

**Executive Summary – Enforcement Matter – Case No. 45063**  
**Davis Gas Processing, Inc.**  
**RN100217686**  
**Docket No. 2012-2029-AIR-E**

**Order Type:**

Findings Agreed Order

**Findings Order Justification:**

Three or more enforcement actions (NOVs, orders, etc.) over the prior five year period for the same violation(s).

**Media:**

AIR

**Small Business:**

No

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

Big Lake Gas Plant, located six miles east of Big Lake and one mile south of U.S. Highway 67, Reagan County

**Type of Operation:**

Natural gas compression and treatment plant

**Other Significant Matters:**

Additional Pending Enforcement Actions: No

Past-Due Penalties: No

Other: N/A

Interested Third-Parties: None

**Texas Register Publication Date:** August 16, 2013

**Comments Received:** No

***Penalty Information***

**Total Penalty Assessed:** \$62,785

**Amount Deferred for Expedited Settlement:** \$0

**Amount Deferred for Financial Inability to Pay:** \$0

**Total Paid to General Revenue:** \$62,785

**Total Due to General Revenue:** \$0

**SEP Conditional Offset:** \$0

**Compliance History Classifications:**

Person/CN - Satisfactory

Site/RN - Satisfactory

**Major Source:** Yes

**Statutory Limit Adjustment:** N/A

**Applicable Penalty Policy:** September 2002 and September 2011

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**Davis Gas Processing, Inc.**  
**RN100217686**  
**Docket No. 2012-2029-AIR-E**

***Investigation Information***

**Complaint Date(s):** N/A

**Complaint Information:** N/A

**Date(s) of Investigation:** August 24, 2012, October 9, 2012, March 11 and 18, 2013

**Date(s) of NOE(s):** August 31, 2012, November 5, 2012, April 12 and 14, 2013

***Violation Information***

1. Failed to route emissions from Unit 12 to the flare, emission point number (“EPN”) 17 [30 TEX. ADMIN. CODE §§ 101.20(2), 113.390, 116.115(c), and 122.143(4), 40 CODE OF FEDERAL REGULATIONS § 63.765(c)(1), Permit No. 48944, Special Conditions (“SC”) Nos. 1 and 7, Federal Operating Permit (“FOP”) No. O3060, Special Terms and Conditions (“STC”) No. 5 and General Terms and Conditions (“GTC”), and TEX. HEALTH & SAFETY CODE § 382.085(b)].
2. Failed to report all instances of deviations [30 TEX. ADMIN. CODE § 122.145(2)(A), FOP No. O3060, GTC, and TEX. HEALTH & SAFETY CODE § 382.085(b)].
3. Failed to record visible emissions observations for EPN 17 [30 TEX. ADMIN. CODE § 111.111(a)(4)(A)(ii) and TEX. HEALTH & SAFETY CODE § 382.085(b)].
4. Failed to comply with representations and emission limits in a standard permit [30 TEX. ADMIN. CODE § 116.615(2), Standard Permit Registration No. 90541, Maximum Emission Rates Table, and TEX. HEALTH & SAFETY CODE § 382.085(b)].
5. Failed to prevent unauthorized emissions. Since this emissions event was reported late, Respondent is precluded from asserting an affirmative defense under 30 TEX. ADMIN. CODE § 101.222 [30 TEX. ADMIN. CODE § 116.115(c) and § 122.143(4); Permit No. 48944, SC No. 1; FOP No. O3060, STC No. 5 and GTC; and TEX. HEALTH & SAFETY CODE § 382.085(b)].
6. Failed to submit an initial notification for Incident No. 170653 within 24 hours after discovery of the emissions event [30 TEX. ADMIN. CODE § 101.201(a) and TEX. HEALTH & SAFETY CODE § 382.085(b)].
7. Failed to prevent unauthorized emissions. Since this emissions event was reported late, Respondent is precluded from asserting an affirmative defense under 30 TEX. ADMIN. CODE § 101.222 [30 TEX. ADMIN. CODE § 116.115(c) and § 122.143(4); Permit No.

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48944, SC No. 1; FOP No. O3060, STC No. 5 and GTC; and TEX. HEALTH & SAFETY CODE § 382.085(b)].

8. Failed to submit an initial notification for Incident No. 162457 within 24 hours after discovery of the emissions event [30 TEX. ADMIN. CODE § 101.201(a) and TEX. HEALTH & SAFETY CODE § 382.085(b)].

9. Failed to prevent unauthorized emissions. Since this emissions event was reported late, Respondent is precluded from asserting an affirmative defense under 30 TEX. ADMIN. CODE §101.222 [30 TEX. ADMIN. CODE §§ 116.115(c) and 122.143(4); Permit No. 48944, SC No. 1; FOP No. O3060, STC No. 5 and GTC; and TEX. HEALTH & SAFETY CODE § 382.085(b)].

10. Failed to submit an initial notification for Incident No. 179743 within 24 hours after discovery of the emissions event [30 TEX. ADMIN. CODE §101.201(a) and TEX. HEALTH & SAFETY CODE §382.085(b)].

***Corrective Actions/Technical Requirements***

**Corrective Action(s) Completed:**

Respondent has implemented the following corrective measures at the Plant:

- a. On May 1, 2011, began monitoring and recording visible emissions for EPN 17;
- b. On March 21, 2012, submitted a permit application to amend Permit No. 48944 to increase the number of compressor blowdowns allowed per calendar year and the associated emissions;
- c. On June 6, 2012, submitted a revised semi-annual deviation report which included deviations for failing to route emissions from Unit 12 to EPN 17 and failing to obtain authorization for blowdown emissions associated with planned maintenance, startup, and shutdown activities;
- d. On July 17, 2012, obtained authorization to operate a new acid gas compressor under Permit by Rule Registration No. 102163 in order to prevent a recurrence of emissions events due to the same cause as Incident No. 162457;
- e. On October 1, 2012, assigned an Environmental Team Member as the federal operating permit lead to ensure the Plant's federal operating permit checklists are correct, up-to-date, and that common federal operating permit practices are established to ensure all instances of deviations are included in semi-annual deviation reports.

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f. On October 4, 2012, conducted an environmental reporting class with operations personnel which emphasized the requirement to report planned maintenance work through advanced notification in the State of Texas Environmental Electronic Reporting System in order to prevent a recurrence of emissions events due to the same cause as Incident No. 170653;

g. On October 18, 2012, obtained authorization under Standard Permit Registration No. 105730 to route emissions from Unit 12 to the Plant's Hot Oil Heater, EPN 14, to minimize uncontrolled emissions to the atmosphere; and

h. On March 27, 2013, conducted an environmental reporting class with operations personnel to ensure that emissions event notifications are submitted in a timely manner and emphasized the importance of following Plant procedures and opening valves accordingly such that the acid gas can be contained within the process during emissions events in order to prevent a recurrence of emissions events due to the same cause as Incident No. 179743.

**Technical Requirements:**

The Order will require Respondent to:

a. Respond completely and adequately, as determined by the TCEQ, to all requests for information concerning the permit amendment application submitted on March 21, 2012 within 30 days after the date of such requests, or by any other deadline specified in writing; and

b. Within 180 days, submit written certification that a permit amendment has been obtained, submit written certification of compliance with the current representations and emission rates of Permit No. 48944, or submit written certification that operations have ceased.

***Litigation Information***

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

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

**SOAH Referral Date:** N/A

**Hearing Date(s):** N/A

**Settlement Date:** N/A

***Contact Information***

**TCEQ Attorney:** N/A

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**RN100217686**  
**Docket No. 2012-2029-AIR-E**

**TCEQ Enforcement Coordinator:** Kimberly Morales, Enforcement Division,  
Enforcement Team 5, MC R-12, (713) 422-8938; Candy Garrett, Enforcement Division,  
MC 219, (512) 239-1456

**TCEQ SEP Coordinator:** N/A

**Respondent:** Michael Davis, Vice President, Davis Gas Processing, Inc., 211 North  
Colorado Street, Midland, Texas 79701

Bob Stewart, Environmental Coordinator, Davis Gas Processing, Inc., 211 North  
Colorado Street, Midland, Texas 79701

**Respondent's Attorney:** N/A





# Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002)

PCW Revision October 30, 2008

TCEQ

DATES	Assigned	4-Sep-2012	Screening	25-Sep-2012	EPA Due	2-Aug-2013
	PCW	7-Jun-2013				

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

<b>CASE INFORMATION</b>			
Enf./Case ID No.	45063	No. of Violations	4
Docket No.	2012-2029-AIR-E	Order Type	Findings
Media Program(s)	Air	Government/Non-Profit	No
Multi-Media		Enf. Coordinator	Kimberly Morales
		EC's Team	Enforcement Team 5
Admin. Penalty \$ Limit Minimum	\$0	Maximum	\$10,000

## Penalty Calculation Section

<b>TOTAL BASE PENALTY (Sum of violation base penalties)</b>	<i>Subtotal 1</i>	<b>\$25,100</b>
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### 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>	80.0% Enhancement	<i>Subtotals 2, 3, &amp; 7</i>	<b>\$20,080</b>
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Notes: Enhancement for four orders with denial of liability.

