 tpy at the Grey Goose 101 Tank Battery;
- b. By November 18, 2010, installed a flare stack and vapor recovery unit which lowered the potential to emit VOC to 24.07 tpy at the Haag 1201 Tank Battery;
- c. By November 18, 2010, installed a flare stack and vapor recovery unit which lowered the potential to emit VOC to 23.85 tpy at the Chivas Regal 201 Tank Battery;
- d. On December 30, 2010, obtained Permit-By-Rule registration number 94088 to authorize emissions at the Chivas Regal 201 Tank Battery;
- e. On January 10, 2011, obtained Permit-By-Rule registration number 94237 to authorize emissions at the Gray Goose 101 Tank Battery; and
- f. On February 8, 2011, obtained Permit-By-Rule registration number 94273 to authorize emissions at the Haag 1201 Tank Battery.

Technical Requirements:

N/A

Litigation Information

Date Petition(s) Filed: N/A

Date Answer(s) Filed: N/A

SOAH Referral Date: N/A

Hearing Date(s): N/A

Settlement Date: N/A

Contact Information

TCEQ Attorney: N/A

TCEQ Enforcement Coordinator: Ms. Allison Fischer, Enforcement Division, Enforcement Team 4, MC 149, (512) 239-2574; Ms. Laurie Eaves, Enforcement Division, MC 219, (512) 239-4495

TCEQ SEP Coordinator: N/A

Respondent: Mr. Ben A. Strickling, III, President, Patriot Resources, Inc., 110 West Louisiana, Suite 500, Midland, Texas 78701

Respondent's Attorney: N/A



Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002)

PCW Revision October 30, 2008

TCEQ

DATES	Assigned	22-Nov-2010	Screening	6-Dec-2010	EPA Due	12-Aug-2011
	PCW	14-Dec-2010				

RESPONDENT/FACILITY INFORMATION	
Respondent	Patriot Resources, Inc. (Chivas Regal 201 Tank Battery)
Reg. Ent. Ref. No.	RN106023856
Facility/Site Region	7-Midland
Major/Minor Source	Major

CASE INFORMATION			
Enf./Case ID No.	40822	No. of Violations	2
Docket No.	2010-1968-AIR-E	Order Type	1660
Media Program(s)	Air	Government/Non-Profit	No
Multi-Media		Enf. Coordinator	Allison Fischer
		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	\$22,500
---	-------------------	----------

ADJUSTMENTS (+/-) TO SUBTOTAL 1

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

Compliance History	0.0% Enhancement	Subtotals 2, 3, & 7	\$0
---------------------------	------------------	--------------------------------	-----

Notes	No adjustment for compliance history.
--------------	---------------------------------------

Culpability	No	0.0% Enhancement	Subtotal 4	\$0
--------------------	----	------------------	-------------------	-----

Notes	The Respondent does not meet the culpability criteria.
--------------	--

Good Faith Effort to Comply Total Adjustments	Subtotal 5	\$2,250
--	-------------------	---------

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

Total EB Amounts	\$702	*Capped at the Total EB \$ Amount
Approx. Cost of Compliance	\$24,962	

SUM OF SUBTOTALS 1-7	Final Subtotal	\$20,250
-----------------------------	-----------------------	----------

OTHER FACTORS AS JUSTICE MAY REQUIRE	0.0%	Adjustment	\$0
---	------	-------------------	-----

Reduces or enhances the Final Subtotal by the indicated percentage.

Notes	
--------------	--

Final Penalty Amount	\$20,250
-----------------------------	----------

STATUTORY LIMIT ADJUSTMENT	Final Assessed Penalty	\$20,250
-----------------------------------	-------------------------------	----------

DEFERRAL	20.0% Reduction	Adjustment	-\$4,050
-----------------	-----------------	-------------------	----------

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

Notes	Deferral offered for expedited settlement.
--------------	--

PAYABLE PENALTY	\$16,200
------------------------	----------

Screening Date 6-Dec-2010

Docket No. 2010-1968-AIR-E

PCW

Respondent Patriot Resources, Inc. (Chivas Regal 201 Tank B:

Policy Revision 2 (September 2002)

