

Executive Summary – Enforcement Matter – Case No. 41126
PVR Gas Resources, LLC
RN100222785
Docket No. 2011-0214-AIR-E

Order Type:

1660 Agreed Order

Findings Order Justification:

N/A

Media:

AIR

Small Business:

Yes

Location(s) Where Violation(s) Occurred:

Spearman Gas Processing Plant, on Farm-to-Market Road 281, approximately seven miles east of Farm-to-Market Road 760 near Spearman, Ochiltree County

Type of Operation:

Natural gas processing plant

Other Significant Matters:

Additional Pending Enforcement Actions: No

Past-Due Penalties: No

Other: N/A

Interested Third-Parties: None

Texas Register Publication Date: June 17, 2011

Comments Received: No

Penalty Information

Total Penalty Assessed: \$10,235

Amount Deferred for Expedited Settlement: \$2,047

Amount Deferred for Financial Inability to Pay: \$0

Total Paid to General Revenue: \$8,188

Total Due to General Revenue: \$0

Payment Plan: N/A

SEP Conditional Offset: \$0

Name of SEP: N/A

Compliance History Classifications:

Person/CN - Average

Site/RN - Average

Major Source: Yes

Statutory Limit Adjustment: N/A

Applicable Penalty Policy: September 2002

**Executive Summary – Enforcement Matter – Case No. 41126
PVR Gas Resources, LLC
RN100222785
Docket No. 2011-0214-AIR-E**

Investigation Information

Complaint Date(s): N/A
Complaint Information: N/A
Date(s) of Investigation: December 21, 2010
Date(s) of NOE(s): January 14, 2011

Violation Information

1. Failed to submit a complete and accurate semi-annual deviation report. Specifically, the February 23, 2010 through August 22, 2010 semi-annual deviation report did not contain deviations documented in a previous investigation conducted on January 27, 2010 [30 TEX. ADMIN. CODE §§ 122.143(4) and 122.145(2)(A), Federal Operating Permit (“FOP”) No. O-2963/Oil and Gas General Operating Permit (“GOP”) No. 514 Site-wide requirements (b)(2), and TEX. HEALTH & SAFETY CODE § 382.085(b)].
2. Failed to ensure that air pollution emission capture and abatement equipment is operating as represented in the Standard Permit. Specifically, the vapor recovery unit (Emission Point No. TK-1) failed to operate at a 95% recovery efficiency for volatile organic compounds as represented in Standard Permit Registration No. 82257 during ten outages between January 9, 2010 and August 11, 2010 [30 TEX. ADMIN. CODE §§ 116.615(2), 116.615(9), and 122.143(4), Standard Permit Registration No. 82257, FOP No. O-2963/Oil and Gas GOP No. 514 Site-wide requirements (b)(1), and TEX. HEALTH & SAFETY CODE § 382.085(b)].

Corrective Actions/Technical Requirements

Corrective Action(s) Completed:

The Executive Director recognizes that on December 22, 2010, the Respondent submitted a revised semi-annual deviation report for the February 23, 2010 through August 22, 2010 reporting period.

Technical Requirements:

The Order will require the Respondent to:

- a. Within 90 days, implement improvements to training, design, operation, or maintenance procedures, or implement alternative methods of emission control in order to assure that pollution emission capture and abatement equipment for the condensate storage tank is operating as represented in Standard Permit Registration No. 82257; and
- b. Within 105 days, submit written certification demonstrating compliance.

Litigation Information

Date Petition(s) Filed: N/A
Date Answer(s) Filed: N/A
SOAH Referral Date: N/A

Executive Summary – Enforcement Matter – Case No. 41126

PVR Gas Resources, LLC

RN100222785

Docket No. 2011-0214-AIR-E

Hearing Date(s): N/A

Settlement Date: N/A

Contact Information

TCEQ Attorney: N/A

TCEQ Enforcement Coordinator: James Nolan, Enforcement Division,
Enforcement Team 4, MC 149, (512) 239-6634; Laurie Eaves, Enforcement Division,
MC 219, (512) 239-4495