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

<b>Good Faith Effort to Comply Total Adjustments</b>	<i>Subtotal 5</i>	<b>\$1,885</b>
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<b>Economic Benefit</b>	0.0% Enhancement*	<i>Subtotal 6</i>	<b>\$0</b>
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Total EB Amounts: \$1,225  
 Approx. Cost of Compliance: \$11,250  
 \*Capped at the Total EB \$ Amount

<b>SUM OF SUBTOTALS 1-7</b>	<i>Final Subtotal</i>	<b>\$43,295</b>
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<b>OTHER FACTORS AS JUSTICE MAY REQUIRE</b>	0.0%	<i>Adjustment</i>	<b>\$0</b>
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Reduces or enhances the Final Subtotal by the Indicated percentage.

Notes:

<b>Final Penalty Amount</b>	<b>\$43,295</b>
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<b>STATUTORY LIMIT ADJUSTMENT</b>	<i>Final Assessed Penalty</i>	<b>\$43,295</b>
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<b>DEFERRAL</b>	0.0% Reduction	<i>Adjustment</i>	<b>\$0</b>
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Reduces the Final Assessed Penalty by the Indicted percentage. (Enter number only; e.g. 20 for 20% reduction.)

Notes: No deferral is recommended for Findings Orders.

<b>PAYABLE PENALTY</b>	<b>\$43,295</b>
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Screening Date 25-Sep-2012

Docket No. 2012-2029-AIR-E

PCW

Respondent Davis Gas Processing, Inc.

Policy Revision 2 (September 2002)

Case ID No. 45063

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN100217686

Media [Statute] Air

Enf. Coordinator Kimberly Morales

### Compliance History Worksheet

>> Compliance History Site Enhancement (Subtotal 2)

Component	Number of...	Enter Number Here	Adjust.
NOVs	Written notices of violation ("NOVs") with same or similar violations as those in the current enforcement action ( <i>number of NOVs meeting criteria</i> )	0	0%
	Other written NOVs	0	0%
Orders	Any agreed final enforcement orders containing a denial of liability ( <i>number of orders meeting criteria</i> )	4	80%
	Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission	0	0%
Judgments and Consent Decrees	Any non-adjudicated final court judgments or consent decrees containing a denial of liability of this state or the federal government ( <i>number of judgements or consent decrees meeting criteria</i> )	0	0%
	Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government	0	0%
Convictions	Any criminal convictions of this state or the federal government ( <i>number of counts</i> )	0	0%
Emissions	Chronic excessive emissions events ( <i>number of events</i> )	0	0%
Audits	Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 ( <i>number of audits for which notices were submitted</i> )	0	0%
	Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 ( <i>number of audits for which violations were disclosed</i> )	0	0%

Please Enter Yes or No

Other	Environmental management systems in place for one year or more	No	0%
	Voluntary on-site compliance assessments conducted by the executive director under a special assistance program	No	0%
	Participation in a voluntary pollution reduction program	No	0%
	Early compliance with, or offer of a product that meets future state or federal government environmental requirements	No	0%

**Adjustment Percentage (Subtotal 2)** 80%

>> Repeat Violator (Subtotal 3)

No

**Adjustment Percentage (Subtotal 3)** 0%

>> Compliance History Person Classification (Subtotal 7)

Satisfactory Performer

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

>> Compliance History Summary

Compliance History Notes

Enhancement for four orders with denial of liability.

**Total Adjustment Percentage (Subtotals 2, 3, & 7)** 80%

Screening Date 25-Sep-2012

Docket No. 2012-2029-AIR-E

PCW

Respondent Davis Gas Processing, Inc.

Policy Revision 2 (September 2002)

Case ID No. 45063

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN100217686

Media [Statute] Air

Enf. Coordinator Kimberly Morales

Violation Number 1

Rule Cite(s)

30 Tex. Admin. Code §§ 101.20(2), 113.390, 116.115(c), and 122.143(4), 40 Code of Federal Regulations § 63.765(c)(1), Permit No. 48944, Special Conditions Nos. 1 and 7, Federal Operating Permit ("FOP") No. O3060, Special Terms and Conditions No. 5 and General Terms and Conditions, and Tex. Health & Safety Code § 382.085(b)

Violation Description

Failed to route emissions from the triethylene glycol dehydration regenerator still vent and flash tank, Unit 12, to the flare, Emissions Point Number ("EPN") 17. Specifically, emissions from Unit 12 were vented directly to the atmosphere without any controls, resulting in a release of 24.03 tons of volatile organic compounds and 8.7 tons of hydrogen sulfide from February 3, 2011 to May 1, 2012.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm		
	Major	Moderate	Minor
Actual			X
Potential			

Percent 25%

>> Programmatic Matrix

Falsification	Harm		
	Major	Moderate	Minor

Percent 0%

Matrix Notes

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

Adjustment \$7,500

\$2,500

Violation Events

Number of Violation Events 5

453 Number of violation days

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

Violation Base Penalty \$12,500

Five quarterly events are recommended for the period of release from February 3, 2011 to May 1, 2012.

Good Faith Efforts to Comply

10.0% Reduction

\$1,250

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

Notes

The Respondent completed corrective actions on October 18, 2012, after the August 31, 2012 NOE.

Violation Subtotal \$11,250

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$427

Violation Final Penalty Total \$21,250

This violation Final Assessed Penalty (adjusted for limits) \$21,250

## Economic Benefit Worksheet

**Respondent:** Davis Gas Processing, Inc.  
**Case ID No.:** 45063  
**Reg. Ent. Reference No.:** RN100217686  
**Media:** Air  
**Violation No.:** 1

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
<i>(No. commas or %)</i>							

### 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	\$0	\$0
Record Keeping System				0.00	\$0	\$0	\$0
Training/Sampling				0.00	\$0	\$0	\$0
Remediation/Disposal				0.00	\$0	\$0	\$0
Permit Costs	\$5,000	3-Feb-2011	18-Oct-2012	1.71	\$427	\$0	\$427
Other (as needed)				0.00	\$0	\$0	\$0

Notes for DELAYED costs

Estimated cost to obtain a new standard permit registration to reflect that emissions from Unit 12 are routed to the Plant's Hot Oil Heater, EPN 14. The date required is the initial date of noncompliance. The final date is the date that corrective actions were 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

Approx. Cost of Compliance

\$5,000

**TOTAL**

\$427

Screening Date: 25-Sep-2012

Docket No: 2012-2029-AIR-E

PCW

Respondent: Davls Gas Processing, Inc.

Policy Revision 2 (September 2002)

Case ID No: 45063

PCW Revision October 30, 2008

Reg. Ent. Reference No: RN100217686

Media [Statute]: Air

Enf. Coordinator: Kimberly Morales

Violation Number: 2

Rule Cite(s)

30 Tex. Admin. Code § 122.145(2)(A), FOP No. 03060, General Terms and Conditions, and Tex. Health & Safety Code § 382.085(b)

Violation Description

Failed to report all instances of deviations. Specifically, the semi-annual deviation report for the reporting period from October 5, 2010 through April 4, 2011 did not include deviations for failing to route emissions from Unit 12 to EPN 17 and failing to comply with representations and emission rates in a standard permit.

Base Penalty: \$10,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm		
	Major	Moderate	Minor
Actual			
Potential			

Percent: 0%

>> Programmatic Matrix

Falsification	Harm		
	Major	Moderate	Minor
			X

Percent: 1%

Matrix Notes

The Respondent failed to comply with less than 30% of the rule requirement.

Adjustment: \$9,900

\$100

Violation Events

Number of Violation Events: 1

181 Number of violation days

mark only one with an x

daily	
weekly	
monthly	
quarterly	
semiannual	
annual	
single event	X

Violation Base Penalty: \$100

One single event is recommended for the incomplete report.

Good Faith Efforts to Comply

10.0% (Reduction)

\$10

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

Notes: The Respondent completed corrective actions on October 1, 2012, after the August 31, 2012 NOE.

Violation Subtotal: \$90

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount: \$18

Violation Final Penalty Total: \$170

This violation Final Assessed Penalty (adjusted for limits): \$170

# Economic Benefit Worksheet

**Respondant:** Davis Gas Processing, Inc.  
**Case ID No:** 45063  
**Reg. Ent. Reference No:** RN100217686  
**Media:** Air  
**Violation No:** 2

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
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### 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		\$0
Record Keeping System	\$250	4-May-2011	1-Oct-2012	1.41	\$18		\$18
Training/Sampling				0.00	\$0		\$0
Remediation/Disposal				0.00	\$0		\$0
Permit Costs				0.00	\$0		\$0
Other (as needed)				0.00	\$0		\$0

**Notes for DELAYED costs**

Estimated cost to implement measures and procedures to ensure all deviations are included in semi-annual deviation reports. The date required was the due date for the semi-annual report. The final date is the date that corrective actions were completed.

### Avoided Costs

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

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

**Notes for AVOIDED costs**

Approx. Cost of Compliance

\$250

**TOTAL**

\$18

Screening Date 25-Sep-2012

Docket No. 2012-2029-AIR-E

PCW

Respondent Davis Gas Processing, Inc.

