

**EXECUTIVE SUMMARY – ENFORCEMENT MATTER – CASE NO. 40739**  
**MAGELLAN PIPELINE TERMINALS, L.P.**  
**RN102186129**  
**DOCKET NO. 2012-0632-AIR-E**

**Order Type:**

Findings Agreed Order

**Findings Order Justification:**

Unauthorized emissions which are excessive emissions events (PCW 1-violation 1; PCW 2-violation 1).

**Media:**

AIR

**Small Business:**

Yes

**Location(s) Where Violation(s) Occurred:**

7901 Wallisville Road, Houston, Harris County

**Type of Operation:**

tank farm

**Other Significant Matters:**

|   |      |
|---|------|
| Additional Pending Enforcement Actions: | None |
| Past-Due Penalties:                     | None |
| Past-Due Fees:                          | None |
| Other:                                  | None |
| Interested Third-Parties:               | None |

**Texas Register Publication Date:** July 6, 2012

**Comments Received:** None

**Penalty Information**

**Total Penalty Assessed:** \$112,750

**Total Paid to General Revenue:** \$112,750

**Total Due to General Revenue:** N/A

**SEP Conditional Offset:** N/A

**Compliance History Classifications:**

Person/CN – Average  
Site/RN – High

**Major Source:** Yes

**Statutory Limit Adjustment:** None

**Applicable Penalty Policy:** September 2002 (PCW 1); September 2011 (PCW 2)

**EXECUTIVE SUMMARY – ENFORCEMENT MATTER – CASE NO. 40739**  
**MAGELLAN PIPELINE TERMINALS, L.P.**  
**RN102186129**  
**DOCKET NO. 2012-0632-AIR-E**

**Investigation Information**

**Complaint Date(s):** N/A  
**Date(s) of Investigation:** July 27, 2010; October 11, 2011; December 2, 2011  
**Date(s) of NOV(s):** N/A  
**Date(s) of NOE(s):** October 27, 2010; February 3, 2012; February 4, 2012.

**Violation Information**

1. Failed to prevent unauthorized emissions (13,557 lbs of octane, 5,342 lbs of heptanes, 14,896 lbs of hexanes, 58,403 lbs of isopentane, and 50,240 lbs of n-butane during an emissions event lasting 70 hours) [TEX. HEALTH & SAFETY CODE § 382.085(a) and Standard Exemption Registration No. 36092].
2. Failed to prevent unauthorized emissions (13,621.17 lbs of octane, 1,411.94 lbs of heptane, 4,386.21 lbs of hexane, 100.66 lbs of nonane and 594.32 lbs of benzene from Tank No. 1403, and 20,142.88 lbs of octane, 140,212.94 lbs of butene, and 10,781.66 lbs of butane during an emissions event lasting 49 hours and 15 minutes) [TEX. HEALTH & SAFETY CODE § 382.085(a) and (b), 30 TEX. ADMIN. CODE § 116.115(c), New Source Review Permit No. 83542, Special Conditions No. 1, and Standard Exemption Registration No. 36092].
3. Failed to identify the individually listed compounds or mixtures of air contaminants released at each emission point during an emission event (Incident No. 160355) [TEX. HEALTH & SAFETY CODE § 382.085(b) and 30 TEX. ADMIN. CODE § 101.201(b)(1)(G)].
4. Failed to prevent unauthorized emissions (7,538 lbs of volatile organic compounds during an emissions event lasting 12 hours and 20 minutes) [TEX. HEALTH & SAFETY CODE § 382.085(b), 30 TEX. ADMIN. CODE § 116.115(c), and New Source Review Permit No. 83542, Special Conditions No. 1].

**Corrective Actions/Technical Requirements**

**Corrective Action(s) Completed:**

None

**Technical Requirements:**

1. Immediately:
  - a. Implement the approved corrective action plan ("CAP") for Incident No. 142053 to address the excessive emissions event in violation no. 1; and
  - b. Comply with the TCEQ request dated May 2, 2012 for submittal of a CAP for Incident No. 160355 to address the excessive emissions event in violation no. 2.
2. Respond completely and adequately to all written requests for information concerning the submitted CAP for Incident No. 160355 within 15 days after the date of such requests.
3. Upon Executive Director approval, implement the CAP for Incident No. 160355, in accordance with the approved schedule.
4. Upon completion for implementation of the CAP for Incident No. 160355, submit written certification to demonstrate compliance with Technical Requirements Nos. 1 through 3.
5. Within 30 days:
  - a. Implement measures and procedures to prevent recurrence of emissions events due to the same cause as Incident No. 162784 (violation no. 3); and
  - b. Implement procedures to ensure complete reporting of emissions events.
6. Within 45 days, submit written certification demonstrating compliance with Technical Requirement No. 5.

**EXECUTIVE SUMMARY – ENFORCEMENT MATTER – CASE NO. 40739**  
**MAGELLAN PIPELINE TERMINALS, L.P.**  
**RN102186129**  
**DOCKET NO. 2012-0632-AIR-E**

**Litigation Information**

**Date Petition(s) Filed:** N/A

**Settlement Date:** May 31, 2012

**Contact Information**

**TCEQ Attorneys:** Anna M. Treadwell, Litigation Division, (512) 239-3400  
Lena Roberts, Litigation Division, (512) 239-3400  
Blas Coy, Public Interest Counsel, (512) 239-6363

**TCEQ SEP Coordinator:** N/A

**TCEQ Enforcement Coordinator:** Roshondra Lowe, Enforcement Division, (713) 767-3553

**TCEQ Regional Contact:** Jason Harris, Houston Regional Office, (713) 767-3609

**Respondent:** Gary McDonald, Air Quality Specialist, Magellan Pipeline Terminals, L.P., 7901 Wallisville Road, Houston, Texas 77029

**Respondent's Attorney:** David J. Tuckfield, 12400 Highway 71 West, Suite 350-150, Austin, Texas 78738

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# Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002)

PCW Revision October 30, 2008

|                             |                 |             |                  |             |                |  |
|-----------------------------|-----------------|-------------|------------------|-------------|----------------|--|
| <b>TCEQ</b><br><b>DATES</b> | <b>Assigned</b> | 1-Nov-2010  | <b>Screening</b> | 18-Nov-2010 | <b>EPA Due</b> |  |
|                             | <b>PCW</b>      | 27-Apr-2011 |                  |             |                |  |

**RESPONDENT/FACILITY INFORMATION**

|                             |                                   |                           |       |
|-----------------------------|-----------------------------------|---------------------------|-------|
| <b>Respondent</b>           | Magellan Pipeline Terminals, L.P. |                           |       |
| <b>Reg. Ent. Ref. No.</b>   | RN102186129                       |                           |       |
| <b>Facility/Site Region</b> | 12-Houston                        | <b>Major/Minor Source</b> | Major |

**CASE INFORMATION**

|  |                 |                              |                    |
|--|-----------------|------------------------------|--------------------|
| <b>Enf./Case ID No.</b>                | 43809           | <b>No. of Violations</b>     | 1                  |
| <b>Docket No.</b>                      | 2012-0632-AIR-E | <b>Order Type</b>            | Findings           |
| <b>Media Program(s)</b>                | Air             | <b>Government/Non-Profit</b> | No                 |
| <b>Multi-Media</b>                     |                 | <b>Enf. Coordinator</b>      | Roshondra Lowe     |
|  |                 | <b>EC's Team</b>             | Enforcement Team 5 |
| <b>Admin. Penalty \$ Limit Minimum</b> | \$0             | <b>Maximum</b>               | \$10,000           |

**Penalty Calculation Section**

|   |                   |                 |
|---|-------------------|-----------------|
| <b>TOTAL BASE PENALTY (Sum of violation base penalties)</b> | <b>Subtotal 1</b> | <b>\$30,000</b> |
|---|-------------------|-----------------|

**ADJUSTMENTS (+/-) TO SUBTOTAL 1**

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

|                           |                         |                                |            |
|---------------------------|-------------------------|--------------------------------|------------|
| <b>Compliance History</b> | <b>0.0%</b> Enhancement | <b>Subtotals 2, 3, &amp; 7</b> | <b>\$0</b> |
|---------------------------|-------------------------|--------------------------------|------------|

Notes: Enhancement for three NOVs with dissimilar violations. Penalty reduction for six notices of intent to conduct an audit and three disclosures of violations submitted.

|                    |           |                         |                   |            |
|--------------------|-----------|-------------------------|-------------------|------------|
| <b>Culpability</b> | <b>No</b> | <b>0.0%</b> Enhancement | <b>Subtotal 4</b> | <b>\$0</b> |
|--------------------|-----------|-------------------------|-------------------|------------|

Notes: The Respondent does not meet the culpability criteria.

|  |                   |            |
|--|-------------------|------------|
| <b>Good Faith Effort to Comply Total Adjustments</b> | <b>Subtotal 5</b> | <b>\$0</b> |
|--|-------------------|------------|

|                         |                          |                   |            |
|-------------------------|--------------------------|-------------------|------------|
| <b>Economic Benefit</b> | <b>0.0%</b> Enhancement* | <b>Subtotal 6</b> | <b>\$0</b> |
|-------------------------|--------------------------|-------------------|------------|

Total EB Amounts: \$185  
Approx. Cost of Compliance: \$3,500  
\*Capped at the Total EB \$ Amount

|                             |                       |                 |
|-----------------------------|-----------------------|-----------------|
| <b>SUM OF SUBTOTALS 1-7</b> | <b>Final Subtotal</b> | <b>\$30,000</b> |
|-----------------------------|-----------------------|-----------------|

|   |             |                   |            |
|---|-------------|-------------------|------------|
| <b>OTHER FACTORS AS JUSTICE MAY REQUIRE</b> | <b>0.0%</b> | <b>Adjustment</b> | <b>\$0</b> |
|---|-------------|-------------------|------------|

Reduces or enhances the Final Subtotal by the indicated percentage.