Case ID No. 40822

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN106023856

Media [Statute] Air

Enf. Coordinator Allison Fischer

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	0	0%
Orders	Any agreed final enforcement orders containing a denial of liability (<i>number of orders meeting criteria</i>)	0	0%
	Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the 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 (<i>number of judgements or consent decrees meeting criteria</i>)	0	0%
	Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government	0	0%
Convictions	Any criminal convictions of this state or the federal government (<i>number of counts</i>)	0	0%
Emissions	Chronic excessive emissions events (<i>number of events</i>)	0	0%
Audits	Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (<i>number of audits for which notices were submitted</i>)	0	0%
	Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (<i>number of audits for which violations were disclosed</i>)	0	0%
<i>Please Enter Yes or No</i>			
Other	Environmental management systems in place for one year or more	No	0%
	Voluntary on-site compliance assessments conducted by the executive director under a special assistance program	No	0%
	Participation in a voluntary pollution reduction program	No	0%
	Early compliance with, or offer of a product that meets future state or federal government environmental requirements	No	0%

Adjustment Percentage (Subtotal 2) 0%

>> Repeat Violator (Subtotal 3)

No

Adjustment Percentage (Subtotal 3) 0%

>> Compliance History Person Classification (Subtotal 7)

N/A

Adjustment Percentage (Subtotal 7) 0%

>> Compliance History Summary

Compliance History Notes

No adjustment for compliance history.

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

Screening Date 6-Dec-2010

Docket No. 2010-1968-AIR-E

PCW

Respondent Patriot Resources, Inc. (Chivas Regal 201 Tank Battery)

Policy Revision 2 (September 2002)

Case ID No. 40822

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN106023856

Media [Statute] Air

Enf. Coordinator Allison Fischer

Violation Number 1

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

Violation Description Failed to obtain authorization to construct and operate a source of air emissions, as documented during an investigation conducted on September 28, 2010. Specifically, the Respondent failed to obtain permit authorization to operate the Chivas Regal 201 Tank Battery and the conditions for the Permit by Rule for oil and gas production facilities cannot be satisfied.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm			Percent
	Major	Moderate	Minor	
Actual				0%
Potential				

>> Programmatic Matrix

Falsification	Major	Moderate	Minor	Percent
	x			25%

Matrix Notes

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

Adjustment \$7,500

\$2,500

Violation Events

Number of Violation Events 8 216 Number of violation days

daily	
weekly	
monthly	x
quarterly	
semiannual	
annual	
single event	

mark only one with an x

Violation Base Penalty \$20,000

Eight monthly events are recommended based on the May 5, 2010 operations start date through the December 6, 2010 screen date.

Good Faith Efforts to Comply

10.0% Reduction

\$2,000

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

Notes The Respondent returned to compliance on December 30, 2010 and the NOE is dated November 15, 2010.

Violation Subtotal \$18,000

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$164

Violation Final Penalty Total \$18,000

This violation Final Assessed Penalty (adjusted for limits) \$18,000

Economic Benefit Worksheet

Respondent Patriot Resources, Inc. (Chivas Regal 201 Tank Battery)
Case ID No. 40822
Reg. Ent. Reference No. RN106023856
Media Air
Violation No. 1

Percent Interest	Years of Depreciation
5.0	15

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

Delayed Costs

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System				0.00	\$0	n/a	\$0
Training/Sampling				0.00	\$0	n/a	\$0
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs	\$5,000	5-May-2010	30-Dec-2010	0.65	\$164	n/a	\$164
Other (as needed)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

Actual cost to obtain permit authorization. Date Required is the first date of operations at the site and 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				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 \$164

Screening Date 6-Dec-2010

Docket No. 2010-1968-AIR-E

PCW

Respondent Patriot Resources, Inc. (Chivas Regal 201 Tank Battery)

Policy Revision 2 (September 2002)

Case ID No. 40822

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN106023856

Media [Statute] Air

Enf. Coordinator Allison Fischer

Violation Number 2

Rule Cite(s) 30 Tex. Admin. Code § 122.130(b) and Tex. Health & Safety Code §§ 382.054 and 382.085(b)

Violation Description Failed to apply for a Federal Operating Permit, as documented during an investigation conducted on September 28, 2010. Specifically, Chivas Regal 201 Tank Battery has a potential to emit 332.96 tons per year of volatile organic compounds.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm		
	Major	Moderate	Minor
Actual			
Potential			

Percent 0%

>> Programmatic Matrix

Falsification	Harm		
	Major	Moderate	Minor
	x		

Percent 25%

Matrix Notes

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

Adjustment \$7,500

\$2,500

Violation Events

Number of Violation Events 1

216 Number of violation days

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.

Good Faith Efforts to Comply

10.0% Reduction

\$250

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

Notes The Respondent returned to compliance on November 18, 2010 and the NOE is dated November 15, 2010.