TCEQ SEP Coordinator: N/A

Respondent: Michael W. Wood, Vice President of Operations, PVR Gas Resources,
LLC, 5215 North O'Connor Boulevard, Suite 1500, Irving, Texas 75039
Andrea McMillen, Environmental Manager, PVR Gas Resources, LLC, 5215 North
O'Connor Boulevard, Suite 1500, Irving, Texas 75039

Respondent's Attorney: N/A



Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002)

PCW Revision October 30, 2008

TCEQ

DATES	Assigned	18-Jan-2011	Screening	31-Jan-2011	EPA Due	
	PCW	15-Mar-2011				

RESPONDENT/FACILITY INFORMATION			
Respondent	PVR Gas Resources, LLC		
Reg. Ent. Ref. No.	RN100222785		
Facility/Site Region	1-Amarillo	Major/Minor Source	Major

CASE INFORMATION			
Enf./Case ID No.	41126	No. of Violations	2
Docket No.	2011-0214-AIR-E	Order Type	1660
Media Program(s)	Air	Government/Non-Profit	No
Multi-Media		Enf. Coordinator	James Nolan
		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	\$7,600
---	-------------------	----------------

ADJUSTMENTS (+/-) TO SUBTOTAL 1

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

Compliance History	35.0% Enhancement	Subtotals 2, 3, & 7	\$2,660
---------------------------	--------------------------	--------------------------------	----------------

Notes: Enhancement for three NOVs with same/similar violations and one order with denial of liability.

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	\$25
--	-------------------	-------------

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

Total EB Amounts: \$150
 Approx. Cost of Compliance: \$2,000
 *Capped at the Total EB \$ Amount

SUM OF SUBTOTALS 1-7	Final Subtotal	\$10,235
-----------------------------	-----------------------	-----------------

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

Reduces or enhances the Final Subtotal by the indicated percentage.

Notes:

Final Penalty Amount	\$10,235
-----------------------------	-----------------

STATUTORY LIMIT ADJUSTMENT	Final Assessed Penalty	\$10,235
-----------------------------------	-------------------------------	-----------------

DEFERRAL	20.0% Reduction	Adjustment	-\$2,047
-----------------	------------------------	-------------------	-----------------

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	\$8,188
------------------------	----------------

Screening Date 31-Jan-2011

Docket No. 2011-0214-AIR-E

PCW

Respondent PVR Gas Resources, LLC

Policy Revision 2 (September 2002)

Case ID No. 41126

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN100222785

Media [Statute] Air

Enf. Coordinator James Nolan

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>)	3	15%
	Other written NOVs	0	0%
Orders	Any agreed final enforcement orders containing a denial of liability (<i>number of orders meeting criteria</i>)	1	20%
	Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission	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%

Please Enter Yes or No

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) 35%

>> **Repeat Violator (Subtotal 3)**

No

Adjustment Percentage (Subtotal 3) 0%

>> **Compliance History Person Classification (Subtotal 7)**

Average Performer

Adjustment Percentage (Subtotal 7) 0%

>> **Compliance History Summary**

Compliance History Notes

Enhancement for three NOVs with same/similar violations and one order with denial of liability.

Total Adjustment Percentage (Subtotals 2, 3, & 7) 35%

Screening Date 31-Jan-2011
Respondent PVR Gas Resources, LLC
Case ID No. 41126
Reg. Ent. Reference No. RN100222785
Media [Statute] Air
Enf. Coordinator James Nolan
Violation Number 1

Docket No. 2011-0214-AIR-E

PCW

Policy Revision 2 (September 2002)
 PCW Revision October 30, 2008

Rule Cite(s) 30 Tex. Admin. Code §§ 122.143(4) and 122.145(2)(A), Federal Operating Permit No. O-2963/Oil and Gas General Operating Permit ("GOP") No. 514 Site-wide requirements (b)(2), and Tex. Health & Safety Code § 382.085(b)

Violation Description Failed to submit a complete and accurate semi-annual deviation report. Specifically, the February 23, 2010 through August 22, 2010 semi-annual deviation report did not contain deviations documented in a previous investigation conducted on January 27, 2010.

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 25% of the rule requirement was not met.