Notes:

|                             |                 |
|-----------------------------|-----------------|
| <b>Final Penalty Amount</b> | <b>\$30,000</b> |
|-----------------------------|-----------------|

|                                   |                               |                 |
|-----------------------------------|-------------------------------|-----------------|
| <b>STATUTORY LIMIT ADJUSTMENT</b> | <b>Final Assessed Penalty</b> | <b>\$30,000</b> |
|-----------------------------------|-------------------------------|-----------------|

|                 |                       |                   |            |
|-----------------|-----------------------|-------------------|------------|
| <b>DEFERRAL</b> | <b>0.0%</b> Reduction | <b>Adjustment</b> | <b>\$0</b> |
|-----------------|-----------------------|-------------------|------------|

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

Notes:

No deferral is recommended for Findings Orders.

|                        |                 |
|------------------------|-----------------|
| <b>PAYABLE PENALTY</b> | <b>\$30,000</b> |
|------------------------|-----------------|

**Screening Date** 18-Nov-2010 **Docket No.** 2012-0632-AIR-E  
**Respondent** Magellan Pipeline Terminals, L.P.  
**Case ID No.** 43809  
**Reg. Ent. Reference No.** RN102186129  
**Media [Statute]** Air  
**Enf. Coordinator** Roshondra Lowe

PCW

Policy Revision 2 (September 2002)

PCW Revision October 30, 2008

### 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   | 3                 | 6%      |
| 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> )     | 6                 | -6%     |
|                               | 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> )  | 3                 | -6%     |
| <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)

Average Performer

**Adjustment Percentage (Subtotal 7)** 0%

#### >> Compliance History Summary

##### Compliance History Notes

Enhancement for three NOVs with dissimilar violations. Penalty reduction for six notices of intent to conduct an audit and three disclosures of violations submitted.

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

|   |                                   |   |
|---|-----------------------------------|---|
| <b>Screening Date</b> 18-Nov-2010                   | <b>Docket No.</b> 2012-0632-AIR-E | <b>PCW</b>                                |
| <b>Respondent</b> Magellan Pipeline Terminals, L.P. |                                   | <i>Policy Revision 2 (September 2002)</i> |
| <b>Case ID No.</b> 43809                            |                                   | <i>PCW Revision October 30, 2008</i>      |
| <b>Reg. Ent. Reference No.</b> RN102186129          |                                   |   |
| <b>Media [Statute]</b> Air                          |                                   |   |
| <b>Enf. Coordinator</b> Roshondra Lowe              |                                   |   |

**Violation Number**

**Rule Cite(s)**

**Violation Description**

**Base Penalty**

**>> Environmental, Property and Human Health Matrix**

|           |           | Harm  |          |       |  |
|-----------|-----------|-------|----------|-------|--|
|           |           | Major | Moderate | Minor |  |
| <b>OR</b> | Actual    | x     |          |       | <b>Percent</b> <input type="text" value="100%"/> |
|           | Potential |       |          |       |  |

**>> Programmatic Matrix**

|  | Falsification | Major | Moderate | Minor |  |
|--|---------------|-------|----------|-------|--|
|  |               |       |          |       | <b>Percent</b> <input type="text" value="0%"/> |

Matrix Notes

**Adjustment**

**Violation Events**

Number of Violation Events   Number of violation days

|                                |              |   |
|--------------------------------|--------------|---|
| <i>mark only one with an x</i> | daily        | x |
|                                | weekly       |   |
|                                | monthly      |   |
|                                | quarterly    |   |
|                                | semiannual   |   |
|                                | annual       |   |
|                                | single event |   |

**Violation Base Penalty**

**Good Faith Efforts to Comply**

Reduction

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

Notes

**Violation Subtotal**

**Economic Benefit (EB) for this violation**

**Statutory Limit Test**

**Estimated EB Amount**

**Violation Final Penalty Total**

**This violation Final Assessed Penalty (adjusted for limits)**

## Economic Benefit Worksheet

**Respondent** Magellan Pipeline Terminals, L.P.  
**Case ID No.** 43809  
**Reg. Ent. Reference No.** RN102186129  
**Media Violation No.** Air  
 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             |         |            |             | 0.00 | \$0   | n/a | \$0   |
| Other (as needed)        | \$3,500 | 3-Jul-2010 | 24-Jul-2011 | 1.06 | \$185 | n/a | \$185 |

**Notes for DELAYED costs** Esitimated cost to develop and implement procedures to prevent rainwater from collecting on the floating roof tanks. The date required is the violation date. The final date is based on the date corrective actions are expected to be completed.

### 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**

|                                   |         |              |       |
|-----------------------------------|---------|--------------|-------|
| <b>Approx. Cost of Compliance</b> | \$3,500 | <b>TOTAL</b> | \$185 |
|-----------------------------------|---------|--------------|-------|



# Penalty Calculation Worksheet (PCW)

Policy Revision 3 (September 2011)

PCW Revision August 3, 2011

TCEQ

|              |                 |             |                  |             |                |  |
|--------------|-----------------|-------------|------------------|-------------|----------------|--|
| <b>DATES</b> | <b>Assigned</b> | 13-Feb-2012 | <b>Screening</b> | 19-Mar-2012 | <b>EPA Due</b> |  |
|              | <b>PCW</b>      | 20-Mar-2012 |                  |             |                |  |

**RESPONDENT/FACILITY INFORMATION**

|                             |                                   |                           |       |
|-----------------------------|-----------------------------------|---------------------------|-------|
| <b>Respondent</b>           | Magellan Pipeline Terminals, L.P. |                           |       |
| <b>Reg. Ent. Ref. No.</b>   | RN102186129                       |                           |       |
| <b>Facility/Site Region</b> | 12-Houston                        | <b>Major/Minor Source</b> | Major |

**CASE INFORMATION**

|  |                 |                              |                    |
|--|-----------------|------------------------------|--------------------|
| <b>Enf./Case ID No.</b>                | 43809           | <b>No. of Violations</b>     | 3                  |
| <b>Docket No.</b>                      | 2012-0632-AIR-E | <b>Order Type</b>            | Findings           |
| <b>Media Program(s)</b>                | Air             | <b>Government/Non-Profit</b> | No                 |
| <b>Multi-Media</b>                     |                 | <b>Enf. Coordinator</b>      | Roshondra Lowe     |
|  |                 | <b>EC's Team</b>             | Enforcement Team 5 |
| <b>Admin. Penalty \$ Limit Minimum</b> | \$0             | <b>Maximum</b>               | \$25,000           |

**Penalty Calculation Section**

**TOTAL BASE PENALTY (Sum of violation base penalties)** **Subtotal 1** **\$82,750**

**ADJUSTMENTS (+/-) TO SUBTOTAL 1**

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

|  |  |                                   |            |
|--|--|-----------------------------------|------------|
| <b>Compliance History</b>                            | <b>0.0%</b> Enhancement  | <b>Subtotals 2, 3, &amp; 7</b>    | <b>\$0</b> |
| Notes  | Enhancement for four NOV's with dissimilar violations. Reduction for five notices of intent to conduct an audit and three disclosures of violations submitted. |                                   |            |
| <b>Culpability</b>                                   | No <b>0.0%</b> Enhancement   | <b>Subtotal 4</b>                 | <b>\$0</b> |
| Notes  | The Respondent does not meet the culpability criteria.   |                                   |            |
| <b>Good Faith Effort to Comply Total Adjustments</b> |  | <b>Subtotal 5</b>                 | <b>\$0</b> |
| <b>Economic Benefit</b>                              | <b>0.0%</b> Enhancement*   | <b>Subtotal 6</b>                 | <b>\$0</b> |
| Total EB Amounts                                     | \$297  | *Capped at the Total EB \$ Amount |            |
| Approx. Cost of Compliance                           | \$5,500  |                                   |            |

**SUM OF SUBTOTALS 1-7** **Final Subtotal** **\$82,750**

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

Reduces or enhances the Final Subtotal by the indicated percentage.