Violation Subtotal \$2,250

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$539

Violation Final Penalty Total \$2,250

This violation Final Assessed Penalty (adjusted for limits) \$2,250

Economic Benefit Worksheet

Respondent Patriot Resources, Inc. (Chivas Regal 201 Tank Battery)
Case ID No. 40822
Req. Ent. Reference No. RN106023856
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)	\$19,962	5-May-2010	18-Nov-2010	0.54	\$539	n/a	\$539

Notes for DELAYED costs

Actual costs to install flare stacks and a vapor recovery unit to reduce the potential to emit volatile organic compounds. The Date Required is the operation start date at the site and the Final Date is the date the flare stack and vapor recovery unit were installed.

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	\$19,962	TOTAL	\$539
-----------------------------------	----------	--------------	-------

Compliance History

Customer/Respondent/Owner-Operator: CN603742719 PATRIOT RESOURCES INC Classification: Rating:
Regulated Entity: RN106023856 CHIVAS REGAL 201 TANK BATTERY Classification: AVERAGE Site Rating: 3.01
BY DEFAULT 94088
ID Number(s): AIR NEW SOURCE PERMITS REGISTRATION
AIR QUALITY NON PERMITTED ID NUMBER RO7106023856
Location: APPROXIMATELY 2.1 MILES WEST OF FARM-TO-MARKET ROAD 1788 ON
FARM-TO-MARKET ROAD 158
TCEQ Region: REGION 07 - MIDLAND
Date Compliance History Prepared: December 02, 2010
Agency Decision Requiring Compliance History: Enforcement
Compliance Period: December 02, 2005 to December 02, 2010
TCEQ Staff Member to Contact for Additional Information Regarding this Compliance History
Name: Allison Fischer Phone: (512) 239 - 2574

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: 9/1/2010 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.
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 11/15/2010 (873457)
 - E. Written notices of violations (NOV). (CCEDS Inv. Track. No.)
N/A
 - F. Environmental audits.
N/A
 - G. Type of environmental management systems (EMSs).
N/A
 - H. Voluntary on-site compliance assessment dates.
N/A
 - I. Participation in a voluntary pollution reduction program.
N/A
 - J. Early compliance.
N/A
- Sites Outside of Texas
N/A



Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002)

PCW Revision October 30, 2008

DATES	Assigned	22-Nov-2010	Screening	6-Dec-2010	EPA Due	19-Aug-2011
	PCW	14-Dec-2010				

RESPONDENT/FACILITY INFORMATION	
Respondent	Patriot Resources, Inc. (Grey Goose 101 Tank Battery)
Reg. Ent. Ref. No.	RN106023419
Facility/Site Region	7-Midland
Major/Minor Source	Major

CASE INFORMATION			
Enf./Case ID No.	40822	No. of Violations	2
Docket No.	2010-1968-AIR-E	Order Type	1660
Media Program(s)	Air	Government/Non-Profit	No
Multi-Media		Enf. Coordinator	Allison Fischer
		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	\$22,500
---	-------------------	----------

ADJUSTMENTS (+/-) TO SUBTOTAL 1	Subtotals 2-7 are obtained by multiplying the Total Base Penalty (Subtotal 1) by the indicated percentage.	
Compliance History	0.0% Enhancement	Subtotals 2, 3, & 7

Notes: No adjustment for compliance history.

Culpability	No	0.0% Enhancement	Subtotal 4	\$0
--------------------	----	------------------	-------------------	-----

Notes: The Respondent does not meet the culpability criteria.

Good Faith Effort to Comply Total Adjustments	Subtotal 5	\$2,625
--	-------------------	---------

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

Total EB Amounts: \$675
 Approx. Cost of Compliance: \$21,781
 *Capped at the Total EB \$ Amount

SUM OF SUBTOTALS 1-7	Final Subtotal	\$19,875
-----------------------------	-----------------------	----------

OTHER FACTORS AS JUSTICE MAY REQUIRE	0.0%	Adjustment	\$0
---	------	-------------------	-----

Reduces or enhances the Final Subtotal by the indicated percentage.
 Notes:

Final Penalty Amount	\$19,875
-----------------------------	----------

STATUTORY LIMIT ADJUSTMENT	Final Assessed Penalty	\$19,875
-----------------------------------	-------------------------------	----------

DEFERRAL	20.0%	Reduction	Adjustment	-\$3,975
-----------------	-------	-----------	-------------------	----------

Reduces the Final Assessed Penalty by the indicted percentage. (Enter number only; e.g. 20 for 20% reduction.)
 Notes: Deferral offered for expedited settlement.