Policy Revision 2 (September 2002)

Case ID No. 45063

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN100217686

Media [Statute] Air

Enf. Coordinator Kimberly Morales

Violation Number 3

Rule Cite(s)

30 Tex. Admin. Code § 111.111(a)(4)(A)(II) and Tex. Health & Safety Code § 382.085(b)

Violation Description

Failed to record visible emissions observations for EPN 17 from April 1, 2010 to April 30, 2011.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm		
	Major	Moderate	Minor
Actual			
Potential			

Percent 0%

>> Programmatic Matrix

Falsification	Harm		
	Major	Moderate	Minor
	X		

Percent 25%

Matrix Notes

The Respondent failed to comply with 100% of the rule requirement.

Adjustment \$7,500

\$2,500

Violation Events

Number of Violation Events 1

394 Number of violation days

daily	
weekly	
monthly	
quarterly	
semiannual	
annual	
single event	X

mark only one with an x

Violation Base Penalty \$2,500

One single event is recommended for the one set of records not being maintained.

Good Faith Efforts to Comply

25.0% Reduction

\$625

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

Notes

The Respondent completed corrective actions on May 1, 2011, prior to the August 31, 2012 NOE.

Violation Subtotal \$1,875

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$54

Violation Final Penalty Total \$3,875

This violation Final Assessed Penalty (adjusted for limits) \$3,875

## Economic Benefit Worksheet

**Respondent:** Davis Gas Processing, Inc.  
**Case ID No.:** 45063  
**Reg. Ent. Reference No.:** RN100217686  
**Media:** Air  
**Violation No.:** 3

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
No columns or 1							

### 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	\$0	\$0
Record Keeping System	\$1,000	1-Apr-2010	1-May-2011	1.08	\$54	\$0	\$54
Training/Sampling				0.00	\$0	\$0	\$0
Remediation/Disposal				0.00	\$0	\$0	\$0
Permit Costs				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for DELAYED costs

Estimated cost to monitor and record visible emissions for EPN 17. The date required is the initial date of noncompliance. The final date is the date that corrective actions were 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

Approx. Cost of Compliance

\$1,000

TOTAL

\$54

**Screening Date** 25-Sep-2012  
**Respondent** Davis Gas Processing, Inc.  
**Case ID No.** 45063  
**Reg. Ent. Reference No.** RN100217686  
**Media [Statute]** Air  
**Enf. Coordinator** Kimberly Morales

**Docket No.** 2012-2029-AIR-E

PCW

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

**Violation Number** 4  
**Rule Cite(s)**

30 Tex. Admin. Code § 116.615(2), Standard Permit Registration No. 90541, Maximum Emission Rates Table, and Tex. Health & Safety Code § 382.085(b)

**Violation Description**

Failed to comply with representations and emission rates in a standard permit. Specifically, the Respondent experienced 411 Inlet gas compressor blowdowns in 2011 when only 60 blowdowns are represented in the standard permit, and 63 add gas compressor blowdowns in 2011 when only 60 blowdowns are represented in the standard permit, resulting in unauthorized emissions of 8.13 tons of sulfur dioxide, 0.61 ton of carbon monoxide, 0.46 ton of volatile organic compounds, 0.09 ton of hydrogen sulfide, and 0.07 ton of nitrogen oxides.

**Base Penalty** \$10,000

**Environmental, Property and Human Health Matrix**

OR

Release	Harm		
	Major	Moderate	Minor
Actual			X
Potential			

**Percent** 25%

**Programmatic Matrix**

Falsification	Major	Moderate	Minor

**Percent** 0%

**Matrix Notes**

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

**Adjustment** \$7,500

\$2,500

**Violation Events**

**Number of Violation Events** 4

365 **Number of violation days**

mark only one with an x

daily	
weekly	
monthly	
quarterly	X
semi-annual	
annual	
bi-annual	
yearly	

**Violation Base Penalty** \$10,000

Four quarterly events are recommended.

**Good Faith Efforts to Comply**

0.0% Reduction

\$0

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

**Notes**

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

**Violation Subtotal** \$10,000

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

**Statutory Limit Test**

**Estimated EB Amount** \$727

**Violation Final Penalty Total** \$18,000

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

## Economic Benefit Worksheet

**Respondent:** Davis Gas Processing, Inc.  
**Case ID No.:** 45063  
**Req. Ent. Reference No.:** RN100217686  
**Media:** Air  
**Violation No.:** 4

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
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**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	\$0	\$0
Record Keeping System				0.00	\$0	\$0	\$0
Training/Sampling				0.00	\$0	\$0	\$0
Remediation/Disposal				0.00	\$0	\$0	\$0
Permit Costs	\$5,000	10-Feb-2011	6-Jan-2014	2.91	\$727	\$0	\$727
Other (as needed)				0.00	\$0	\$0	\$0

**Notes for DELAYED costs**

Estimated cost to obtain a permit amendment to increase the number of compressor blowdowns allowed per calendar year and the associated emissions. The date required is the date of the first unauthorized blowdown. The final date is the date that 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**

Approx. Cost of Compliance

\$5,000

**TOTAL**

\$727



# Penalty Calculation Worksheet (PCW)

Policy Revision 3 (September 2011)

PCW Revision August 3, 2011

TCEQ

<b>DATES</b>	<b>Assigned</b>	4-Sep-2012	<b>Screening</b>	25-Sep-2012	<b>EPA Due</b>	2-Aug-2013
	<b>PCW</b>	7-Jun-2013				

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

<b>CASE INFORMATION</b>			
<b>Enf./Case ID No.</b>	45063	<b>No. of Violations</b>	3
<b>Docket No.</b>	2012-2029-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>	Kimberly Morales
		<b>EC's Team</b>	Enforcement Team 5
<b>Admin. Penalty \$ Limit</b>	Minimum \$0	Maximum	\$25,000

## Penalty Calculation Section

<b>TOTAL BASE PENALTY (Sum of violation base penalties)</b>	<b>Subtotal 1</b>	<b>\$4,500</b>
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### 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>	80.0% enhancement	<b>Subtotals 2, 3, &amp; 7</b>	<b>\$3,600</b>
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Notes: Enhancement for four orders with denial of liability.

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

<b>Good Faith Effort to Comply Total Adjustments</b>	<b>Subtotal 5</b>	<b>\$1,012</b>
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<b>Economic Benefit</b>	0.0% Enhancement	<b>Subtotal 6</b>	<b>\$0</b>
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Total EB Amounts	\$82
Approx. Cost of Compliance	\$5,500

\*Capped at the Total EB \$ Amount

<b>SUM OF SUBTOTALS 1-7</b>	<b>Final Subtotal</b>	<b>\$7,088</b>
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<b>OTHER FACTORS AS JUSTICE MAY REQUIRE</b>	0.0%	<b>Adjustment</b>	<b>\$0</b>
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Reduces or enhances the Final Subtotal by the indicated percentage.

Notes:

**Final Penalty Amount** \$7,088

<b>STATUTORY LIMIT ADJUSTMENT</b>	<b>Final Assessed Penalty</b>	<b>\$7,088</b>
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<b>DEFERRAL</b>	0.0% Reduction	<b>Adjustment</b>	<b>\$0</b>
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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>\$7,088</b>
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Screening Date 25-Sep-2012

Docket No. 2012-2029-AIR-E

PCW

Respondent Davis Gas Processing, Inc.

Policy Revision 3 (September 2011)

Case ID No. 45063

PCW Revision August 3, 2011

Reg. Ent. Reference No. RN100217686

Media [Statute] Air

Enf. Coordinator Kimberly Morales

**Compliance History Worksheet**

>> Compliance History Size 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 (number of NOVs meeting criteria)	0	0%
	Other written NOVs	0	0%
Orders	Any agreed final enforcement orders containing a denial of liability (number of orders meeting criteria)	4	80%
	Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission	0	0%
Judgments and Consent Decrees	Any non-adjudicated final court judgments or consent decrees containing a denial of liability of this state or the federal government (number of judgements or consent decrees meeting criteria)	0	0%
	Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government	0	0%
Convictions	Any criminal convictions of this state or the federal government (number of counts)	0	0%
Emissions	Chronic excessive emissions events (number of events)	0	0%
Audits	Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (number of audits for which notices were submitted)	0	0%
	Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (number of audits for which violations were disclosed)	0	0%
<i>Please Enter Yes or No</i>			
Other	Environmental management systems in place for one year or more	No	0%
	Voluntary on-site compliance assessments conducted by the executive director under a special assistance program	No	0%
	Participation in a voluntary pollution reduction program	No	0%
	Early compliance with, or offer of a product that meets future state or federal government environmental requirements	No	0%

**Adjustment Percentage (Subtotal 2)** 80%

>> Repeat Violator (Subtotal 3)

**Adjustment Percentage (Subtotal 3)** 0%

>> Compliance History Person Classification (Subtotal 7)

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

>> Compliance History Summary

**Compliance History Notes**

Enhancement for four orders with denial of liability.