Notes

**Final Penalty Amount** **\$82,750**

**STATUTORY LIMIT ADJUSTMENT** **Final Assessed Penalty** **\$82,750**

**DEFERRAL** **0.0%** Reduction **Adjustment** **\$0**

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

Notes

No deferral is recommended for Findings Orders.

**PAYABLE PENALTY** **\$82,750**

**Screening Date** 19-Mar-2012 **Docket No.** 2012-0632-AIR-E  
**Respondent** Magellan Pipeline Terminals, L.P.  
**Case ID No.** 43809  
**Reg. Ent. Reference No.** RN102186129  
**Media [Statute]** Air  
**Enf. Coordinator** Roshondra Lowe

PCW

Policy Revision 3 (September 2011)  
 PCW Revision August 3, 2011

### 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   | 4                 | 8%      |
| 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> )     | 5                 | -5%     |
|                               | 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> )  | 3                 | -6%     |
| <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)**

Average Performer

**Adjustment Percentage (Subtotal 7)** 0%

>> **Compliance History Summary**

**Compliance History Notes**

Enhancement for four NOVs with dissimilar violations. Reduction for five notices of intent to conduct an audit and three disclosures of violations submitted.

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

>> **Final Compliance History Adjustment**

**Final Adjustment Percentage \*capped at 100%** 0%

|                                |  |                   |                 |   |
|--------------------------------|--|-------------------|-----------------|---|
| <b>Screening Date</b>          | 19-Mar-2012                                | <b>Docket No.</b> | 2012-0632-AIR-E | <b>PCW</b>                                |
| <b>Respondent Case ID No.</b>  | Magellan Pipeline Terminals, L.P.<br>43809 |                   |                 | <i>Policy Revision 3 (September 2011)</i> |
| <b>Reg. Ent. Reference No.</b> | RN102186129                                |                   |                 | <i>PCW Revision August 3, 2011</i>        |
| <b>Media [Statute]</b>         | Air  |                   |                 |   |
| <b>Enf. Coordinator</b>        | Roshondra Lowe                             |                   |                 |   |

|                              |  |
|------------------------------|--|
| <b>Violation Number</b>      | 1  |
| <b>Rule Cite(s)</b>          | 30 Tex. Admin. Code § 116.115(c), Tex. Health & Safety Code § 382.085(a) and (b), New Source Review Permit No. 83542, Special Conditions No. 1, and Standard Exemption Registration No. 36092  |
| <b>Violation Description</b> | Failed to prevent unauthorized emissions. Specifically, Respondent released 13,621.17 pounds ("lbs") of octane, 1,411.94 lbs of heptane, 4,386.21 lbs of hexane, 100.66 lbs of nonane and 594.32 lbs of benzene from Tank No. 1403, and 20,142.88 lbs of octane, 140,212.94 lbs of butene, and 10,781.66 lbs of butane were released from Tank No. 1423 during an emissions event (Incident No. 160355) that began on October 9, 2011, and lasted 49 hours and 15 minutes. The event occurred when excess rainwater collected on external floating roof of Tanks Nos. 1403 and 1423, causing the roofs to tilt and allowing product to accumulate on the tank roofs. This event was determined to be an excessive emissions event. |

**Base Penalty**

**>> Environmental, Property and Human Health Matrix**

|           |                |                                |                      |  |
|-----------|----------------|--------------------------------|----------------------|--|
| <b>OR</b> | <b>Harm</b>    |                                |                      |  |
|           | <b>Release</b> | Major                          | Moderate             | Minor  |
|           | Actual         | <input type="text" value="x"/> | <input type="text"/> | <input type="text"/>                               |
|           | Potential      | <input type="text"/>           | <input type="text"/> | <input type="text"/>                               |
|           |                |                                |                      | <b>Percent</b> <input type="text" value="100.0%"/> |

**>> Programmatic Matrix**

|  |                      |                      |                      |                      |  |
|--|----------------------|----------------------|----------------------|----------------------|--|
|  | Falsification        | Major                | Moderate             | Minor                |  |
|  | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <b>Percent</b> <input type="text" value="0.0%"/> |

Matrix Notes: Human health or the environment in the Houston-Galveston-Brazoria nonattainment area has been exposed to pollutants which exceed levels that are protective of human health or environmental receptors as a result of this violation.

**Adjustment**

**Violation Events**

Number of Violation Events   Number of violation days

*mark only one with an x*

|              |                                |
|--------------|--------------------------------|
| daily        | <input type="text" value="x"/> |
| weekly       | <input type="text"/>           |
| monthly      | <input type="text"/>           |
| quarterly    | <input type="text"/>           |
| semiannual   | <input type="text"/>           |
| annual       | <input type="text"/>           |
| single event | <input type="text"/>           |

**Violation Base Penalty**

Three daily events are recommended.

**Good Faith Efforts to Comply**  Reduction

|               |                                |                               |
|---------------|--------------------------------|-------------------------------|
|               | Before NOV                     | NOV to EDPRP/Settlement Offer |
| Extraordinary | <input type="text"/>           | <input type="text"/>          |
| Ordinary      | <input type="text"/>           | <input type="text"/>          |
| N/A           | <input type="text" value="x"/> | (mark with x)                 |

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

**Violation Subtotal**

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

**Estimated EB Amount**  **Violation Final Penalty Total**

**This violation Final Assessed Penalty (adjusted for limits)**

## Economic Benefit Worksheet

**Respondent** Magellan Pipeline Terminals, L.P.  
**Case ID No.** 43809  
**Reg. Ent. Reference No.** RN102186129  
**Media Violation No.** Air  
 1

| Percent Interest | Years of Depreciation |
|------------------|-----------------------|
| 5.0              | 15                    |

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

### Delayed Costs

|                          |         |            |            |      |       |     |       |
|--------------------------|---------|------------|------------|------|-------|-----|-------|
| 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)        | \$3,500 | 9-Oct-2011 | 2-Nov-2012 | 1.07 | \$187 | n/a | \$187 |

**Notes for DELAYED costs**

Estimated cost to develop and implement procedures to prevent rainwater from collecting on the floating roof tanks. The Date Required is the date the emissions event began. 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**   \$3,500

**TOTAL**   \$187

|                                |                                   |                   |                 |   |
|--------------------------------|-----------------------------------|-------------------|-----------------|---|
| <b>Screening Date</b>          | 19-Mar-2012                       | <b>Docket No.</b> | 2012-0632-AIR-E | <b>PCW</b>                                |
| <b>Respondent</b>              | Magellan Pipeline Terminals, L.P. |                   |                 | <i>Policy Revision 3 (September 2011)</i> |
| <b>Case ID No.</b>             | 43809                             |                   |                 | <i>PCW Revision August 3, 2011</i>        |
| <b>Reg. Ent. Reference No.</b> | RN102186129                       |                   |                 |   |
| <b>Media [Statute]</b>         | Air                               |                   |                 |   |
| <b>Enf. Coordinator</b>        | Roshondra Lowe                    |                   |                 |   |

**Violation Number**

**Rule Cite(s)**

**Violation Description**

**Base Penalty**

**>> Environmental, Property and Human Health Matrix**

|           |                |                      |                      |                      |  |
|-----------|----------------|----------------------|----------------------|----------------------|--|
| <b>OR</b> | <b>Harm</b>    |                      |                      |                      | <b>Percent</b> <input type="text" value="0.0%"/> |
|           | <b>Release</b> | Major                | Moderate             | Minor                |  |
|           | Actual         | <input type="text"/> | <input type="text"/> | <input type="text"/> |  |
|           | Potential      | <input type="text"/> | <input type="text"/> | <input type="text"/> |  |

**>> Programmatic Matrix**

|  |                      |                      |                      |                                |  |
|--|----------------------|----------------------|----------------------|--------------------------------|--|
|  | Falsification        | Major                | Moderate             | Minor                          | <b>Percent</b> <input type="text" value="1.0%"/> |
|  | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text" value="x"/> |  |

**Matrix Notes**

**Adjustment**

**Violation Events**

Number of Violation Events  Number of violation days

|                                |                                |                      |
|--------------------------------|--------------------------------|----------------------|
| <i>mark only one with an x</i> | daily                          | <input type="text"/> |
|                                | weekly                         | <input type="text"/> |
|                                | monthly                        | <input type="text"/> |
|                                | quarterly                      | <input type="text"/> |
|                                | semiannual                     | <input type="text"/> |
|                                | annual                         | <input type="text"/> |
| single event                   | <input type="text" value="x"/> |                      |