PAYABLE PENALTY	\$15,900
------------------------	----------

Screening Date 6-Dec-2010

Docket No. 2010-1968-AIR-E

PCW

Respondent Patriot Resources, Inc. (Grey Goose 101 Tank Bat

Policy Revision 2 (September 2002)

Case ID No. 40822

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN106023419

Media [Statute] Air

Enf. Coordinator Allison Fischer

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	0	0%
Orders	Any agreed final enforcement orders containing a denial of liability (<i>number of orders meeting criteria</i>)	0	0%
	Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the 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 (<i>number of judgements or consent decrees meeting criteria</i>)	0	0%
	Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government	0	0%
Convictions	Any criminal convictions of this state or the federal government (<i>number of counts</i>)	0	0%
Emissions	Chronic excessive emissions events (<i>number of events</i>)	0	0%
Audits	Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (<i>number of audits for which notices were submitted</i>)	0	0%
	Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (<i>number of audits for which violations were disclosed</i>)	0	0%
<i>Please Enter Yes or No</i>			
Other	Environmental management systems in place for one year or more	No	0%
	Voluntary on-site compliance assessments conducted by the executive director under a special assistance program	No	0%
	Participation in a voluntary pollution reduction program	No	0%
	Early compliance with, or offer of a product that meets future state or federal government environmental requirements	No	0%

Adjustment Percentage (Subtotal 2) 0%

>> Repeat Violator (Subtotal 3)

No

Adjustment Percentage (Subtotal 3) 0%

>> Compliance History Person Classification (Subtotal 7)

N/A

Adjustment Percentage (Subtotal 7) 0%

>> Compliance History Summary

Compliance History Notes

No adjustment for compliance history.

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

Screening Date 6-Dec-2010

Docket No. 2010-1968-AIR-E

PCW

Respondent Patriot Resources, Inc. (Grey Goose 101 Tank Battery)

Policy Revision 2 (September 2002)

Case ID No. 40822

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN106023419

Media [Statute] Air

Enf. Coordinator Allison Fischer

Violation Number 1

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

Violation Description Failed to obtain authorization to construct and operate a source of air emissions, as documented during an investigation conducted on November 1, 2010. Specifically, the Respondent failed to obtain permit authorization to operate the Grey Goose 101 Tank Battery and the conditions of the Permit by Rule for oil and gas production facilities cannot be satisfied.

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			25%
The Respondent failed to meet 100% of the rule requirement.					

Adjustment \$7,500

\$2,500

Violation Events

Number of Violation Events 8 Number of violation days 234

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

Violation Base Penalty \$20,000

Eight monthly events are recommended based on the April 17, 2010 operations start date through the December 6, 2010 screen date.

Good Faith Efforts to Comply

10.0% Reduction

\$2,000

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

Notes The Respondent returned to compliance on January 10, 2011 and the NOE is dated November 19, 2010.

Violation Subtotal \$18,000

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$184

Violation Final Penalty Total \$18,000

This violation Final Assessed Penalty (adjusted for limits) \$18,000

Economic Benefit Worksheet

Respondent Patriot Resources, Inc. (Grey Goose 101 Tank Battery)
Case ID No. 40822
Reg. Ent. Reference No. RN106023419
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				0.00	\$0	n/a	\$0
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs	\$5,000	17-Apr-2010	10-Jan-2011	0.73	\$184	n/a	\$184
Other (as needed)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

Estimated cost to obtain permit authorization. Date Required is the first date of operations at the site and Final Date is the 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

\$5,000

TOTAL

\$184

Screening Date 6-Dec-2010

Docket No. 2010-1968-AIR-E

PCW

Respondent Patriot Resources, Inc. (Grey Goose 101 Tank Battery)

Policy Revision 2 (September 2002)

Case ID No. 40822

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN106023419

Media [Statute] Air

Enf. Coordinator Allison Fischer

Violation Number 2

Rule Cite(s) 30 Tex. Admin. Code § 122.130(b) and Tex. Health & Safety Code §§ 382.054 and 382.085(b)

Violation Description

Failed to apply for a Federal Operating Permit, as documented during an investigation conducted on November 1, 2010. Specifically, Grey Goose 101 Tank Battery has a potential to emit 139.23 tons per year of volatile organic compounds.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm		
	Major	Moderate	Minor
Actual			
Potential			

Percent 0%

>> Programmatic Matrix

Falsification	Harm		
	Major	Moderate	Minor
	x		

Percent 25%

Matrix Notes

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

Adjustment \$7,500

\$2,500

Violation Events

Number of Violation Events 1

234 Number of violation days

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.