**Total Compliance History Adjustment Percentage (Subtotals 2, 3, & 7)** 80%

>> Final Compliance History Adjustment

**Final Adjustment Percentage \*capped at 100%** 80%

**Screening Date** 25-Sep-2012  
**Respondent** Davis Gas Processing, Inc.  
**Case ID No.** 45063  
**Reg. Ent. Reference No.** RN100217686  
**Media [Statute]** Air  
**Enf. Coordinator** Kimberly Morales

**Docket No.** 2012-2029-AIR-E

**PCW**

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

**Violation Number** 1

**Rule Cite(s)**

30 Tex. Admin. Code §§ 116.115(c) and 122.143(4); Permit No. 48944, Special Conditions No. 1; Federal Operating Permit ("FOP") No. Q3060, Special Terms and Conditions No. 5 and General Terms and Conditions; and Tex. Health & Safety Code § 382.085(b)

**Violation Description**

Failed to prevent unauthorized emissions. Specifically, the Respondent released 1,282.9 pounds ("lbs") of sulfur dioxide, 13.6 lbs of hydrogen sulfide, 2.79 lbs of carbon monoxide, 0.3 lb of nitrogen oxides, and 0.28 lb of volatile organic compounds from the flare, Emissions Point Number ("EPN") 17, during an emissions event (Incident No. 170653) that began on July 3, 2012 and lasted 2 minutes. The emissions event occurred during the installation process of a new acid gas compressor when the compressor was blown down several times in order to allow work to be conducted on the unit. Since this emissions event was reported late, the Respondent is precluded from asserting an affirmative defense under 30 Tex. Admin. Code § 101.222.

**Base Penalty** \$25,000

**Environmental, Property and Human Health Matrix**

OR

Release	Harm		
	Major	Moderate	Minor
Actual			X
Potential			

**Percent** 15.0%

**Programmatic Matrix**

Falsification	Major	Moderate	Minor

**Percent** 0.0%

**Matrix Notes**

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

**Adjustment** \$21,250

\$3,750

**Violation Events**

**Number of Violation Events** 1

**Number of violation days** 1

mark only one with an x

daily	
weekly	
monthly	
quarterly	X
annually	
single event	

**Violation Base Penalty** \$3,750

One quarterly event is recommended.

**Good Faith Efforts to Comply**

**25.0%** Reduction

\$937

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

**Notes**

The Respondent completed corrective actions on October 4, 2012, prior to the November 5, 2012 NOE.

**Violation Subtotal** \$2,813

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

**Statutory Limit Test**

**Estimated EB Amount** \$64

**Violation Final Penalty Total** \$5,813

**This violation Final Assessed Penalty (adjusted for limits)** \$5,813

## Economic Benefit Worksheet

**Respondent:** Davis Gas Processing, Inc.  
**Case ID No.:** 45063  
**Reg. Ent. Reference No.:** RN100217686  
**Media:** Air  
**Violation No.:** 1

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
<small>No. commas on 1</small>							

### Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	\$0	\$0
Record Keeping System				0.00	\$0	\$0	\$0
Training/Sampling				0.00	\$0	\$0	\$0
Remediation/Disposal				0.00	\$0	\$0	\$0
Permit Costs				0.00	\$0	\$0	\$0
Other (as needed)	\$5,000	3-Jul-2012	4-Oct-2012	0.25	\$64	\$0	\$64

**Notes for DELAYED costs**

Estimated cost to implement measures and procedures designed to prevent the recurrence of emissions events due to the same causes as Incident No. 170653. The Date Required is the date of the emissions event. The Final Date is the date that corrective actions were 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**

Approx. Cost of Compliance

\$5,000

**TOTAL**

\$64

**Screening Date** 25-Sep-2012  
**Respondent** Davls Gas Processing, Inc.  
**Case ID No.** 45063  
**Reg. Ent. Reference No.** RN100217686  
**Media [Statute]** Air  
**Enf. Coordinator** Kimberly Morales

**Docket No.** 2012-2029-AIR-E

PCW

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

**Violation Number** 2

**Rule Cite(s)**

30 Tex. Admin. Code § 101.201(a) and Tex. Health & Safety Code § 382.085(b)

**Violation Description**

Failed to submit an Initial notification for Incident No. 170653 within 24 hours after discovery of the emissions event. Specifically, the Initial notification was due by July 4, 2012 at 2:40 p.m., but was not submitted until July 4, 2012 at 8:10 p.m.

**Base Penalty** \$25,000

**Environmental, Property and Human Health Matrix**

OR

Release	Harm		
	Major	Moderate	Minor
Actual			
Potential			

**Percent** 0.0%

**Programmatic Matrix**

Falsification	Major	Moderate	Minor
			X

**Percent** 1.0%

**Matrix Notes**

The Respondent met at least 70% of the rule requirements.

**Adjustment** \$24,750

\$250

**Violation Events**

**Number of Violation Events** 1

**Number of violation days** 1

mark only one with an x

daily	
weekly	
monthly	
quarterly	
semi-annual	
annual	
single event	X

**Violation Base Penalty** \$250

One single event is recommended.

**Good Faith Efforts to Comply**

**10.0%** Reduction

\$25

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

**Notes**

The Respondent completed corrective actions on March 27, 2013, after the November 5, 2012 NOE.

**Violation Subtotal** \$225

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

**Statutory Limit Test**

**Estimated EB Amount** \$18

**Violation Final Penalty Total** \$425

**This violation Final Assessed Penalty (adjusted for limits)** \$425

## Economic Benefit Worksheet

**Respondent:** Davis Gas Processing, Inc.  
**Case ID No.:** 45063  
**Reg. Ent. Reference No.:** RN100217686  
**Media:** Air  
**Violation No.:** 2

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
<small>No. commas = 0.0</small>							

### Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	\$0	\$0
Record Keeping System	\$500	4-Jul-2012	27-Mar-2013	0.73	\$18	\$0	\$18
Training/Sampling				0.00	\$0	\$0	\$0
Remediation/Disposal				0.00	\$0	\$0	\$0
Permit Costs				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

**Notes for DELAYED costs**

Estimated cost to implement improvements to training, operation, or maintenance procedures designed to prevent the late submittal of emissions event notifications. The Date Required is the date the initial notification was due. The Final Date is the date that corrective actions were 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**

Approx. Cost of Compliance

\$500

**TOTAL**

\$18

Screening Date 25-Sep-2012

Docket No. 2012-2029-AIR-E

PCW

Respondent Davls Gas Processing, Inc.

Policy Revision 3 (September 2011)

Case ID No. 45063

PCW Revision August 3, 2011

Reg. Ent. Reference No. RN100217686

Media [Statute] Air

Enf. Coordinator Kimberly Morales

Violation Number 3

Rule Cite(s)

30 Tex. Admin. Code § 122.145(2)(A), FOP No. O3060, General Terms and Conditions, and Tex. Health & Safety Code § 382.085(b)

Violation Description

Failed to report all instances of deviations. Specifically, the semi-annual deviation report for the reporting periods from April 5, 2011 through October 4, 2011 and October 5, 2011 through April 4, 2012 did not include deviations for failing to route emissions from Unit 12 to EPN 17 and failing to comply with representations and emission rates in a standard permit.

Base Penalty \$25,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm		
	Major	Moderate	Minor
Actual			
Potential			

Percent 0.0%

>> Programmatic Matrix

Falsification	Major	Moderate	Minor
			X

Percent 1.0%

Matrix Notes

The Respondent failed to comply with less than 30% of the rule requirement.

Adjustment \$24,750

\$250

Violation Events

Number of Violation Events 2

365 Number of violation days

mark only one with an x

daily	
weekly	
monthly	
quarterly	
semi-annual	
annual	
single event	X

Violation Base Penalty \$500

Two single events are recommended for the two incomplete reports.

Good Faith Efforts to Comply

10.0% Reduction

\$50

Extraordinary

Before NOV NOV to EDPRP/Settlement Offer

Ordinary

X

N/A

(mark with x)

Notes

The Respondent completed corrective actions on October 1, 2012, after the August 31, 2012 NOE.

Violation Subtotal \$450

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$0

Violation Final Penalty Total \$850

This violation Final Assessed Penalty (adjusted for limits) \$850

## Economic Benefit Worksheet

**Respondent:** Davis Gas Processing, Inc.  
**Case ID No:** 45063  
**Reg. Ent. Reference No:** RN100217686  
**Media:** Air  
**Violation No:** 3

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
<small>No. commas or \$</small>							

### Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	\$0	\$0
Record Keeping System				0.00	\$0	\$0	\$0
Training/Sampling				0.00	\$0	\$0	\$0
Remediation/Disposal				0.00	\$0	\$0	\$0
Permit Costs				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for DELAYED costs

The economic benefit for this violation is included in Violation No. 2 of the accompanying Penalty Calculation Worksheet.

### Avoided Costs

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

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

Notes for AVOIDED costs

Approx. Cost of Compliance

\$0

**TOTAL**

\$0



# Penalty Calculation Worksheet (PCW)

Policy Revision 3 (September 2011)

PCW Revision August 3, 2011

TCEQ

<b>DATES</b>	<b>Assigned</b>	22-Apr-2013	<b>Screening</b>	10-May-2013	<b>EPA Due</b>	10-Jan-2014
	<b>PCW</b>	7-Jun-2013				

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

<b>CASE INFORMATION</b>			
<b>Enf./Case ID No.</b>	45063	<b>No. of Violations</b>	4
<b>Docket No.</b>	2012-2029-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>	Kimberly Morales
		<b>EC's Team</b>	Enforcement Team 5
<b>Admin. Penalty \$ Limit Minimum</b>	\$0	<b>Maximum</b>	\$25,000

## Penalty Calculation Section

<b>TOTAL BASE PENALTY (Sum of violation base penalties)</b>	<b>Subtotal 1</b>	<b>\$8,000</b>
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### 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>	80.0% Enhancement	<b>Subtotals 2, 3, &amp; 7</b>	<b>\$6,400</b>
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Notes: Enhancement for four orders with denial of liability.