**Violation Base Penalty**

**Good Faith Efforts to Comply**

Reduction

|               |                                |                               |
|---------------|--------------------------------|-------------------------------|
|               | Before NOV                     | NOV to EDPRP/Settlement Offer |
| Extraordinary | <input type="text"/>           | <input type="text"/>          |
| Ordinary      | <input type="text"/>           | <input type="text"/>          |
| N/A           | <input type="text" value="x"/> | (mark with x)                 |

**Notes**

**Violation Subtotal**

**Economic Benefit (EB) for this violation**

**Statutory Limit Test**

**Estimated EB Amount**

**Violation Final Penalty Total**

**This violation Final Assessed Penalty (adjusted for limits)**

## Economic Benefit Worksheet

**Respondent** Magellan Pipeline Terminals, L.P.  
**Case ID No.** 43809  
**Reg. Ent. Reference No.** RN102186129  
**Media Violation No.** Air  
 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)        | \$500 | 9-Oct-2011 | 2-Nov-2012 | 1.07 | \$27 | n/a | \$27 |

**Notes for DELAYED costs**

Estimated cost to comply with emissions event reporting requirements. The Date Required is the violation date. 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** \$500

**TOTAL** \$27

|                                |                                   |                   |                 |   |
|--------------------------------|-----------------------------------|-------------------|-----------------|---|
| <b>Screening Date</b>          | 19-Mar-2012                       | <b>Docket No.</b> | 2012-0632-AIR-E | <b>PCW</b>                                |
| <b>Respondent</b>              | Magellan Pipeline Terminals, L.P. |                   |                 | <i>Policy Revision 3 (September 2011)</i> |
| <b>Case ID No.</b>             | 43809                             |                   |                 | <i>PCW Revision August 3, 2011</i>        |
| <b>Reg. Ent. Reference No.</b> | RN102186129                       |                   |                 |   |
| <b>Media [Statute]</b>         | Air                               |                   |                 |   |
| <b>Enf. Coordinator</b>        | Roshondra Lowe                    |                   |                 |   |

**Violation Number**

**Rule Cite(s)**

30 Tex. Admin. Code § 116.115(c), Tex. Health & Safety Code § 382.085(b), and New Source Review Permit No. 83542, Special Conditions No. 1

**Violation Description**

Failed to prevent unauthorized emissions. Specifically, Respondent released 7,538 lbs of volatile organic compounds from piping associated with Tank No. 3012 during an emissions event (Incident No. 162784) that began on December 1, 2011 and lasted 12 hours and 20 minutes. The event occurred due to a pump surge causing the connecting piping to move. The movement caused a nipple in the piping to break, releasing diesel into an on-site drainage ditch. Since the emissions event was avoidable by better operational practices, the Respondent is precluded from asserting an affirmative defense under 30 Tex. Admin. Code § 101.222.

**Base Penalty**

**>> Environmental, Property and Human Health Matrix**

| OR        | Release              | Harm                 |                      |   |  |
|-----------|----------------------|----------------------|----------------------|---|--|
|           |                      | Major                | Moderate             | Minor                                     |  |
|           |                      | Actual               | <input type="text"/> | <input checked="" type="text" value="x"/> |  |
| Potential | <input type="text"/> | <input type="text"/> | <input type="text"/> |   |  |

**>> Programmatic Matrix**

|  | Falsification        | Major                | Moderate             | Minor                |  |
|--|----------------------|----------------------|----------------------|----------------------|--|
|  | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <b>Percent</b> <input type="text" value="0.0%"/> |

Matrix Notes

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

**Adjustment**

**Violation Events**

Number of Violation Events        Number of violation days

|                                |              |   |
|--------------------------------|--------------|---|
| <i>mark only one with an x</i> | daily        | <input type="text"/>                      |
|                                | weekly       | <input type="text"/>                      |
|                                | monthly      | <input checked="" type="text" value="x"/> |
|                                | quarterly    | <input type="text"/>                      |
|                                | semiannual   | <input type="text"/>                      |
|                                | annual       | <input type="text"/>                      |
|                                | single event | <input type="text"/>                      |

**Violation Base Penalty**

One monthly event is recommended.

**Good Faith Efforts to Comply**

Reduction

|               | Before NOV                                | NOV to EDPRP/Settlement Offer |
|---------------|---|-------------------------------|
| Extraordinary | <input type="text"/>                      | <input type="text"/>          |
| Ordinary      | <input type="text"/>                      | <input type="text"/>          |
| N/A           | <input checked="" type="text" value="x"/> | (mark with x)                 |

Notes

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

**Violation Subtotal**

**Economic Benefit (EB) for this violation**

**Statutory Limit Test**

**Estimated EB Amount**

**Violation Final Penalty Total**

**This violation Final Assessed Penalty (adjusted for limits)**

## Economic Benefit Worksheet

**Respondent** Magellan Pipeline Terminals, L.P.  
**Case ID No.** 43809  
**Reg. Ent. Reference No.** RN102186129  
**Media** Air  
**Violation No.** 3

| Percent Interest | Years of Depreciation |
|------------------|-----------------------|
| 5.0              | 15                    |

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

### Delayed Costs

|                          |         |            |            |      |      |     |      |
|--------------------------|---------|------------|------------|------|------|-----|------|
| Equipment                |         |            |            | 0.00 | \$0  | \$0 | \$0  |
| Buildings                |         |            |            | 0.00 | \$0  | \$0 | \$0  |
| Other (as needed)        |         |            |            | 0.00 | \$0  | \$0 | \$0  |
| Engineering/construction |         |            |            | 0.00 | \$0  | \$0 | \$0  |
| Land                     |         |            |            | 0.00 | \$0  | n/a | \$0  |
| Record Keeping System    |         |            |            | 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 | 1-Dec-2011 | 7-Jan-2013 | 1.10 | \$83 | n/a | \$83 |

**Notes for DELAYED costs**  
 Estimated cost to implement procedures to prevent the recurrence of emissions events due to the same cause as Incident No. 162784. The Date Required is the date the emissions event occurred. The Final Date is the projected 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**

|                                   |         |              |      |
|-----------------------------------|---------|--------------|------|
| <b>Approx. Cost of Compliance</b> | \$1,500 | <b>TOTAL</b> | \$83 |
|-----------------------------------|---------|--------------|------|

## Compliance History Report

|   |   |                         |                   |
|---|---|-------------------------|-------------------|
| Customer/Respondent/Owner-Operator:   | CN603167297 Magellan Pipeline Terminals, L.P. | Classification: AVERAGE | Rating: 1.94      |
| Regulated Entity:   | RN102186129 EAST HOUSTON TANK FARM            | Classification: HIGH    | Site Rating: 0.00 |
| ID Number(s):   | STORMWATER                                    | PERMIT                  | TXR15PL86         |
|   | WASTE WATER GENERAL PERMIT                    | PERMIT                  | 2E0000025         |
|   | WASTE WATER GENERAL PERMIT                    | PERMIT                  | TXG670183         |
|   | WASTE WATER GENERAL PERMIT                    | PERMIT                  | TXG670198         |
|   | AIR NEW SOURCE PERMITS                        | REGISTRATION            | 93924             |
|   | AIR NEW SOURCE PERMITS                        | REGISTRATION            | 36092             |
|   | AIR NEW SOURCE PERMITS                        | ACCOUNT NUMBER          | HG0735I           |
|   | AIR NEW SOURCE PERMITS                        | REGISTRATION            | 56324             |
|   | AIR NEW SOURCE PERMITS                        | PERMIT                  | 70042             |
|   | AIR NEW SOURCE PERMITS                        | AFS NUM                 | 4820100173        |
|   | AIR NEW SOURCE PERMITS                        | PERMIT                  | 74609             |
|   | AIR NEW SOURCE PERMITS                        | PERMIT                  | 94433             |
|   | AIR NEW SOURCE PERMITS                        | EPA ID                  | N134              |
|   | AIR NEW SOURCE PERMITS                        | REGISTRATION            | 82877             |
|   | AIR NEW SOURCE PERMITS                        | PERMIT                  | 83542             |
|   | AIR OPERATING PERMITS                         | ACCOUNT NUMBER          | HG0735I           |
|   | AIR OPERATING PERMITS                         | PERMIT                  | 2721              |
|   | AIR EMISSIONS INVENTORY                       | ACCOUNT NUMBER          | HG0735I           |
| Location:   | 7901 WALLISVILLE RD, HOUSTON, TX, 77029       |                         |                   |
| TCEQ Region:  | REGION 12 - HOUSTON                           |                         |                   |
| Date Compliance History Prepared:   | May 17, 2012                                  |                         |                   |
| Agency Decision Requiring Compliance History:   | Enforcement                                   |                         |                   |
| Compliance Period:  | November 08, 2005 to November 08, 2010        |                         |                   |
| TCEQ Staff Member to Contact for Additional Information Regarding this Compliance History |   |                         |                   |
| Name:   | Roshondra Lowe                                | Phone:                  | (713) 767-3553    |