Good Faith Efforts to Comply

25.0% Reduction

\$625

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

Notes The Respondent returned to compliance on November 17, 2010 and the NOE is dated November 19, 2010.

Violation Subtotal \$1,875

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$492

Violation Final Penalty Total \$1,875

This violation Final Assessed Penalty (adjusted for limits) \$1,875

Economic Benefit Worksheet

Respondent Patriot Resources, Inc. (Grey Goose 101 Tank Battery)
Case ID No. 40822
Reg. Ent. Reference No. RN106023419
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)	\$16,781	17-Apr-2010	17-Nov-2010	0.59	\$492	n/a	\$492

Notes for DELAYED costs

Actual costs to install flare stacks and a vapor recovery unit to reduce the potential to emit volatile organic compounds. The Date Required is the operation start date at the site and the Final Date is the date the flare stack and vapor recovery unit were installed.

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

\$16,781

TOTAL

\$492

Compliance History

Customer/Respondent/Owner-Operator: CN603742719 PATRIOT RESOURCES INC Classification: Rating:
Regulated Entity: RN106023419 GREY GOOSE 101 TANK BATTERY Classification: AVERAGE Site Rating: 3.01
BY DEFAULT
R07106023419

ID Number(s): AIR QUALITY NON PERMITTED ID NUMBER
Location: APPROXIMATELY 0.5 MILE NORTH OF FARM-TO-MARKET ROAD 158 ON
FARM TO MARKET ROAD 1788

TCEQ Region: REGION 07 - MIDLAND

Date Compliance History Prepared: December 02, 2010

Agency Decision Requiring Compliance History: Enforcement

Compliance Period: December 02, 2005 to December 02, 2010

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

Name: Allison Fischer Phone: (512) 239 - 2574

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: 9/1/2010 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.
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 11/19/2010 (877310)
- E. Written notices of violations (NOV). (CCEDS Inv. Track. No.)
N/A
- F. Environmental audits.
N/A
- G. Type of environmental management systems (EMSs).
N/A
- H. Voluntary on-site compliance assessment dates.
N/A
- I. Participation in a voluntary pollution reduction program.
N/A
- J. Early compliance.
N/A

Sites Outside of Texas

N/A



Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002)

PCW Revision October 30, 2008

TCEQ

DATES	Assigned	29-Nov-2010	Screening	6-Dec-2010	EPA Due	19-Aug-2011
	PCW	14-Dec-2010				

RESPONDENT/FACILITY INFORMATION

Respondent	Patriot Resources, Inc. (Haag 1201 Tank Battery)	
Reg. Ent. Ref. No.	RN106023914	
Facility/Site Region	7-Midland	Major/Minor Source Major

CASE INFORMATION

Enf./Case ID No.	40822	No. of Violations	2
Docket No.	2010-1968-AIR-E	Order Type	1660
Media Program(s)	Air	Government/Non-Profit	No
Multi-Media		Enf. Coordinator	Allison Fischer
		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** **\$22,500**

ADJUSTMENTS (+/-) TO SUBTOTAL 1

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

Compliance History 0.0% Enhancement **Subtotals 2, 3, & 7** **\$0**

Notes No adjustment for compliance history.

Culpability No 0.0% Enhancement **Subtotal 4** **\$0**

Notes The Respondent does not meet the culpability criteria.

Good Faith Effort to Comply Total Adjustments **Subtotal 5** **\$2,625**

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

Total EB Amounts	\$1,209	*Capped at the Total EB \$ Amount
Approx. Cost of Compliance	\$38,073	

SUM OF SUBTOTALS 1-7 **Final Subtotal** **\$19,875**

OTHER FACTORS AS JUSTICE MAY REQUIRE 0.0% **Adjustment** **\$0**

Reduces or enhances the Final Subtotal by the indicated percentage.

Notes

Final Penalty Amount **\$19,875**

STATUTORY LIMIT ADJUSTMENT **Final Assessed Penalty** **\$19,875**

DEFERRAL 20.0% Reduction **Adjustment** **-\$3,975**

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

Notes Deferral offered for expedited settlement.