Adjustment \$9,900

\$100

Violation Events

Number of Violation Events Number of violation days

mark only one with an x

daily	
weekly	
monthly	
quarterly	
semiannual	
annual	
single event	X

Violation Base Penalty \$100

One single event is recommended.

Good Faith Efforts to Comply

Reduction

\$25

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

Notes The Respondent completed corrective actions on December 22, 2010, prior to the January 14, 2011 NOE.

Violation Subtotal \$75

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$19

Violation Final Penalty Total \$110

This violation Final Assessed Penalty (adjusted for limits) \$110

Economic Benefit Worksheet

Respondent PVR Gas Resources, LLC
Case ID No. 41126
Req. Ent. Reference No. RN100222785
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
<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)	\$500	24-Mar-2010	22-Dec-2010	0.75	\$19	n/a	\$19

Notes for DELAYED costs

Estimated cost to submit complete and accurate deviation reports and to implement measures designed to ensure the proper preparation and submittal of deviation reports. The date required is the date the deviation report was due, and the 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 \$500

TOTAL \$19

Screening Date 31-Jan-2011

Docket No. 2011-0214-AIR-E

PCW

Respondent PVR Gas Resources, LLC

Policy Revision 2 (September 2002)

Case ID No. 41126

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN100222785

Media [Statute] Air

Enf. Coordinator James Nolan

Violation Number 2

Rule Cite(s)

30 Tex. Admin. Code §§ 116.615(2), 116.615(9), and 122.143(4), Standard Permit Registration No. 82257, and Federal Operating Permit No. O-2963/Oil and Gas GOP No. 514 Site-wide requirements (b)(1), and Tex. Health & Safety Code § 382.085(b)

Violation Description

Failed to ensure that air pollution emission capture and abatement equipment is operating as represented in the Standard Permit. Specifically, the vapor recovery unit (Emission Point No. TK-1) failed to operate at a 95% recovery efficiency for volatile organic compounds as represented in Standard Permit Registration No. 82257 during ten outages between January 9, 2010 and August 11, 2010.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

OR	Release	Harm			Percent
		Major	Moderate	Minor	
	Actual			X	25%
	Potential				

>> Programmatic Matrix

Falsification	Major	Moderate	Minor	Percent
				0%

Matrix Notes

Human health or the environment was exposed to insignificant amounts of pollutants which did not exceed levels protective of human health or environmental receptors as a result of the violation.

Adjustment \$7,500

\$2,500

Violation Events

Number of Violation Events 3 Number of violation days 214

daily	
weekly	
monthly	
quarterly	X
semiannual	
annual	
single event	

mark only one with an x

Violation Base Penalty \$7,500

Three quarterly events are recommended based upon the first reported outage (January 9, 2010) through the last reported outage (August 11, 2010).

Good Faith Efforts to Comply

0.0% Reduction

\$0

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

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

Violation Subtotal \$7,500

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$132

Violation Final Penalty Total \$10,125

This violation Final Assessed Penalty (adjusted for limits) \$10,125

Economic Benefit Worksheet

Respondent PVR Gas Resources, LLC
Case ID No. 41126
Reg. Ent. Reference No. RN100222785
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)	\$1,500	9-Jan-2010	11-Oct-2011	1.75	\$132	n/a	\$132

Notes for DELAYED costs

Estimated cost for additional oversight and management practices designed to ensure proper operation and maintenance practices are followed. The Date Required is the first date the vapor recovery unit was not functioning and the Final Date is the expected date of compliance.

Avoided Costs

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

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

Notes for AVOIDED costs

Approx. Cost of Compliance

\$1,500

TOTAL

\$132

Compliance History

Customer/Respondent/Owner-Operator: CN602806465 PVR Gas Resources, LLC Classification: AVERAGE Rating: 3.66

Regulated Entity: RN100222785 SPEARMAN GAS PROCESSING PLANT Classification: AVERAGE Site Rating: 14.80