### 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. If YES, when did the change(s) in owner or operator occur? N/A
6. Rating Date: 9/1/2011 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 | 08/24/2006 | (457288) |  | 6  | 08/19/2009 | (749575) |
| 2 | 08/13/2007 | (571024) |  | 7  | 03/31/2010 | (781147) |
| 3 | 02/07/2008 | (594429) |  | 8  | 01/07/2010 | (786507) |
| 4 | 03/31/2008 | (640568) |  | 9  | 03/31/2010 | (794591) |
| 5 | 03/24/2009 | (737092) |  | 10 | 10/28/2010 | (850356) |
- E. Written notices of violations (NOV). (CCEDS Inv. Track. No.)

|              |  |                    |                          |
|--------------|--|--------------------|--------------------------|
| <b>Date:</b> | <b>02/07/2008 (594429)</b>   | <b>CN603167297</b> |                          |
| Self Report? | NO   |                    | Classification: Minor    |
| Citation:    | 30 TAC Chapter 122, SubChapter C 122.210(a)<br>5C THSC Chapter 382 382.085(b)  |                    |                          |
| Description: | Failure to submit an application for permit revision.  |                    |                          |
| <b>Date:</b> | <b>08/19/2009 (749575)</b>   | <b>CN603167297</b> |                          |
| Self Report? | NO   |                    | Classification: Moderate |
| Citation:    | 30 TAC Chapter 115, SubChapter F 115.545(1)<br>30 TAC Chapter 122, SubChapter B 122.143(4)<br>5C THSC Chapter 382 382.085(b)<br>Special Terms & Conditions 4(A) OP       |                    |                          |
| Description: | Failure to use the approved test methods for determining flow rates.   |                    |                          |
| Self Report? | NO   |                    | Classification: Moderate |
| Citation:    | 30 TAC Chapter 115, SubChapter F 115.541(a)(1)(B)<br>30 TAC Chapter 122, SubChapter B 122.143(4)<br>5C THSC Chapter 382 382.085(b)<br>Special Terms & Conditions 4(A) OP |                    |                          |
| Description: | Failure to maintain a control efficiency of at least 90% in the vapor control system.  |                    |                          |

**Date:** 01/04/2010 (786507) CN603167297

Self Report? NO Classification: Moderate  
 Citation: 30 TAC Chapter 115, SubChapter F 115.545(1)  
 30 TAC Chapter 122, SubChapter B 122.143(4)  
 5C THSC Chapter 382 382.085(b)  
 Special Terms & Conditions 4(A) OP  
 Description: Failure to use the approved test methods for determining flow rates.

Self Report? NO Classification: Moderate  
 Citation: 30 TAC Chapter 115, SubChapter F 115.541(a)(1)(B)  
 30 TAC Chapter 122, SubChapter B 122.143(4)  
 5C THSC Chapter 382 382.085(b)  
 Special Terms & Conditions 4(A) OP  
 Description: Failure to maintain a control efficiency of at least 90% in the vapor control system.

## F. Environmental audits.

**Notice of Intent Date: 07/03/2006 (510338)**

No DOV Associated

**Notice of Intent Date: 01/16/2009 (726978)**

No DOV Associated

**Notice of Intent Date: 05/01/2009 (759592)**

No DOV Associated

**Notice of Intent Date: 11/13/2009 (785367)****Disclosure Date: 12/04/2009**

Viol. Classification: Moderate

Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)

Rqmt Prov: PERMIT 83542 SC1

Description: Failure to have air authorization for various Tanks. Specifically, various PBRs were consolidated into permits but were not identified as authorized emission sources on the MAERT.

**Notice of Intent Date: 12/19/2009 (787432)****Disclosure Date: 12/22/2009**

Viol. Classification: Moderate

Citation: 30 TAC Chapter 116, SubChapter B 116.116(b)

Description: Failure to comply with permit presentation for material stored in tank 3008. Specifically, the tank is storing gasoline instead of diesel as represented.

**Notice of Intent Date: 02/02/2010 (794657)****Disclosure Date: 05/13/2010**

Viol. Classification: Moderate

Citation: 30 TAC Chapter 106, SubChapter T 106.452

30 TAC Chapter 106, SubChapter W 106.511

30 TAC Chapter 116, SubChapter B 116.110(a)

30 TAC Chapter 122, SubChapter B 122.121

Description: Failed to have sumps authorized and also failed to have NSR authorization documentation on file for sand blasting, emergency generator, DRA skid, and the additive tanks.

Viol. Classification: Minor

Citation: 30 TAC Chapter 106, SubChapter T 106.454(3)(A)

Description: The parts washer did not satisfy the requirements of 30 TAC 106.454(3)(A).

Viol. Classification: Moderate

Citation: 30 TAC Chapter 106, SubChapter K 106.263

Description: Failed to properly document MSS activities.

Viol. Classification: Minor

Citation: 30 TAC Chapter 116, SubChapter B 116.110(a)

Description: Fugitive component emissions from tanks authorized under PBRs 56324 and 82398 were not represented in the original permits, but were subsequently rolled into Permits 74609 (8/4/05) and 83542 in (7/2/08).

Viol. Classification: Moderate

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

30 TAC Chapter 106, SubChapter A 106.6(c)

Description: Failed to correct a PBR registration for floating roof tanks. Specifically, the original project was a nine tank project, but was changed to a two tank project, and the PBR should have been re-certified prior to construction. Additionally, to maintain the PBR authorization the tanks should have been (but were not) constructed with socks.

Viol. Classification: Minor

Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)

30 TAC Chapter 116, SubChapter B 116.116(b)

Rqmt Prov: PERMIT S.C. 9

Description: Failed to reduce RVP gasoline data for each batch of gasoline delivered to the terminal by monthly weighted averages of pipeline receipts.

Viol. Classification: Minor

Citation: 30 TAC Chapter 106, SubChapter K 106.263

30 TAC Chapter 116, SubChapter B 116.115(a)

30 TAC Chapter 116, SubChapter B 116.115(b)

30 TAC Chapter 116, SubChapter B 116.115(c)  
 30 TAC Chapter 116, SubChapter B 116.116(a)(2)  
 30 TAC Chapter 116, SubChapter B 116.116(b)

Description: Failed to correctly represent Tank 3004 with respect to its potential to emit. It was originally represented as having a potential to emit 1.37 tpy of VOCs, but later it was determined that it has a potential to emit 2.42 tpy of VOCs.

Viol. Classification: Minor

Citation: 30 TAC Chapter 116, SubChapter B 116.115(a)  
 30 TAC Chapter 116, SubChapter B 116.115(b)(1)  
 40 CFR Chapter 60, SubChapter C, PT 60, SubPT Kb 60.115b(a)(1)  
 40 CFR Chapter 60, SubChapter C, PT 60, SubPT A 60.7(a)

Description: Failed to be able to locate an initial startup notification for tank 3012.

Viol. Classification: Moderate

Citation: 40 CFR Chapter 60, SubChapter C, PT 60, SubPT Kb 60.115b(a)(1)  
 40 CFR Chapter 60, SubChapter C, PT 60, SubPT A 60.7(a)(3)

Rqmt Prov: OP O-2721, Special Condition #6

Description: Failed to provide initial startup notifications within 15 days of the actual date of initial startup for tanks 3002, 3003, 3006, 3007 and 3008 were provided to the TCEQ.

Viol. Classification: Minor

Citation: 40 CFR Chapter 60, SubChapter C, PT 60, SubPT Kb 60.113b(a)(1)  
 40 CFR Chapter 60, SubChapter C, PT 60, SubPT Kb 60.113b(a)(5)  
 40 CFR Chapter 60, SubChapter C, PT 60, SubPT Kb 60.115b(a)(1)  
 40 CFR Chapter 60, SubChapter C, PT 60, SubPT Kb 60.115b(a)(2)  
 40 CFR Chapter 63, SubChapter C, PT 63, SubPT BBBB 63.11087(f)  
 40 CFR Chapter 63, SubChapter C, PT 63, SubPT BBBB 63.11092(e)  
 40 CFR Chapter 63, SubChapter C, PT 63, SubPT BBBB 63.11094(a)

Rqmt Prov: OP 2721

Description: Failed to retain records to demonstrate compliance with NSPS Kb and GACT BBBB regulations (tank inspections) for Tank No. 3002 and that tank inspection records were not provided for Tank Nos. 3002, 3003, 3006, 3007, and 3008.