PAYABLE PENALTY **\$15,900**

Screening Date 6-Dec-2010

Docket No. 2010-1968-AIR-E

PCW

Respondent Patriot Resources, Inc. (Haag 1201 Tank Battery)

Policy Revision 2 (September 2002)

Case ID No. 40822

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN106023914

Media [Statute] Air

Enf. Coordinator Allison Fischer

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	0	0%
Orders	Any agreed final enforcement orders containing a denial of liability (<i>number of orders meeting criteria</i>)	0	0%
	Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the 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 (<i>number of judgements or consent decrees meeting criteria</i>)	0	0%
	Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government	0	0%
Convictions	Any criminal convictions of this state or the federal government (<i>number of counts</i>)	0	0%
Emissions	Chronic excessive emissions events (<i>number of events</i>)	0	0%
Audits	Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (<i>number of audits for which notices were submitted</i>)	0	0%
	Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (<i>number of audits for which violations were disclosed</i>)	0	0%
<i>Please Enter Yes or No</i>			
Other	Environmental management systems in place for one year or more	No	0%
	Voluntary on-site compliance assessments conducted by the executive director under a special assistance program	No	0%
	Participation in a voluntary pollution reduction program	No	0%
	Early compliance with, or offer of a product that meets future state or federal government environmental requirements	No	0%

Adjustment Percentage (Subtotal 2) 0%

>> Repeat Violator (Subtotal 3)

No

Adjustment Percentage (Subtotal 3) 0%

>> Compliance History Person Classification (Subtotal 7)

N/A

Adjustment Percentage (Subtotal 7) 0%

>> Compliance History Summary

Compliance History Notes

No adjustment for compliance history.

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

Screening Date 6-Dec-2010

Docket No. 2010-1968-AIR-E

PCW

Respondent Patriot Resources, Inc. (Haag 1201 Tank Battery)

Policy Revision 2 (September 2002)

Case ID No. 40822

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN106023914

Media [Statute] Air

Enf. Coordinator Allison Fischer

Violation Number 1

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

Violation Description Failed to obtain authorization to construct and operate a source of air emissions, as documented during an investigation conducted on September 29, 2010. Specifically, the Respondent failed to obtain permit authorization to operate the Haag 1201 Tank Battery and the conditions for the Permit by Rule for oil and gas production facilities cannot be satisfied.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm			Percent
	Major	Moderate	Minor	
Actual				0%
Potential				

>> Programmatic Matrix

Falsification	Major	Moderate	Minor	Percent
	x			25%

Matrix Notes

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

Adjustment \$7,500

\$2,500

Violation Events

Number of Violation Events 8 241 Number of violation days

daily	
weekly	
monthly	x
quarterly	
semiannual	
annual	
single event	

mark only one with an x

Violation Base Penalty \$20,000

Eight monthly events are recommended based on the April 10, 2010 operations start date through the December 6, 2010 screen date.

Good Faith Efforts to Comply

10.0% Reduction

\$2,000

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

Notes The Respondent returned to transferred ownership on February 1, 2011 and the NOE is dated November 19, 2010.

Violation Subtotal \$18,000

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$203

Violation Final Penalty Total \$18,000

This violation Final Assessed Penalty (adjusted for limits) \$18,000

Economic Benefit Worksheet

Respondent Patriot Resources, Inc. (Haag 1201 Tank Battery)

Case ID No. 40822

Req. Ent. Reference No. RN106023914

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				0.00	\$0	n/a	\$0
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs	\$5,000	10-Apr-2010	1-Feb-2011	0.81	\$203	n/a	\$203
Other (as needed)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

Estimated cost to obtain permit authorization. Date Required is the first date of operations at the site and Final Date is the date ownership of the site was transferred.

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

\$203

Screening Date 6-Dec-2010

Docket No. 2010-1968-AIR-E

PCW

Respondent Patriot Resources, Inc. (Haag 1201 Tank Battery)

Policy Revision 2 (September 2002)

Case ID No. 40822

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN106023914

Media [Statute] Air

Enf. Coordinator Allison Fischer

Violation Number 2

Rule Cite(s) 30 Tex. Admin. Code § 122.130(b) and Tex. Health & Safety Code §§ 382.054 and 382.085(b)

Violation Description

Failed to apply for a Federal Operating Permit, as documented during an investigation conducted on September 29, 2010. Specifically, Haag 1201 Tank Battery has a potential to emit 382.30 tons per year of volatile organic compounds.

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

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

Adjustment \$7,500

\$2,500

Violation Events

Number of Violation Events 1

241 Number of violation days

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.