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

<b>Good Faith Effort to Comply Total Adjustments</b>	<b>Subtotal 5</b>	<b>\$1,998</b>
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<b>Economic Benefit</b>	0.0% Enhancement	<b>Subtotal 6</b>	<b>\$0</b>
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Total EB Amounts	\$184
Approx. Cost of Compliance	\$12,000

\*Capped at the Total EB \$ Amount

<b>SUM OF SUBTOTALS 1-7</b>	<b>Final Subtotal</b>	<b>\$12,402</b>
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<b>OTHER FACTORS AS JUSTICE MAY REQUIRE</b>	0.0%	<b>Adjustment</b>	<b>\$0</b>
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Reduces or enhances the Final Subtotal by the indicated percentage.

Notes:

**Final Penalty Amount** \$12,402

<b>STATUTORY LIMIT ADJUSTMENT</b>	<b>Final Assessed Penalty</b>	<b>\$12,402</b>
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<b>DEFERRAL</b>	0.0% Reduction	<b>Adjustment</b>	<b>\$0</b>
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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>\$12,402</b>
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Screening Date 10-May-2013

Docket No. 2012-2029-AIR-E

PCW

Respondent Davis Gas Processing, Inc.

Policy Revision 3 (September 2011)

Case ID No. 45063

PCW Revision August 3, 2011

Reg. Ent. Reference No. RN100217686

Media [Statute] Air

Enf. Coordinator Kimberly Morales

### Compliance History Worksheet

>> Compliance History Site Enhancement (Subtotal 2)

Component	Number of...	Enter Number Here	Adjust.
NOVs	Written notices of violation ("NOVs") with same or similar violations as those in the current enforcement action ( <i>number of NOVs meeting criteria</i> )	0	0%
	Other written NOVs	0	0%
Orders	Any agreed final enforcement orders containing a denial of liability ( <i>number of orders meeting criteria</i> )	4	80%
	Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission	0	0%
Judgments and Consent Decrees	Any non-adjudicated final court judgments or consent decrees containing a denial of liability of this state or the federal government ( <i>number of judgements or consent decrees meeting criteria</i> )	0	0%
	Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government	0	0%
Convictions	Any criminal convictions of this state or the federal government ( <i>number of counts</i> )	0	0%
Emissions	Chronic excessive emissions events ( <i>number of events</i> )	0	0%
Audits	Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 ( <i>number of audits for which notices were submitted</i> )	0	0%
	Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 ( <i>number of audits for which violations were disclosed</i> )	0	0%
<i>Please Enter Yes or No</i>			
Other	Environmental management systems in place for one year or more	No	0%
	Voluntary on-site compliance assessments conducted by the executive director under a special assistance program	No	0%
	Participation in a voluntary pollution reduction program	No	0%
	Early compliance with, or offer of a product that meets future state or federal government environmental requirements	No	0%

**Adjustment Percentage (Subtotal 2)** 80%

>> Repeat Violator (Subtotal 3)

No

**Adjustment Percentage (Subtotal 3)** 0%

>> Compliance History Person Classification (Subtotal 7)

Satisfactory Performer

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

>> Compliance History Summary

Compliance History Notes

Enhancement for four orders with denial of liability.

**Total Compliance History Adjustment Percentage (Subtotals 2, 3, & 7)** 80%

>> Final Compliance History Adjustment

**Final Adjustment Percentage \*capped at 100%** 80%

**Screening Date** 10-May-2013  
**Respondent** Davis Gas Processing, Inc.  
**Case ID No.** 45063  
**Reg. Ent. Reference No.** RN100217686  
**Media [Statute]** Air  
**Enf. Coordinator** Kimberly Morales

**Docket No.** 2012-2029-AIR-E

**PCW**

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

**Violation Number** 1

**Rule Cite(s)** 30 Tex. Admin. Code §§ 116.115(c) and 122.143(4); Permit No. 48944; Special Conditions No. 1; Federal Operating Permit ("FOP") No. O3060, Special Terms and Conditions ("STC") No. 5 and General Terms and Conditions ("GTC"); and Tex. Health & Safety Code § 382.085(b)

**Violation Description** Failed to prevent unauthorized emissions. Specifically, the Respondent released 586.895 pounds ("lbs") of sulfur dioxide ("SO2"), 6.2 lbs of hydrogen sulfide ("H2S"), 0.992 lb of carbon monoxide ("CO"), and 0.069 lb of nitrogen oxides ("NOx") from the flare, Emissions Point Number ("EPN") 17, during an emissions event (Incident No. 162457) that began on December 5, 2011 and lasted 31 minutes. The emissions event occurred when the primary acid gas compressor shutdown due to low interstage pressure. Since this emissions event was reported late, the Respondent is precluded from asserting an affirmative defense under 30 Tex. Admin. Code § 101.222.

**Base Penalty** \$25,000

**Environmental, Property and Human Health Matrix**

Release	Harm			Percent
	Major	Moderate	Minor	
Actual			X	15.0%
Potential				

**Programmatic Matrix**

Falsification	Major	Moderate	Minor	Percent
				0.0%

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

**Adjustment** \$21,250

\$3,750

**Violation Events**

Number of Violation Events 1      1 Number of violation days

mark only one with an x

daily	
weekly	
monthly	
quarterly	X
annual	
other	

**Violation Base Penalty** \$3,750

One quarterly event is recommended.

**Good Faith Efforts to Comply**

25.0% reduction

\$937

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

**Notes** The Respondent completed corrective actions on July 17, 2012, prior to the April 15, 2013 NOE.

**Violation Subtotal** \$2,813

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

**Statutory Limit Test**

**Estimated EB Amount** \$154

**Violation Final Penalty Total** \$5,813

**This violation Final Assessed Penalty (adjusted for limits)** \$5,813

# Economic Benefit Worksheet

**Respondent:** Davils Gas Processing, Inc.  
**Case ID No.:** 45063  
**Reg. Ent. Reference No.:** RN100217686  
**Media:** Air  
**Violation No.:** 1

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
<small>No. copies of 1</small>							

### Delayed Costs

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/construction				0.00	\$0	\$0	\$0
Land				0.00	\$0		\$0
Record Keeping System				0.00	\$0		\$0
Training/Sampling				0.00	\$0		\$0
Remediation/Disposal				0.00	\$0		\$0
Permit Costs				0.00	\$0		\$0
Other (as needed)	\$5,000	5-Dec-2011	17-Jul-2012	0.62	\$154		\$154

**Notes for DELAYED costs**

Estimated cost to implement measures and procedures designed to prevent the recurrence of emissions events due to the same causes as Incident No. 162457. The Date Required is the date of the emissions event. The Final Date is the date that corrective actions were completed.

### Avoided Costs

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

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Disposal				0.00	\$0	\$0	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.00	\$0	\$0	\$0
Supplies/equipment				0.00	\$0	\$0	\$0
Financial Assurance [2]				0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

**Notes for AVOIDED costs**

Approx. Cost of Compliance

\$5,000

**TOTAL**

\$154

**Screening Date** 10-May-2013  
**Respondent** Davis Gas Processing, Inc.  
**Case ID No.** 45063  
**Reg. Ent. Reference No.** RN100217686  
**Media [Statute]** Air  
**Enf. Coordinator** Kimberly Morales

**Docket No.** 2012-2029-AIR-E

**PCW**

Policy Revision 3 (September 2011)

PCW Revision August 3, 2011

**Violation Number** 2  
**Rule Cite(s)**

30 Tex. Admin. Code § 101.201(a) and Tex. Health & Safety Code § 382.085(b)

**Violation Description**

Failed to submit an Initial notification for Incident No. 162457 within 24 hours after discovery of the emissions event. Specifically, the initial notification was due by December 6, 2011 at 8:10 a.m., but was not submitted until December 6, 2011 at 10:41 a.m.

**Base Penalty** \$25,000

**Environmental, Property and Human Health Matrix**

OR

Release	Harm		
	Major	Moderate	Minor
Actual			
Potential			

**Percent** 0.0%

**Programmatic Matrix**

Falsification	Major	Moderate	Minor
			X

**Percent** 1.0%

**Matrix Notes**

The Respondent met at least 70% of the rule requirements.

**Adjustment** \$24,750

\$250

**Violation Events**

**Number of Violation Events** 1

1 **Number of violation days**

mark only one with an x

daily	
weekly	
monthly	
quarterly	
semi-annual	
annual	
single events	X

**Violation Base Penalty** \$250

One single event is recommended.

**Good Faith Efforts to Comply**

25.0%

Description

\$62

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

**Notes** The Respondent completed corrective actions on March 27, 2013, prior to the April 15, 2013 NOE.

**Violation Subtotal** \$188

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

**Statutory Limit Test**

**Estimated EB Amount** \$0

**Violation Final Penalty Total** \$388

**This violation Final Assessed Penalty (adjusted for limits)** \$388

## Economic Benefit Worksheet

**Respondent:** Davis Gas Processing, Inc.  
**Case ID No.:** 45063  
**Reg. Ent. Reference No.:** RN100217686  
**Media:** Air  
**Violation No.:** 2

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
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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	\$0	\$0
Record Keeping System				0.00	\$0	\$0	\$0
Training/Sampling				0.00	\$0	\$0	\$0
Remediation/Disposal				0.00	\$0	\$0	\$0
Permit Costs				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Notes for DELAYED costs: The economic benefit for this violation is included in Violation No. 2 of the accompanying Penalty Calculation Worksheet.							