Viol. Classification: Minor

Citation: 30 TAC Chapter 115, SubChapter C 115.216(2)  
 30 TAC Chapter 115, SubChapter C 115.216(3)(B)

Rqmt Prov: OP 2721

Description: Failed to locate true vapor pressure records to confirm the exemption claim that diesel loading is exempt from Ch. 115 requirements.

Viol. Classification: Minor

Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)

Rqmt Prov: PERMIT SC Nos. 1, 4, & 7

Description: Failed to track throughput and emission limits on a per-tank basis for Tank Nos. 1226, 1226, 1228 & 1229.

Viol. Classification: Minor

Citation: 30 TAC Chapter 116, SubChapter B 116.116(a)(1)

Description: Failed to correctly represent the property line in the NSR permit application.

Viol. Classification: Major

Citation: 30 TAC Chapter 116, SubChapter B 116.110(a)  
 30 TAC Chapter 122, SubChapter B 122.121

Description: Failed to have the gasoline loading rack authorized by the Title V permit.

Disclosure Date: 06/10/2010

Viol. Classification: Moderate

Citation: 30 TAC Chapter 106, SubChapter T 106.452  
 30 TAC Chapter 106, SubChapter W 106.511  
 30 TAC Chapter 116, SubChapter B 116.110(a)  
 30 TAC Chapter 122, SubChapter B 122.121

Description: Failed to have sumps authorized and also failed to have NSR authorization documentation on file for sand blasting, emergency generator, DRA skid, and the additive tanks.

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

## Compliance History Report

|   |  |                         |                   |
|---|--|-------------------------|-------------------|
| Customer/Respondent/Owner-Operator:   | CN603167297 Magellan Pipeline Terminals, L.P.          | Classification: AVERAGE | Rating: 1.94      |
| Regulated Entity:   | RN102186129 EAST HOUSTON TANK FARM                     | Classification: HIGH    | Site Rating: 0.00 |
| ID Number(s):   | STORMWATER PERMIT                                      |                         | TXR15PL86         |
|   | WASTE WATER GENERAL PERMIT                             | PERMIT                  | 2E0000025         |
|   | WASTE WATER GENERAL PERMIT                             | PERMIT                  | TXG670183         |
|   | WASTE WATER GENERAL PERMIT                             | PERMIT                  | TXG670198         |
|   | AIR NEW SOURCE PERMITS                                 | REGISTRATION            | 93924             |
|   | AIR NEW SOURCE PERMITS                                 | REGISTRATION            | 36092             |
|   | AIR NEW SOURCE PERMITS                                 | ACCOUNT NUMBER          | HG0735I           |
|   | AIR NEW SOURCE PERMITS                                 | REGISTRATION            | 56324             |
|   | AIR NEW SOURCE PERMITS                                 | PERMIT                  | 70042             |
|   | AIR NEW SOURCE PERMITS                                 | AFS NUM                 | 4820100173        |
|   | AIR NEW SOURCE PERMITS                                 | PERMIT                  | 74609             |
|   | AIR NEW SOURCE PERMITS                                 | PERMIT                  | 94433             |
|   | AIR NEW SOURCE PERMITS                                 | EPA ID                  | N134              |
|   | AIR NEW SOURCE PERMITS                                 | REGISTRATION            | 82877             |
|   | AIR NEW SOURCE PERMITS                                 | PERMIT                  | 83542             |
|   | AIR OPERATING PERMITS                                  | ACCOUNT NUMBER          | HG0735I           |
|   | AIR OPERATING PERMITS                                  | PERMIT                  | 2721              |
|   | AIR EMISSIONS INVENTORY                                | ACCOUNT NUMBER          | HG0735I           |
| Location:   | 7901 WALLISVILLE RD, HARRIS COUNTY, HOUSTON, TX, 77029 |                         |                   |
| TCEQ Region:  | REGION 12 - HOUSTON                                    |                         |                   |
| Date Compliance History Prepared:   | May 02, 2012   |                         |                   |
| Agency Decision Requiring Compliance History:   | Enforcement  |                         |                   |
| Compliance Period:  | May 02, 2007 to May 02, 2012                           |                         |                   |
| TCEQ Staff Member to Contact for Additional Information Regarding this Compliance History | Name: Roshondra Lowe Phone: (713) 767-3553             |                         |                   |

### 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. If YES, when did the change(s) in owner or operator occur? N/A
6. Rating Date: 9/1/2011 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 | 08/13/2007 | (571024) | 6  | 03/31/2010 | (781147) | 11 | 01/18/2011 | (886120) |
| 2 | 02/07/2008 | (594429) | 7  | 01/07/2010 | (786507) | 12 | 02/08/2012 | (964015) |
| 3 | 03/31/2008 | (640568) | 8  | 03/31/2010 | (794591) | 13 | 01/04/2012 | (970427) |
| 4 | 03/24/2009 | (737092) | 9  | 10/28/2010 | (850356) | 14 | 02/09/2012 | (977120) |
| 5 | 08/19/2009 | (749575) | 10 | 03/03/2011 | (877686) | 15 | 04/12/2012 | (993613) |
- E. Written notices of violations (NOV). (CCEDS Inv. Track. No.)

|              |  |                 |                 |                    |  |
|--------------|--|-----------------|-----------------|--------------------|--|
| <b>Date:</b> | <b>02/07/2008</b>  | <b>(594429)</b> |                 | <b>CN603167297</b> |  |
| Self Report? | NO   |                 | Classification: | Minor              |  |
| Citation:    | 30 TAC Chapter 122, SubChapter C 122.210(a)<br>5C THSC Chapter 382 382.085(b)  |                 |                 |                    |  |
| Description: | Failure to submit an application for permit revision.  |                 |                 |                    |  |
| <b>Date:</b> | <b>08/19/2009</b>  | <b>(749575)</b> |                 | <b>CN603167297</b> |  |
| Self Report? | NO   |                 | Classification: | Moderate           |  |
| Citation:    | 30 TAC Chapter 115, SubChapter F 115.545(1)<br>30 TAC Chapter 122, SubChapter B 122.143(4)<br>5C THSC Chapter 382 382.085(b)<br>Special Terms & Conditions 4(A) OP       |                 |                 |                    |  |
| Description: | Failure to use the approved test methods for determining flow rates.   |                 |                 |                    |  |
| Self Report? | NO   |                 | Classification: | Moderate           |  |
| Citation:    | 30 TAC Chapter 115, SubChapter F 115.541(a)(1)(B)<br>30 TAC Chapter 122, SubChapter B 122.143(4)<br>5C THSC Chapter 382 382.085(b)<br>Special Terms & Conditions 4(A) OP |                 |                 |                    |  |
| Description: | Failure to maintain a control efficiency of at least 90% in the vapor control system.  |                 |                 |                    |  |

**Date:** 01/04/2010 (786507) CN603167297  
 Self Report? NO Classification: Moderate  
 Citation: 30 TAC Chapter 115, SubChapter F 115.545(1)  
 30 TAC Chapter 122, SubChapter B 122.143(4)  
 5C THSC Chapter 382 382.085(b)  
 Special Terms & Conditions 4(A) OP  
 Description: Failure to use the approved test methods for determining flow rates.  
 Self Report? NO Classification: Moderate  
 Citation: 30 TAC Chapter 115, SubChapter F 115.541(a)(1)(B)  
 30 TAC Chapter 122, SubChapter B 122.143(4)  
 5C THSC Chapter 382 382.085(b)  
 Special Terms & Conditions 4(A) OP  
 Description: Failure to maintain a control efficiency of at least 90% in the vapor control system.

**Date:** 01/05/2012 (970427) CN603167297  
 Self Report? NO Classification: Moderate  
 Citation: 30 TAC Chapter 106, SubChapter U 106.478(2)  
 30 TAC Chapter 122, SubChapter B 122.143(4)  
 ST&C 10 OP  
 Description: Failure to store material that complies with the true vapor pressure limit of 11.0 psia. (Category B18)

## F. Environmental audits.

**Notice of Intent Date: 01/16/2009 (726978)**

**No DOV Associated**

**Notice of Intent Date: 05/01/2009 (759592)**

**No DOV Associated**

**Notice of Intent Date: 11/13/2009 (785367)**

**Disclosure Date: 12/04/2009**

Viol. Classification: Moderate  
 Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)  
 Rqmt Prov: PERMIT 83542 SC1  
 Description: Failure to have air authorization for various Tanks. Specifically, various PBRs were consolidated into permits but were not identified as authorized emission sources on the MAERT.

**Notice of Intent Date: 12/19/2009 (787432)**

**Disclosure Date: 12/22/2009**

Viol. Classification: Moderate  
 Citation: 30 TAC Chapter 116, SubChapter B 116.116(b)  
 Description: Failure to comply with permit presentation for material stored in tank 3008. Specifically, the tank is storing gasoline instead of diesel as represented.