Good Faith Efforts to Comply

25.0% Reduction

\$625

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

Notes The Respondent returned to compliance on November 18, 2010 and the NOE is dated November 19, 2010.

Violation Subtotal \$1,875

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$1,006

Violation Final Penalty Total \$1,875

This violation Final Assessed Penalty (adjusted for limits) \$1,875

Economic Benefit Worksheet

Respondent Patriot Resources, Inc. (Haag 1201 Tank Battery)
Case ID No. 40822
Req. Ent. Reference No. RN106023914
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)	\$33,073	10-Apr-2010	18-Nov-2010	0.61	\$1,006	n/a	\$1,006

Notes for DELAYED costs

Actual costs to install flare stacks and a vapor recovery unit to reduce the potential to emit volatile organic compounds. The Date Required is the operation start date at the site and the Final Date is the date the flare stack and vapor recovery unit were installed.

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

\$33,073

TOTAL

\$1,006

Compliance History

Customer/Respondent/Owner-Operator: CN603742719 PATRIOT RESOURCES INC Classification: Rating:
Regulated Entity: RN106023914 HAAG 1201 TANK BATTERY Classification: AVERAGE Site Rating: 3.01
BY DEFAULT R07106023914

ID Number(s): AIR QUALITY NON PERMITTED ID NUMBER
Location: APPROXIMATELY 0.1 MILE SOUTH OF WEST COUNTY ROAD 35 ON NORTH
COUNTY ROAD 1294

TCEQ Region: REGION 07 - MIDLAND

Date Compliance History Prepared: December 02, 2010

Agency Decision Requiring Compliance History: Enforcement

Compliance Period: December 02, 2005 to December 02, 2010

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

Name: Allison Fischer Phone: (512) 239 - 2574

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: 9/1/2010 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.
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.)
N/A
 - E. Written notices of violations (NOV). (CCEDS Inv. Track. No.)
N/A
 - F. Environmental audits.
N/A
 - G. Type of environmental management systems (EMSs).
N/A
 - H. Voluntary on-site compliance assessment dates.
N/A
 - I. Participation in a voluntary pollution reduction program.
N/A
 - J. Early compliance.
N/A
- Sites Outside of Texas
N/A

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



**IN THE MATTER OF AN
ENFORCEMENT ACTION
CONCERNING
PATRIOT RESOURCES, INC.
RN106023856; RN106023419;
RN106023914**

§
§
§
§
§
§

**BEFORE THE

TEXAS COMMISSION ON

ENVIRONMENTAL QUALITY**

**AGREED ORDER
DOCKET NO. 2010-1968-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 Patriot Resources, Inc. ("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 owned and operated oil and gas production sites at the following properties (collectively referred to as the "Tank Batteries"):
 - a. Approximately 2.1 miles west of Farm-to-Market Road 1788 on Farm-to-Market Road 158 in Gardendale, Ector County, Texas ("Chivas Regal 201 Tank Battery");
 - b. Approximately 0.5 mile north of Farm-to-Market Road 158 on Farm-to-Market Road 1788 in Midland, Midland County, Texas ("Grey Goose 101 Tank Battery"); and
 - c. Approximately 0.1 mile south of West County Road 35 on North County Road 1294 in Midland, Midland County, Texas ("Haag 1201 Tank Battery").
2. The Tank Batteries consist 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 November 20, 2010 and November 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 Sixty Thousand Dollars (\$60,000) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent has paid Forty-Eight Thousand Dollars (\$48,000) of the administrative penalty and Twelve Thousand Dollars (\$12,000) 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 on February 1, 2011, ownership of the Tank Batteries was transferred to RSP Permian LLC. The Executive Director also recognizes that the Respondent has implemented the following corrective measures at the Tank Batteries:
 - a. By November 17, 2010, installed a flare stack and vapor recovery unit which lowered the potential to emit volatile organic compounds ("VOC") to 24.66 tons per year ("tpy") at the Grey Goose 101 Tank Battery;
 - b. By November 18, 2010, installed a flare stack and vapor recovery unit which lowered the potential to emit VOC to 24.07 tpy at the Haag 1201 Tank Battery;
 - c. By November 18, 2010, installed a flare stack and vapor recovery unit which lowered the potential to emit VOC to 23.85 tpy at the Chivas Regal 201 Tank Battery;
 - d. On December 30, 2010, obtained Permit By Rule registration number 94088 to authorize emissions at the Chivas Regal 201 Tank Battery;
 - e. On January 10, 2011, obtained Permit By Rule registration number 94237 to authorize emissions at the Gray Goose 101 Tank Battery; and