Avoided Costs							
ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)							
Disposal				0.00	\$0	\$0	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.00	\$0	\$0	\$0
Supplies/equipment				0.00	\$0	\$0	\$0
Financial Assurance [2]				0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Notes for AVOIDED costs:							

Approx. Cost of Compliance \$0
TOTAL \$0

**Screening Date** 10-May-2013  
**Respondent** Davis Gas Processing, Inc.  
**Case ID No.** 45063  
**Reg. Ent. Reference No.** RN100217686  
**Media [Statute]** Air  
**Enf. Coordinator** Kimberly Morales

**Docket No.** 2012-2029-AIR-E

PCW

Policy Revision 3 (September 2011)

PCW Revision August 3, 2011

**Violation Number** 3  
**Rule Cite(s)**

30 Tex. Admin. Code §§ 116.115(c) and 122.143(4); Permit No. 48944, Special Conditions No. 1; FOP No. O3060, STC No. 5 and GTC; and Tex. Health & Safety Code § 382.085(b)

**Violation Description**

Failed to prevent unauthorized emissions. Specifically, the Respondent released 1,677.4 lbs of SO<sub>2</sub>, 659.6 lbs of CO, 427.6 lbs of volatile organic compounds, 331.9 lbs of NO<sub>x</sub>, and 17.8 lbs of H<sub>2</sub>S from the flare, EPN 17, during an emissions event (Incident No. 179743) that began on February 24, 2013 and lasted 10 hours and 30 minutes. The emissions event occurred when the amine still became over-pressured and set off the relief valve to open to the flare. Since this emissions event was reported late, the Respondent is precluded from asserting an affirmative defense under 30 Tex. Admin. Code § 101.222.

**Base Penalty** \$25,000

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

OR

Release	Harm		
	Major	Moderate	Minor
Actual			X
Potential			

**Percent** 15.0%

**>> Programmatic Matrix**

Falsification	Major	Moderate	Minor

**Percent** 0.0%

**Matrix Notes**

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

**Adjustment** \$21,250

\$3,750

**Violation Events**

**Number of Violation Events** 1

1 **Number of violation days**

mark only one with an x

daily	
weekly	
monthly	
quarterly	X
semi-annual	
annual	
special event	

**Violation Base Penalty** \$3,750

One quarterly event is recommended.

**Good Faith Efforts to Comply**

25.0%

Reduction

\$937

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

**Notes**

The Respondent completed corrective actions on March 27, 2013, prior to the April 16, 2013 NOE.

**Violation Subtotal** \$2,813

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

**Statutory Limit Test**

**Estimated EB Amount** \$30

**Violation Final Penalty Total** \$5,813

**This violation Final Assessed Penalty (adjusted for limits)** \$5,813

## Economic Benefit Worksheet

**Respondent:** Davis Gas Processing, Inc.  
**Case ID No.:** 45063  
**Reg. Ent. Reference No.:** RN100217686  
**Media:** Air  
**Violation No.:** 3

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs.	Interest Saved	Onetime Costs	EB Amount
<small>No. Items of 8</small>							

### Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	\$0	\$0
Record Keeping System				0.00	\$0	\$0	\$0
Training/Sampling				0.00	\$0	\$0	\$0
Remediation/Disposal				0.00	\$0	\$0	\$0
Permit Costs				0.00	\$0	\$0	\$0
Other (as needed)	\$7,000	24-Feb-2013	27-Mar-2013	0.08	\$30	\$0	\$30

**Notes for DELAYED costs**

Estimated cost to implement measures and procedures designed to prevent the recurrence of emissions events due to the same causes as Incident No. 179743. The Date Required is the date of the emissions event. The Final Date is the date that corrective actions were 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**

Approx. Cost of Compliance

\$7,000

**TOTAL**

\$30

Screening Date 10-May-2013

Docket No. 2012-2029-AIR-E

PCW

Respondent Davis Gas Processing, Inc.

Policy Revision 3 (September 2011)

Case ID No. 45063

PCW Revision August 3, 2011

Reg. Ent. Reference No. RN100217686

Media [Statute] Air

Enf. Coordinator Kimberly Morales

Violation Number 4

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

Violation Description

Failed to submit an initial notification for Incident No. 179743 within 24 hours after discovery of the emissions event. Specifically, the initial notification was due by February 25, 2013 at 10:30 a.m., but was not submitted until February 25, 2013 at 3:00 p.m.

Base Penalty \$25,000

Environmental, Property and Human Health Matrix

Release	Harm			Percent
	Major	Moderate	Minor	
Actual				0.0%
Potential				

Programmatic Matrix

Falsification	Major	Moderate	Minor	Percent
			X	1.0%

Matrix Notes

The Respondent met at least 70% of the rule requirements.

Adjustment \$24,750

\$250

Violation Events

Number of Violation Events 1 Number of violation days 1

mark only one with an x	Daily	
	Weekly	
	Monthly	
	Quarterly	
	Semiannual	
	Annual	
Single events	X	

Violation Base Penalty \$250

One single event is recommended.

Good Faith Efforts to Comply

25.0% Reduction

\$62

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

Notes The Respondent completed corrective actions on March 27, 2013, prior to the April 16, 2013 NOE.

Violation Subtotal \$188

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$0

Violation Final Penalty Total \$388

This violation Final Assessed Penalty (adjusted for limits) \$388

## Economic Benefit Worksheet

**Respondent:** Davis Gas Processing, Inc.  
**Case ID No.:** 45063  
**Reg. Ent. Reference No.:** RN100217686  
**Media:** Air  
**Violation No.:** 4

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	BB 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	\$0	\$0
Record Keeping System				0.00	\$0	\$0	\$0
Training/Sampling				0.00	\$0	\$0	\$0
Remediation/Disposal				0.00	\$0	\$0	\$0
Permit Costs				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for DELAYED costs

The economic benefit for this violation is included in Violation No. 2 of the accompanying Penalty Calculation Worksheet.

### Avoided Costs

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

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

Notes for AVOIDED costs

Approx. Cost of Compliance

\$0

TOTAL

\$0

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# Compliance History Report

**PUBLISHED** Compliance History Report for CN601282502, RN100217686, Rating Year 2012 which includes Compliance History (CH) components from September 1, 2007, through August 31, 2012.

<b>Customer, Respondent, or Owner/Operator:</b>	CN601282502, Davis Gas Processing, Inc.	<b>Classification:</b> SATISFACTORY	<b>Rating:</b> 10.82
<b>Regulated Entity:</b>	RN100217686, BIG LAKE GAS PLANT	<b>Classification:</b> SATISFACTORY	<b>Rating:</b> 47.31
<b>Complexity Points:</b>	10	<b>Repeat Violator:</b>	NO
<b>CH Group:</b>	03 - Oil and Gas Extraction		
<b>Location:</b>	SIX MILES EAST OF BIG LAKE AND ONE MILE SOUTH OF UNITED STATES HIGHWAY 67, REAGAN COUNTY, TEXAS		
<b>TCEQ Region:</b>	REGION 08 - SAN ANGELO		

## ID Number(s):

<b>AIR OPERATING PERMITS</b> ACCOUNT NUMBER RC0001Q	<b>AIR OPERATING PERMITS</b> PERMIT 380
<b>AIR OPERATING PERMITS</b> PERMIT 3060	<b>AIR OPERATING PERMITS</b> PERMIT 3060
<b>AIR NEW SOURCE PERMITS</b> AFS NUM 4838300003	<b>AIR NEW SOURCE PERMITS</b> ACCOUNT NUMBER RC0009A
<b>AIR NEW SOURCE PERMITS</b> PERMIT 48944	<b>AIR NEW SOURCE PERMITS</b> REGISTRATION 49802
<b>AIR NEW SOURCE PERMITS</b> REGISTRATION 90541	<b>AIR NEW SOURCE PERMITS</b> REGISTRATION 100855
<b>AIR NEW SOURCE PERMITS</b> REGISTRATION 102163	<b>AIR NEW SOURCE PERMITS</b> REGISTRATION 105730
<b>AIR EMISSIONS INVENTORY</b> ACCOUNT NUMBER RC0001Q	

**Compliance History Period:** September 01, 2007 to August 31, 2012      **Rating Year:** 2012      **Rating Date:** 09/01/2012

**Date Compliance History Report Prepared:** May 09, 2013

**Agency Decision Requiring Compliance History:** Enforcement

**Component Period Selected:** May 09, 2008 to May 09, 2013

## TCEQ Staff Member to Contact for Additional Information Regarding This Compliance History.

**Name:** Kimberly Morales

**Phone:** (713) 422-8938

## Site and Owner/Operator History:

- |  |     |
|--|-----|
| 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 for #2, who is the current owner/operator?   | N/A |
| 4) If YES for #2, 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 |