**Notice of Intent Date: 02/02/2010 (794657)**

**Disclosure Date: 05/13/2010**

Viol. Classification: Moderate  
 Citation: 30 TAC Chapter 106, SubChapter T 106.452  
 30 TAC Chapter 106, SubChapter W 106.511  
 30 TAC Chapter 116, SubChapter B 116.110(a)  
 30 TAC Chapter 122, SubChapter B 122.121  
 Description: Failed to have sumps authorized and also failed to have NSR authorization documentation on file for sand blasting, emergency generator, DRA skid, and the additive tanks.  
 Viol. Classification: Minor  
 Citation: 30 TAC Chapter 106, SubChapter T 106.454(3)(A)  
 Description: The parts washer did not satisfy the requirements of 30 TAC 106.454(3)(A).  
 Viol. Classification: Moderate  
 Citation: 30 TAC Chapter 106, SubChapter K 106.263  
 Description: Failed to properly document MSS activities.  
 Viol. Classification: Minor  
 Citation: 30 TAC Chapter 116, SubChapter B 116.110(a)  
 Description: Fugitive component emissions from tanks authorized under PBRs 56324 and 82398 were not represented in the original permits, but were subsequently rolled into Permits 74609 (8/4/05) and 83542 in (7/2/08).  
 Viol. Classification: Moderate  
 Citation: 30 TAC Chapter 106, SubChapter A 106.6(b)  
 30 TAC Chapter 106, SubChapter A 106.6(c)  
 Description: Failed to correct a PBR registration for floating roof tanks. Specifically, the original project was a nine tank project, but was changed to a two tank project, and the PBR should have been re-certified prior to construction. Additionally, to maintain the PBR authorization the tanks should have been (but were not) constructed with socks.  
 Viol. Classification: Minor  
 Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)  
 30 TAC Chapter 116, SubChapter B 116.116(b)  
 Rqmt Prov: PERMIT S.C. 9  
 Description: Failed to reduce RVP gasoline data for each batch of gasoline delivered to the terminal by monthly weighted averages of pipeline receipts.  
 Viol. Classification: Minor

Citation: 30 TAC Chapter 106, SubChapter K 106.263  
30 TAC Chapter 116, SubChapter B 116.115(a)  
30 TAC Chapter 116, SubChapter B 116.115(b)  
30 TAC Chapter 116, SubChapter B 116.115(c)  
30 TAC Chapter 116, SubChapter B 116.116(a)(2)  
30 TAC Chapter 116, SubChapter B 116.116(b)

Description: Failed to correctly represent Tank 3004 with respect to its potential to emit. It was originally represented as having a potential to emit 1.37 tpy of VOCs, but later it was determined that it has a potential to emit 2.42 tpy of VOCs.

Viol. Classification: Minor

Citation: 30 TAC Chapter 116, SubChapter B 116.115(a)  
30 TAC Chapter 116, SubChapter B 116.115(b)(1)  
40 CFR Chapter 60, SubChapter C, PT 60, SubPT Kb 60.115b(a)(1)  
40 CFR Chapter 60, SubChapter C, PT 60, SubPT A 60.7(a)

Description: Failed to be able to locate an initial startup notification for tank 3012.

Viol. Classification: Moderate

Citation: 40 CFR Chapter 60, SubChapter C, PT 60, SubPT Kb 60.115b(a)(1)  
40 CFR Chapter 60, SubChapter C, PT 60, SubPT A 60.7(a)(3)

Rqmt Prov: OP O-2721, Special Condition #6

Description: Failed to provide initial startup notifications within 15 days of the actual date of initial startup for tanks 3002, 3003, 3006, 3007 and 3008 were provided to the TCEQ.

Viol. Classification: Minor

Citation: 40 CFR Chapter 60, SubChapter C, PT 60, SubPT Kb 60.113b(a)(1)  
40 CFR Chapter 60, SubChapter C, PT 60, SubPT Kb 60.113b(a)(5)  
40 CFR Chapter 60, SubChapter C, PT 60, SubPT Kb 60.115b(a)(1)  
40 CFR Chapter 60, SubChapter C, PT 60, SubPT Kb 60.115b(a)(2)  
40 CFR Chapter 63, SubChapter C, PT 63, SubPT BBBBBB 63.11087(f)  
40 CFR Chapter 63, SubChapter C, PT 63, SubPT BBBBBB 63.11092(e)  
40 CFR Chapter 63, SubChapter C, PT 63, SubPT BBBBBB 63.11094(a)

Rqmt Prov: OP 2721

Description: Failed to retain records to demonstrate compliance with NSPS Kb and GACT BBBBBB regulations (tank inspections) for Tank No. 3002 and that tank inspection records were not provided for Tank Nos. 3002, 3003, 3006, 3007, and 3008.

Viol. Classification: Minor

Citation: 30 TAC Chapter 115, SubChapter C 115.216(2)  
30 TAC Chapter 115, SubChapter C 115.216(3)(B)

Rqmt Prov: OP 2721

Description: Failed to locate true vapor pressure records to confirm the exemption claim that diesel loading is exempt from Ch. 115 requirements.

Viol. Classification: Minor

Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)

Rqmt Prov: PERMIT SC Nos. 1, 4, & 7

Description: Failed to track throughput and emission limits on a per-tank basis for Tank Nos. 1226, 1226, 1228 & 1229.

Viol. Classification: Minor

Citation: 30 TAC Chapter 116, SubChapter B 116.116(a)(1)

Description: Failed to correctly represent the property line in the NSR permit application.

Viol. Classification: Major

Citation: 30 TAC Chapter 116, SubChapter B 116.110(a)  
30 TAC Chapter 122, SubChapter B 122.121

Description: Failed to have the gasoline loading rack authorized by the Title V permit.

Disclosure Date: 06/10/2010

Viol. Classification: Moderate

Citation: 30 TAC Chapter 106, SubChapter T 106.452  
30 TAC Chapter 106, SubChapter W 106.511  
30 TAC Chapter 116, SubChapter B 116.110(a)  
30 TAC Chapter 122, SubChapter B 122.121

Description: Failed to have sumps authorized and also failed to have NSR authorization documentation on file for sand blasting, emergency generator, DRA skid, and the additive tanks.

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  
MAGELLAN PIPELINE TERMINALS,  
L.P.;  
RN102186129**

§  
§  
§  
§  
§

**BEFORE THE  
TEXAS COMMISSION ON  
ENVIRONMENTAL QUALITY**

## **AGREED ORDER**

### **DOCKET NO. 2012-0632-AIR-E**

At its \_\_\_\_\_ agenda meeting, the Texas Commission on Environmental Quality ("Commission" or "TCEQ") considered this agreement of the parties (the "Agreed Order"), resolving an enforcement action regarding Magellan Pipeline Terminals, L.P. ("Respondent") under the authority of TEX. WATER CODE ch. 7 and TEX. HEALTH & SAFETY CODE ch. 382. The Executive Director of the TCEQ, represented by the Litigation Division, and Respondent, represented by David J. Tuckfield of the Law Office of David J. Tuckfield, presented this Agreed Order to the Commission.

Respondent understands that it has certain procedural rights at certain points in the enforcement process, including, but not limited to, the right to formal notice of violations, notice of an evidentiary hearing, the right to an evidentiary hearing, and a right to appeal. By entering into this Agreed Order, Respondent agrees to waive all notice and procedural rights.

It is further understood and agreed that this Agreed Order represents the complete and fully-integrated agreement of the parties. 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. The duties and responsibilities imposed by this Agreed Order are binding upon Respondent.

The Commission makes the following Findings of Fact and Conclusions of Law:

### **FINDINGS OF FACT**

1. Respondent owns and operates a tank farm located at 7901 Wallisville Road in Houston, Harris County, Texas (the "Plant"). The Plant consists of one or more sources as defined in TEX. HEALTH & SAFETY CODE § 382.003(12).
2. During an investigation conducted on July 27, 2010, a TCEQ Houston Regional Office investigator documented that Respondent failed to prevent unauthorized emissions. Specifically, Respondent released 13,557 pounds ("lbs") of octane, 5,342 lbs of heptanes, 14,896 lbs of hexanes, 58,403 lbs of isopentane, and 50,240 lbs of n-butane during an emissions event (Incident No. 142053) that began on July 3, 2010, and lasted 70 hours. The event occurred when excess rainwater collected on the external floating roof of Tank No. 1423 allowing product to accumulate on the roof. The TCEQ determined that this was an excessive emissions event.