ID Number(s): AIR OPERATING PERMITS ACCOUNT NUMBER OA0015J
 AIR OPERATING PERMITS PERMIT 2963
 AIR OPERATING PERMITS PERMIT 2963
 AIR OPERATING PERMITS PERMIT 2963
 AIR OPERATING PERMITS ACCOUNT NUMBER OA0015J
 AIR NEW SOURCE PERMITS ACCOUNT NUMBER OA0015J
 AIR NEW SOURCE PERMITS AFS NUM 4835700005
 AIR NEW SOURCE PERMITS REGISTRATION 82257
 AIR EMISSIONS INVENTORY ACCOUNT NUMBER OA0015J

Location: on FM 281 APPROX 7 MI E OF FM 760

TCEQ Region: REGION 01 - AMARILLO

Date Compliance History Prepared: January 31, 2011

Agency Decision Requiring Compliance History: Enforcement

Compliance Period: January 31, 2006 to January 31, 2011

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

Name: James Nolan Phone: (512) 239-6634

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.

Effective Date: 12/18/2009 ADMINORDER 2009-1225-AIR-E
 Classification: Moderate
 Citation: 30 TAC Chapter 122, SubChapter B 122.143(4)
 30 TAC Chapter 122, SubChapter B 122.145(2)(C)
 5C THSC Chapter 382 382.085(b)
 Description: Failed to submit a deviation report within 30 days after the end of the August 23, 2007 to February 22, 2008 deviation reporting period, as documented during a record review conducted on June 29, 2009. Specifically, a deviation report for the referenced reporting period was due to be submitted by March 23, 2008, but was not submitted until August 29, 2008.

- 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	07/15/2009	(759440)
2	03/25/2010	(785740)
3	01/04/2010	(786509)
4	03/17/2010	(795647)
5	09/20/2010	(860294)

6	01/14/2011	(885625)
---	------------	----------

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

Date: 09/09/2009 775336 CN602806465
 Self Report? NO Classification Minor
 Citation: 30 TAC Chapter 122, SubChapter B 122.143(4)
 30 TAC Chapter 122, SubChapter B 122.145(2)(A)
 Description: The company is in violation of the provisions of 30 TAC Chapter 122, §122.145(2)(A) and §122.143(4).
 Self Report? NO Classification Moderate
 Citation: 30 TAC Chapter 116, SubChapter B 116.116(a)(1)
 30 TAC Chapter 122, SubChapter B 122.143(4)
 Description: The facility is in violation of the provisions of 30 TAC Chapter 116, §116.116(a)(1) and §122.143(4).

Date: 03/17/2010 795647 CN602806465
Self Report? NO Classification Moderate
Citation: 30 TAC Chapter 116, SubChapter F 116.615(2)
Description: Failure to limit the VOC emission rate to 0.30 g/hp-hr, as defined in the standard permit representations for Unit Number R-24, during a performance stack test conducted on September 9, 2009.

Date: 03/25/2010 785740 CN602806465
Self Report? NO Classification Minor
Citation: 30 TAC Chapter 101, SubChapter F 101.201(b)(2)
5C THSC Chapter 382 382.085(b)
Description: The review of the non-reportable incident records for 2008 blowdown events indicated the documents for 41 unauthorized blowdowns did not contain all required information, including time, reason for activity, and action taken to minimize emissions. The facility is in violation of the provisions of §101.201(b)(2) and §382.085(b).

Self Report? NO Classification Moderate
Citation: 30 TAC Chapter 116, SubChapter F 116.620(e)(6)
5C THSC Chapter 382 382.085(b)
Description: The provisions of §116.620(e)(6) of this permit require the company to maintain the total sulfur content of the gas processing streams (calculated in long tons per day). The review of the provisions of the permit No. 82257 indicated that no monthly calculation of the total sulfur for the gas streams at this facility has been performed. The facility is in violation of the provisions of §382.085(b) and §116.620(e)(6).

Self Report? NO Classification Moderate
Citation: 30 TAC Chapter 116, SubChapter F 116.615(2)
30 TAC Chapter 116, SubChapter F 116.615(9)
5C THSC Chapter 382 382.085(b)
Description: The facility failed to operate according to 95% recovery efficiency, as represented in the permit application for the permit No. 82257. Additionally, the VRU, as an air pollution emission control equipment was not operated properly. The facility is in violation of the provisions of §116.615(2), §116.615(9) and §382.085(b).