## Components (Multimedia) for the Site Are Listed in Sections A - J

### A. Final Orders, court judgments, and consent decrees:

1      Effective Date: 05/22/2011      ADMINORDER 2009-1782-AIR-E (1660 Order-Agreed Order With Denial)

Classification: Minor

Citation: 30 TAC Chapter 122, SubChapter B 122.143(4)

30 TAC Chapter 122, SubChapter B 122.146(2)

5C THSC Chapter 382 382.085(b)

Rqmt Prov: GOP No O-00380, Site-wide (b)(1) and (2) OP

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

Classification: Moderate

Citation: 30 TAC Chapter 122, SubChapter B 122.143(4)  
30 TAC Chapter 122, SubChapter B 122.145(2)(C)  
5C THSC Chapter 382 382.085(b)

Rqmt Prov: GOP Number O3060, General Terms B2 OP

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

Classification: Moderate

Citation: 30 TAC Chapter 113, SubChapter C 113.390  
30 TAC Chapter 116, SubChapter B 116.115(c)  
40 CFR Chapter 63, SubChapter C, PT 63, SubPT HH 63.764(c)(1)  
40 CFR Chapter 63, SubChapter C, PT 63, SubPT HH 63.765(b)(1)  
40 CFR Chapter 63, SubChapter C, PT 63, SubPT HH 63.771(d)(1)(I)(D)  
5C THSC Chapter 382 382.085(b)

Rqmt Prov: 48944 Special Condition No. 1 PERMIT

Description: Failed to maintain compliance with the maximum allowable emissions rate table for volatile organic compounds ("VOC") at the dehydration unit [emission point number ("EPN") 12 EG Still Vent]. Specifically, the triethylene glycol emissions from the dehydration unit required a modification of the control process on November 1, 2002, and this change did not occur until August 19, 2009. During the time period from November 1, 2002 until August 19, 2009, the following VOC emissions were released....

Classification: Moderate

Citation: 30 TAC Chapter 122, SubChapter B 122.121  
30 TAC Chapter 122, SubChapter F 122.503(c)  
5C THSC Chapter 382 382.085(b)

Rqmt Prov: O-00380 Site-wide requirements (b)(5) OP

Description: Failed to submit an application for a new Authorization to Operate under the GOP. Specifically, the change from ethylene glycol to triethylene glycol required an application for a new authorization to operate on November 1, 2002. The new permit was not granted until October 5, 2009.

Classification: Moderate

Citation: 30 TAC Chapter 122, SubChapter B 122.143(4)  
30 TAC Chapter 122, SubChapter B 122.145(2)(A)  
5C THSC Chapter 382 382.085(b)

Rqmt Prov: 514 Site-wide requirements (b)(1)&(2) OP

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

Classification: Minor

Citation: 30 TAC Chapter 101, SubChapter A 101.10(a)  
5C THSC Chapter 382 382.085(b)

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

Classification: Minor

Citation: 2A TWC Chapter 5, SubChapter A 5.702  
30 TAC Chapter 101, SubChapter A 101.27(a)  
5C THSC Chapter 382 382.085(b)

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

2 Effective Date: 02/05/2012 ADMINORDER 2011-1119-AIR-E (1660 Order-Agreed Order With Denial)

Classification: Minor

Citation: 30 TAC Chapter 101, SubChapter F 101.201(a)  
5C THSC Chapter 382 382.085(b)

Description: Failed to submit initial notifications for Incident Nos. 150548, 150594, and 152785 within 24 hours after discovery of the emissions events.

Classification: Moderate

Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)  
30 TAC Chapter 122, SubChapter B 122.143(4)  
5C THSC Chapter 382 382.085(b)

Rqmt Prov: 48944 PERMIT

Special Terms and Conditions No. 5 OP

Description: Failed to prevent unauthorized emissions.

Classification: Moderate

Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)  
30 TAC Chapter 122, SubChapter B 122.143(4)  
5C THSC Chapter 382 382.085(b)

Rqmt Prov: 48944 PERMIT

Special Terms and Conditions No. 5 OP

Description: Failed to prevent unauthorized emissions.

Classification: Moderate

Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)  
30 TAC Chapter 122, SubChapter B 122.143(4)  
5C THSC Chapter 382 382.085(b)

Rqmt Prov: 48944 PERMIT

Standard Terms and Conditions No. 5 OP

Description: Failed to prevent unauthorized emissions.

3

Effective Date: 08/02/2012 ADMINORDER 2011-2008-AIR-E (1660 Order-Agreed Order With Denial)

Classification: Minor

Citation: 30 TAC Chapter 101, SubChapter F 101.201(a)  
5C THSC Chapter 382 382.085(b)

Description: Failed to submit an initial notification for Incident No. 155062 within 24 hours after discovery of the emissions event. Specifically, the initial notification was due by May 25, 2011 at 2:00 p.m., but was not submitted until May 30, 2011 at 11:18 a.m.

Classification: Moderate

Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)  
30 TAC Chapter 122, SubChapter B 122.143(4)  
5C THSC Chapter 382 382.085(b)

Rqmt Prov: 48944 PERMIT

General Terms and Conditions OP

Special Terms and Conditions No. 5 OP

Description: Failure to prevent unauthorized emissions.

Classification: Minor

Citation: 30 TAC Chapter 101, SubChapter F 101.201(a)  
5C THSC Chapter 382 382.085(b)

Description: Failed to submit an initial notification for Incident No. 156106 within 24 hours after discovery of the emissions event. Specifically, the initial notification was due by June 24, 2011 at 12:24 p.m., but was not submitted until June 24, 2011 at 2:22 p.m.

Classification: Moderate

Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)  
30 TAC Chapter 122, SubChapter B 122.143(4)  
5C THSC Chapter 382 382.085(b)

Rqmt Prov: 48944 PERMIT

General Terms and Conditions OP

Special Terms and Conditions No. 5 OP

Description: Failure to prevent unauthorized emissions.

Classification: Minor

Citation: 30 TAC Chapter 101, SubChapter F 101.201(a)  
5C THSC Chapter 382 382.085(b)

Description: Failed to submit an initial notification for Incident No. 157881 within 24 hours after discovery of the emissions event. Specifically, the initial notification was due by August 9, 2011 at 3:05 p.m., but was not submitted until August 10, 2011 at 4:35 p.m.

Classification: Moderate

Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)  
30 TAC Chapter 122, SubChapter B 122.143(4)  
5C THSC Chapter 382 382.085(b)

Rqmt Prov: 48994 PERMIT

General Terms and Conditions OP

Special Terms and Conditions No. 5 OP

Description: Failure to prevent unauthorized emissions.

Classification: Minor

Citation: 30 TAC Chapter 101, SubChapter F 101.201(a)  
5C THSC Chapter 382 382.085(b)

Description: Failed to submit an initial notification for Incident No. 159321 within 24 hours after discovery of the emissions event. Specifically, the initial notification was due by September 17, 2011 at 9:07 a.m., but was not submitted

until September 17, 2011 at 2:19 p.m.

Classification: Moderate

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

30 TAC Chapter 122, SubChapter B 122.143(4)

5C THSC Chapter 382 382.085(b)

Rqmt Prov: 48944 PERMIT

General Terms and Conditions OP

Special Terms and Conditions No. 5 OP

Description: Failure to prevent unauthorized emissions.

4 Effective Date: 12/16/2012 ADMINORDER 2012-0982-AIR-E (1660 Order-Agreed Order With Denial)

Classification: Minor

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

5C THSC Chapter 382 382.085(b)

Description: Failed to submit an Initial notification for Incident No. 160052 within 24 hours after discovery of the emissions event. Specifically, the initial notification was due by October 4, 2011 at 3:00 a.m., but was not submitted until October 4, 2011 at 1:51 p.m.

Classification: Moderate

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

30 TAC Chapter 122, SubChapter B 122.143(4)

5C THSC Chapter 382 382.085(b)

Rqmt Prov: 48944 PERMIT

FOP O3060, GTC OP

FOP O3060, ST&C 5 OP

Description: Failed to prevent unauthorized emissions. Specifically, the Respondent released 1,856.14 lbs of SO<sub>2</sub>, 218.02 lbs of CO, 164.00 lbs of VOCs, 106.68 lbs of NO<sub>x</sub>, and 19.7 lbs of H<sub>2</sub>S from the Plant Flare, EPN 17, during an emissions event (Incident No. 160052) that began on October 3, 2011 and lasted six hours and 12 minutes. The emissions event was caused when the acid gas compressor shut down due to low suction.

**B. Criminal convictions:**

N/A

**C. Chronic excessive emissions events:**

N/A

**D. The approval dates of investigations (CCEDS Inv. Track. No.):**

Item 1	May 19, 2009	(746168)
Item 2	June 16, 2009	(749639)
Item 3	October 12, 2009	(777778)
Item 4	December 28, 2009	(786618)
Item 5	February 24, 2010	(793085)
Item 6	March 29, 2010	(797344)
Item 7	June 16, 2010	(827138)
Item 8	January 12, 2011	(887342)
Item 9	January 21, 2011	(890688)
Item 10	March 10, 2011	(899589)
Item 11	July 01, 2011	(936444)
Item 12	June 28, 2012	(1014460)
Item 13	January 30, 2013	(1056006)
Item 14	January 31, 2013	(1056072)
Item 15	February 04, 2013	(1056543)
Item 16	February 06, 2013	(1056733)
Item 17	February 11, 2013	(1057167)
Item 18	February 21, 2013	(1056841)
Item 19	February 25, 2013	(1059313)
Item 20	February 26, 2013	(1059802)
Item 21	February 28, 2013	(1060178)
Item 22	March 06, 2013	(1073184)
Item 23	March 07, 2013	(1073390)
Item 24	March 13, 2013	(1073776)
Item 25	March 18, 2013	(1074272)

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

A notice of violation represents a written allegation of a violation of a specific regulatory requirement from the commission to a regulated entity. A notice of violation is not a final enforcement action, nor proof that a violation has actually occurred.