3. During an investigation conducted on October 11, 2011, a TCEQ Houston Regional Office investigator documented that Respondent:
  - a. Failed to prevent unauthorized emissions. Specifically, Respondent released 13,621.17 lbs of octane, 1,411.94 lbs of heptane, 4,386.21 lbs of hexane, 100.66 lbs of nonane and 594.32 lbs of benzene from Tank No. 1403, and 20,142.88 lbs of octane, 140,212.94 lbs of butene, and 10,781.66 lbs of butane from Tank No. 1423 during an emissions event (Incident No. 160355) that began on October 9, 2011, and lasted 49 hours and 15 minutes. The event occurred when excess rainwater collected on the external floating roofs of Tanks Nos. 1403 and 1423, causing the roofs to tilt and allowing product to accumulate on the tank roofs. The TCEQ determined this was an excessive emissions event; and
  - b. Failed to identify the individually listed compounds or mixtures of air contaminants released at each emissions point during an emissions event (Incident No. 160355). Specifically, the final emissions event report did not list the specific volatile organic compounds from the emissions event.
4. During an investigation conducted on December 2, 2011, a TCEQ Houston Regional Office investigator documented that Respondent failed to prevent unauthorized emissions. Specifically, Respondent released 7,538 lbs of volatile organic compounds from piping associated with Tank No. 3012 during an emissions event (Incident No. 162784) that began on December 1, 2011, and lasted 12 hours and 20 minutes. The event occurred due to a pump surge causing the connecting piping to move. The movement caused a nipple in the piping to break, releasing diesel into an on-site drainage ditch. The TCEQ determined the emissions event could have been avoided by better operational practices.
5. Respondent received notice of the violation in Finding of Fact No. 2 on or about November 1, 2010. Respondent received notice of the violations in Findings of Facts Nos. 3.a. and 3.b. on or about February 8, 2012. Respondent received notice of the violation in Finding of Fact No. 4 on or about February 9, 2012.

#### **CONCLUSIONS OF LAW**

1. As evidenced by Finding of Fact No. 1, Respondent is subject to the jurisdiction of the TCEQ pursuant to TEX. HEALTH & SAFETY CODE ch. 382 and the rules of the Commission.
2. As evidenced by Finding of Fact No. 2, Respondent failed to prevent unauthorized emissions, in violation of TEX. HEALTH & SAFETY CODE § 382.085(a) and Standard Exemption Registration No. 36092. Since these emissions were determined to be excessive, Respondent is prevented from asserting any affirmative defense under 30 TEX. ADMIN. CODE § 101.222.
3. As evidenced by Finding of Fact No. 3.a., Respondent failed to prevent unauthorized emissions, in violation of TEX. HEALTH & SAFETY CODE § 382.085(a) and (b), 30 TEX. ADMIN. CODE § 116.115(c), New Source Review Permit No. 83542, Special Conditions No. 1, and Standard Exemption Registration No. 36092. Since these emissions were determined to be excessive, Respondent is prevented from asserting any affirmative defense under 30 TEX. ADMIN. CODE § 101.222.

4. As evidenced by Finding of Fact No. 3.b., Respondent failed to identify the individually listed compounds or mixtures of air contaminants released at each emissions point during an emissions event (Incident No. 160355), in violation of TEX. HEALTH & SAFETY CODE § 382.085(b) and 30 TEX. ADMIN. CODE § 101.201(b)(1)(G).
5. As evidenced by Finding of Fact No. 4, Respondent failed to prevent unauthorized emissions, in violation of TEX. HEALTH & SAFETY CODE § 382.085(b), 30 TEX. ADMIN. CODE § 116.115(c), and New Source Review Permit No. 83542, Special Conditions No. 1. Since these emissions could have been avoided by better operational practices, Respondent is prevented from asserting any affirmative defense under 30 TEX. ADMIN. CODE § 101.222.
6. Pursuant to TEX. WATER CODE § 7.051, the Commission has the authority to assess an administrative penalty against Respondent for violations of state statutes within the Commission's jurisdiction, for violations of rules adopted under such statutes, or for violations of orders or permits issued under such statutes.
7. An administrative penalty in the amount of one hundred twelve thousand seven hundred fifty dollars (\$112,750.00) is justified by the facts recited in this Agreed Order, and considered in light of the factors set forth in TEX. WATER CODE § 7.053. Respondent paid one hundred twelve thousand seven hundred fifty dollars (\$112,750.00) of the administrative penalty

#### **ORDERING PROVISIONS**

NOW, THEREFORE, THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ORDERS that:

1. Respondent is assessed an administrative penalty as set forth in Conclusion of Law No. 7, for violations of state statutes and rules of the TCEQ. The payment of this administrative penalty and Respondent's compliance with all the terms and conditions set forth in this Agreed Order resolve only the matters set forth by this Agreed Order in this action. The Commission shall not be constrained in any manner from considering or requiring corrective actions or penalties for violations which are not raised here.
2. Respondent shall undertake the following technical requirements:
  - a. Immediately upon the effective date of this Agreed Order, Respondent shall:
    - i. Implement the approved corrective action plan ("CAP") for Incident No. 142053 to address the excessive emissions event that occurred on July 3, 2010; and
    - ii. Comply with the TCEQ request dated May 2, 2012 for submittal of a CAP for Incident No. 160355 to address the excessive emissions event that occurred on October 9, 2011, in accordance with 30 TEX. ADMIN. CODE § 101.223(a)(1);
  - b. Respondent shall respond completely and adequately, as determined by the Executive Director, to all written requests for information concerning the submitted CAP for Incident No. 160355 within 15 days after the date of such requests, or by other deadline specified in writing;

- c. Upon Executive Director approval, Respondent shall implement the CAP for Incident No. 160355, in accordance with the approved schedule;
- d. Upon completion for implementation of the CAP for Incident No. 160355, Respondent shall submit written certification, in accordance with Ordering Provision No. 2.g, to demonstrate compliance with Ordering Provisions Nos. 2.a. through 2.c.; and
- e. Within 30 days after the effective date of this Agreed Order, Respondent shall:
  - i. Implement measures and procedures to prevent recurrence of emissions events due to the same cause as Incident No. 162784; and
  - ii. Implement procedures to ensure complete reporting of emissions events, in accordance with 30 TEX. ADMIN. CODE § 101.201(b).
- f. Within 45 days after the effective date of this Agreed Order, Respondent shall submit written certification, in accordance with Ordering Provision No. 2.g. to demonstrate compliance with Ordering Provisions Nos. 2.e.i. and 2.e.ii.
- g. The certifications required by these Ordering Provisions shall be accompanied by detailed supporting documentation, including photographs, receipts, and/or other records, shall be notarized by a State of Texas Notary Public, and shall 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 fine and imprisonment for knowing violations."

Respondent shall submit the written certifications and supporting documentation necessary to demonstrate compliance with these Ordering Provisions to:

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

and:

Jason Harris, Air Section Manager  
Texas Commission on Environmental Quality  
Houston Regional Office  
5425 Polk Street, Suite H  
Houston, Texas 77023-1452

- 3. All relief not expressly granted in this Agreed Order is denied.
- 4. The duties and provisions imposed by this Agreed Order shall apply to and be binding upon Respondent. Respondent is ordered to give notice of this Agreed Order to personnel who maintain day-to-day control over the Plant operations referenced in

this Agreed Order.

5. If 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, Respondent's failure to comply is not a violation of this Agreed Order. Respondent shall have the burden of establishing to the Executive Director's satisfaction that such an event has occurred. Respondent shall notify the Executive Director within seven days after Respondent becomes aware of a delaying event and shall take all reasonable measures to mitigate and minimize any delay.
6. The Executive Director may grant an extension of any deadline in this Agreed Order or in any plan, report, or other document submitted pursuant to this Agreed Order, upon a written and substantiated showing of good cause. All requests for extensions by Respondent shall be made in writing to the Executive Director. Extensions are not effective until Respondent receives written approval from the Executive Director.
7. The determination of what constitutes good cause rests solely with the Executive Director.
8. 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 Respondent has not complied with one or more of the terms or conditions in this Agreed Order.
9. 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.
10. 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.
11. Pursuant to 30 TEX. ADMIN. CODE § 70.10(b) and TEX. GOV'T CODE § 2001.142, the effective date of this Agreed Order is the date of hand delivery of this Agreed Order to Respondent, or three days after the date on which the Commission mails notice of this Agreed Order to 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

*[Signature]*  
For the Executive Director

July 9, 2012  
Date

I, the undersigned, have read and understand the attached Agreed Order. I represent that I am authorized to agree to the attached Agreed Order on behalf of Magellan Pipeline Terminals, L.P., 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 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;
- 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, I understand that any falsification of any compliance documents may result in criminal prosecution.

*[Signature]*  
Signature  
John D Chandler

5/31/2012  
Date  
CFO

Name (Printed or typed)  
Authorized representative of  
Magellan Pipeline Terminals, L.P.

Title