Self Report? NO Classification Moderate
Citation: 30 TAC Chapter 106, SubChapter W 106.512(2)(C)(ii)
30 TAC Chapter 116, SubChapter F 116.620(a)(4)
5C THSC Chapter 382 382.085(b)
Description: The review of documents submitted indicated that for the Waukesha 5790, which was installed in June 2008, no quarterly performance tests were conducted. The facility is in violation of the provisions of §382.085(b), §116.620(a)(4), and §106.512(2)(C)(ii).

Self Report? NO Classification Moderate
Citation: 30 TAC Chapter 122, SubChapter B 122.143(4)
30 TAC Chapter 122, SubChapter B 122.145(2)(A)
Provision No. (b)(2) OP
Description: The company failed to provide the required information for the deviations in the report submitted on September 14, 2009. The facility is in violation of the provisions of §122.145(2)(A), §122.143(4), and the GOP special condition (b)(2) of the permit No. O-2963.

Self Report? NO Classification Moderate
Citation: 40 CFR Chapter 60, SubChapter C, PT 60, SubPT KKK 60.632(a)
40 CFR Chapter 60, SubChapter C, PT 60, SubPT VV 60.482-2(a)(2)
5C THSC Chapter 382 382.085(b)
Description: The review of the leak detection monitoring records for this facility indicated that no weekly visual inspections were conducted for the affected pumps in Plant 1 and Plant 2 at Spearman Gas Plant. The facility is in violation of the provisions of §382.085(b), §60.632(a), and §60.482-2(a)(2).

Self Report? NO Classification Moderate
Citation: 40 CFR Chapter 60, SubChapter C, PT 60, SubPT KKK 60.632(a)
40 CFR Chapter 60, SubChapter C, PT 60, SubPT VV 60.482-7(d)(1)
5C THSC Chapter 382 382.085(b)
Description: The review of the leak detection monitoring records for this facility indicated that valve No. 0129 in East Inlet Compressor Unit was monitored on May 2, 2008 and was documented as a leaking component. The first attempt was conducted on May 3, 2008 but no second attempt was made to repair the leaking valve, as required by the provisions of §60.482-7(d)(1). The facility is in violation of the provisions of §382.085(b), §60.632(a), and §60.482-7(d)(1).

Self Report? NO Classification Moderate
Citation: 40 CFR Chapter 60, SubChapter C, PT 60, SubPT KKK 60.632(a)
40 CFR Chapter 60, SubChapter C, PT 60, SubPT VV 60.487(b)(2)
5C THSC Chapter 382 382.085(b)
Description: The review of the semi-annual reports submitted indicated that for Inlet Gas Unit in the July 28, 2008 report and Propane Unit in the January 13, 2009, the number of valves monitored and the leaking percentage values were incorrect. The facility is in violation of the provisions of §382.085(b), §60.632(a), and §60.487(b)(2).

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
PVR GAS RESOURCES, LLC
RN100222785**

§
§
§
§
§

**BEFORE THE
TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY**

AGREED ORDER DOCKET NO. 2011-0214-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 PVR Gas Resources, LLC ("the Respondent") under the authority of TEX. HEALTH & SAFETY CODE ch. 382 and TEX. WATER CODE ch. 7. The Executive Director of the TCEQ, through the Enforcement Division, and the Respondent appear before the Commission and together stipulate that:

1. The Respondent owns and operates a natural gas processing plant on Farm-to-Market Road 281, approximately seven miles east of Farm-to-Market Road 760 near Spearman, Ochiltree 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 January 19, 2011.
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 Ten Thousand Two Hundred Thirty-Five Dollars (\$10,235) is assessed by the Commission in settlement of the violations alleged in