- f. On February 8, 2011, obtained Permit By Rule registration number 94273 to authorize emissions at the Haag 1201 Tank Battery.
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 Tank Batteries, the Respondent is alleged to have:

1. Failed to obtain authorization to construct and operate a source of air emissions, in violation of 30 TEX. ADMIN. CODE § 116.110(a) and TEX. HEALTH & SAFETY CODE §§ 382.0518(a) and 382.085(b), as documented during an investigation conducted on September 28, 2010. Specifically, the Respondent failed to obtain permit authorization to operate the Chivas Regal 201 Tank Battery and the conditions for the Permit by Rule for oil and gas production facilities cannot be satisfied.
2. Failed to apply for a Federal Operating Permit ("FOP"), in violation of 30 TEX. ADMIN. CODE § 122.130(b) and TEX. HEALTH & SAFETY CODE §§ 382.054 and 382.085(b), as documented during an investigation conducted on September 28, 2010. Specifically, Chivas Regal 201 Tank Battery has a potential to emit 332.96 tpy of VOC.
3. Failed to obtain authorization to construct and operate a source of air emissions, in violation of 30 TEX. ADMIN. CODE § 116.110(a) and TEX. HEALTH & SAFETY CODE §§ 382.0518(a) and 382.085(b), as documented during an investigation conducted on November 1, 2010. Specifically, the Respondent failed to obtain permit authorization to operate the Grey Goose 101 Tank Battery and the conditions of the Permit by Rule for oil and gas production facilities cannot be satisfied.
4. Failed to apply for a FOP, in violation of 30 TEX. ADMIN. CODE § 122.130(b) and TEX. HEALTH & SAFETY CODE §§ 382.054 and 382.085(b), as documented during an investigation conducted on November 1, 2010. Specifically, Grey Goose 101 Tank Battery has a potential to emit 139.23 tpy of VOC.
5. Failed to obtain authorization to construct and operate a source of air emissions, in violation of 30 TEX. ADMIN. CODE § 116.110(a) and TEX. HEALTH & SAFETY CODE §§ 382.0518(a) and 382.085(b), as documented during an investigation conducted on September 29, 2010. Specifically, the Respondent failed to obtain permit authorization to operate the Haag 1201 Tank Battery and the conditions for the Permit by Rule for oil and gas production facilities cannot be satisfied.

6. Failed to apply for a FOP, in violation of 30 TEX. ADMIN. CODE § 122.130(b) and TEX. HEALTH & SAFETY CODE §§ 382.054 and 382.085(b), as documented during an investigation conducted on September 29, 2010. Specifically, Haag 1201 Tank Battery has a potential to emit 382.30 tpy of VOC.

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: Patriot Resources, Inc., Docket No. 2010-1968-AIR-E" to:

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

2. The provisions of this Agreed Order shall apply to and be binding upon the Respondent.
3. This Agreed Order, issued by the Commission, shall not be admissible against the Respondent in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Agreed Order; or (2) pursue violations of a statute within the Commission's jurisdiction, or of a rule adopted or an order or permit issued by the Commission under such a statute.
4. This Agreed Order may be executed in 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

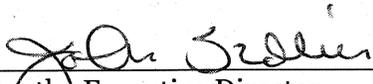
exclusively, the terms “electronic transmission”, “owner”, “person”, “writing”, and “written” shall have the meanings assigned to them under TEX. BUS. ORG. CODE § 1.002.

5. Under 30 TEX. ADMIN. CODE § 70.10(b), the effective date is the date of hand-delivery of the Order to the Respondent, or three days after the date on which the Commission mails notice of the Order to the Respondent, whichever is earlier. The Chief Clerk shall provide a copy of this Agreed Order to each of the parties.

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission



For the Executive Director

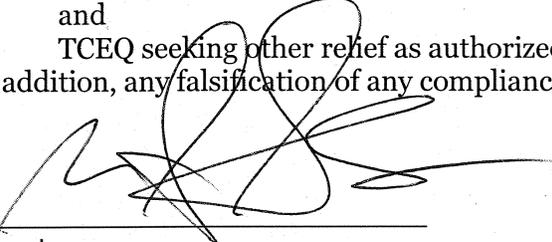
Date 5/20/2011

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 4/8/11

Ben A. Strickling, III

Name (Printed or typed)
Authorized Representative of
Patriot Resources, Inc.

President

Title

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