Section II ("Allegations"). The Respondent has paid Eight Thousand One Hundred Eighty-Eight Dollars (\$8,188) of the administrative penalty and Two Thousand Forty-Seven Dollars (\$2,047) 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 December 22, 2010, the Respondent submitted a revised semi-annual deviation report for the February 23, 2010 through August 22, 2010 reporting period.
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 submit a complete and accurate semi-annual deviation report, in violation of 30 TEX. ADMIN. CODE §§ 122.143(4) and 122.145(2)(A), Federal Operating Permit No. O-2963/Oil and Gas General Operating Permit ("GOP") No. 514 Site-wide requirements (b)(2), and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on December 21, 2010. Specifically, the February 23, 2010 through August 22, 2010 semi-annual deviation report did not contain deviations documented in a previous investigation conducted on January 27, 2010.
2. Failed to ensure that air pollution emission capture and abatement equipment is operating as represented in the Standard Permit, in violation of 30 TEX. ADMIN. CODE §§ 116.615(2), 116.615(9), and 122.143(4), Standard Permit Registration No. 82257, Federal Operating Permit No. O-2963/Oil and Gas GOP No. 514 Site-wide requirements (b)(1), and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an

investigation conducted on December 21, 2010. Specifically, the vapor recovery unit (Emission Point No. TK-1) failed to operate at a 95% recovery efficiency for volatile organic compounds as represented in Standard Permit Registration No. 82257 during ten outages between January 9, 2010 and August 11, 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: PVR Gas Resources, LLC, Docket No. 2011-0214-AIR-E" to:

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

2. It is further ordered that the Respondent shall undertake the following technical requirements:
 - a. Within 90 days after the effective date of this Agreed Order, implement improvements to training, design, operation, or maintenance procedures, or implement alternative methods of emission control in order to assure that pollution emission capture and abatement equipment for the condensate storage tank is operating as represented in Standard Permit Registration No. 82257; and
 - b. Within 105 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. 2.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
Amarillo Regional Office
Texas Commission on Environmental Quality
3918 Canyon Drive
Amarillo, Texas 79109-4933

3. The provisions of this Agreed Order shall apply to and be binding upon the Respondent. The Respondent is ordered to give notice of the Agreed Order to personnel who maintain day-to-day control over the Plant operations referenced in this Agreed Order.
4. If the Respondent fails to comply with any of the Ordering Provisions in this Agreed Order within the prescribed schedules, and that failure is caused solely by an act of God, war, strike, riot, or other catastrophe, the Respondent's failure to comply is not a violation of this Agreed Order. The Respondent shall have the burden of establishing to the Executive Director's satisfaction that such an event has occurred. The Respondent shall notify the Executive Director within seven days after the Respondent becomes aware of a delaying event and shall take all reasonable measures to mitigate and minimize any delay.
5. The Executive Director may grant an extension of any deadline in this Agreed Order or in any plan, report, or other document submitted pursuant to this Agreed Order, upon a written and substantiated showing of good cause. All requests for extensions by the Respondent shall be made in writing to the Executive Director. Extensions are not effective until the Respondent receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.
6. This Agreed Order, issued by the Commission, shall not be admissible against the Respondent in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Agreed Order; or (2) pursue violations of a statute within the Commission's jurisdiction, or of a rule adopted or an order or permit issued by the Commission under such a statute.
7. This Agreed Order may be executed in separate and multiple counterparts, which together shall constitute a single instrument. Any page of this Agreed Order may be copied, scanned, digitized, converted to electronic portable document format ("pdf"), or otherwise reproduced and may be transmitted by digital or electronic transmission, including but not limited to facsimile transmission and electronic mail. Any signature

affixed to this Agreed Order shall constitute an original signature for all purposes and may be used, filed, substituted, or issued for any purpose for which an original signature could be used. The term "signature" shall include manual signatures and true and accurate reproductions of manual signatures created, executed, endorsed, adopted, or authorized by the person or persons to whom the signatures are attributable. Signatures may be copied or reproduced digitally, electronically, by photocopying, engraving, imprinting, lithographing, electronic mail, facsimile transmission, stamping, or any other means or process which the Executive Director deems acceptable. In this paragraph exclusively, the terms "electronic transmission", "owner", "person", "writing", and "written" shall have the meanings assigned to them under TEX. BUS. ORG. CODE § 1.002.

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

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission

John Zedler

For the Executive Director

6/16/2011

Date

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

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

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

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

Michael W. Wood

Signature

5/19/2011

Date

Michael W. Wood

Name (Printed or typed)
Authorized Representative of
PVR Gas Resources, LLC

V.P. Operations

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.