N/A

**F. Environmental audits:**

N/A

**G. Type of environmental management systems (EMSs):**

N/A

**H. Voluntary on-site compliance assessment dates:**

N/A

**I. Participation in a voluntary pollution reduction program:**

N/A

**J. Early compliance:**

N/A

**Sites Outside of Texas:**

N/A



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



IN THE MATTER OF AN  
ENFORCEMENT ACTION  
CONCERNING  
DAVIS GAS PROCESSING, INC.  
RN100217686

§  
§  
§  
§  
§

BEFORE THE  
TEXAS COMMISSION ON  
ENVIRONMENTAL QUALITY

**AGREED ORDER**  
**DOCKET NO. 2012-2029-AIR-E**

At its \_\_\_\_\_ agenda, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding Davis Gas Processing, Inc. ("Respondent") under the authority of TEX. HEALTH & SAFETY CODE ch. 382 and TEX. WATER CODE ch. 7. The Executive Director of the TCEQ, through the Enforcement Division, and the Respondent presented this agreement to the Commission.

The 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, the Respondent agrees to waive all notice and procedural rights.

It is further understood and agreed that this Order represents the complete and fully-integrated settlement 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 the Respondent.

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

**I. FINDINGS OF FACT**

1. The Respondent owns and operates a natural gas compression and treatment plant located six miles east of Big Lake and one mile south of United States Highway 67 in Reagan County, Texas (the "Plant").

2. The Plant consists of one or more sources as defined in TEX. HEALTH & SAFETY CODE § 382.003(12).
3. During an investigation conducted on August 24, 2012, TCEQ staff documented that emissions from the triethylene glycol dehydration regenerator still vent and flash tank, Unit 12, were vented directly to the atmosphere without any controls, resulting in a release of 24.03 tons of volatile organic compounds ("VOC") and 8.7 tons of hydrogen sulfide ("H<sub>2</sub>S") from February 3, 2011 to May 1, 2012.
4. During an investigation conducted on August 24, 2012, TCEQ staff documented that the semi-annual deviation reports for the reporting periods from October 5, 2010 through April 4, 2011, April 5, 2011 through October 4, 2011, and October 5, 2011 through April 4, 2012 did not include deviations for failing to route emissions from Unit 12 to Emissions Point Number ("EPN") 17 and failing to comply with representations and emission rates in a standard permit.
5. During an investigation conducted on August 24, 2012, TCEQ staff documented that visible emissions observations for EPN 17 were not recorded from April 1, 2010 to April 30, 2011.
6. During an investigation conducted on August 24, 2012, TCEQ staff documented that there were 411 inlet gas compressor blowdowns at the Plant in 2011 when only 60 blowdowns are represented in the standard permit, and 63 acid gas compressor blowdowns at the Plant in 2011 when only 60 blowdowns are represented in the standard permit, resulting in unauthorized emissions of 8.13 tons of sulfur dioxide ("SO<sub>2</sub>"), 0.61 ton of carbon monoxide ("CO"), 0.46 ton of VOC, 0.09 ton of H<sub>2</sub>S, and 0.07 ton of nitrogen oxides ("NO<sub>x</sub>").
7. During a record review conducted on October 9, 2012, TCEQ staff documented that the Respondent released 1,282.9 pounds ("lbs") of SO<sub>2</sub>, 13.6 lbs of H<sub>2</sub>S, 2.79 lbs of CO, 0.3 lb of NO<sub>x</sub>, and 0.28 lb of VOC from the flare, EPN 17, during an emissions event (Incident No. 170653) that began on July 3, 2012 and lasted 2 minutes. The emissions event occurred during the installation process of a new acid gas compressor when the compressor was blown down several times in order to allow work to be conducted on the unit. The TCEQ determined that the emissions event was reported late.
8. During a record review conducted on October 9, 2012, TCEQ staff documented that the initial notification for Incident No. 170653 was due by July 4, 2012 at 2:40 p.m., but was not submitted until July 4, 2012 at 8:10 p.m.
9. During a record review conducted on March 11, 2013, TCEQ staff documented that the Respondent released 586.895 lbs of SO<sub>2</sub>, 6.2 lbs of H<sub>2</sub>S, 0.992 lb of CO, and 0.069 lb of NO<sub>x</sub> from the flare, EPN 17, during an emissions event (Incident No. 162457) that began on December 5, 2011 and lasted 31 minutes. The emissions event occurred when the primary acid gas compressor shutdown due to low interstage pressure. The TCEQ determined that the emissions event was reported late.

10. During a record review conducted on March 11, 2013, TCEQ staff documented that the initial notification for Incident No. 162457 was due by December 6, 2011 at 8:10 a.m., but was not submitted until December 6, 2011 at 10:41 a.m.
11. During a record review conducted on March 18, 2013, TCEQ staff documented that the Respondent released 1,677.4 lbs of SO<sub>2</sub>, 659.6 lbs of CO, 427.6 lbs of VOC, 331.9 lbs of NO<sub>x</sub>, and 17.8 lbs of H<sub>2</sub>S from the flare, EPN 17, during an emissions event (Incident No. 179743) that began on February 24, 2013 and lasted 10 hours and 30 minutes. The emissions event occurred when the amine still became over-pressured and set off the relief valve to open to the flare. The TCEQ determined that the emissions event was reported late.
12. During a record review conducted on March 18, 2013, TCEQ staff documented that the initial notification for Incident No. 179743 was due by February 25, 2013 at 10:30 a.m., but was not submitted until February 25, 2013 at 3:00 p.m.
13. The Respondent received notices of the violations on September 5, 2012, November 10, 2012, April 17, 2013, and April 18, 2013.
14. The Executive Director recognizes that the Respondent has implemented the following corrective measures at the Plant:
  - a. On May 1, 2011, began monitoring and recording visible emissions for EPN 17;
  - b. On March 21, 2012, submitted a permit application to amend Permit No. 48944 to increase the number of compressor blowdowns allowed per calendar year and the associated emissions;
  - c. On June 6, 2012, submitted a revised semi-annual deviation report which included deviations for failing to route emissions from Unit 12 to EPN 17 and failing to obtain authorization for blowdown emissions associated with planned maintenance, startup, and shutdown activities;
  - d. On July 17, 2012, obtained authorization to operate a new acid gas compressor under Permit by Rule Registration No. 102163 in order to prevent a recurrence of emissions events due to the same cause as Incident No. 162457;
  - e. On October 1, 2012, assigned an Environmental Team Member as the federal operating permit lead to ensure the Plant's federal operating permit checklists are correct, up-to-date, and that common federal operating permit practices are established to ensure all instances of deviations are included in semi-annual deviation reports, in accordance with 30 TEX. ADMIN. CODE § 122.145;
  - f. On October 4, 2012, conducted an environmental reporting class with operations personnel which emphasized the requirement to report planned maintenance

work through advanced notification is the State of Texas Environmental Electronic Reporting System in order to prevent a recurrence of emissions events due to the same cause as Incident No. 170653;

- g. On October 18, 2012, obtained authorization under Standard Permit Registration No. 105730 to route emissions from Unit 12 to the Plant's Hot Oil Heater, EPN 14, to minimize uncontrolled emissions to the atmosphere; and
- h. On March 27, 2013, conducted an environmental reporting class with operations personnel to ensure that emissions event notifications are submitted in a timely manner and emphasized the importance of following Plant procedures and opening valves accordingly such that the acid gas can be contained within the process during emissions events in order to prevent a recurrence of emissions events due to the same cause as Incident No. 179743.

## II. CONCLUSIONS OF LAW

1. The Respondent is subject to the jurisdiction of the TCEQ pursuant to TEX. HEALTH & SAFETY CODE ch. 382 and TEX. WATER CODE ch. 7 and the rules of the Commission.
2. As evidenced by Findings of Fact No. 3, the Respondent failed to route emissions from Unit 12 to the flare, EPN 17, in violation of 30 TEX. ADMIN. CODE §§ 101.20(2), 113.390, 116.115(c), and 122.143(4), 40 CODE OF FEDERAL REGULATIONS § 63.765(c)(1), Permit No. 48944, Special Conditions ("SC") Nos. 1 and 7, Federal Operating Permit ("FOP") No. O3060, Special Terms and Conditions ("STC") No. 5 and General Terms and Conditions ("GTC"), and TEX. HEALTH & SAFETY CODE § 382.085(b).
3. As evidenced by Findings of Fact No. 4, the Respondent failed to report all instances of deviations, in violation of 30 TEX. ADMIN. CODE § 122.145(2)(A), FOP No. O3060, GTC, and TEX. HEALTH & SAFETY CODE § 382.085(b).
4. As evidenced by Findings of Fact No. 5, the Respondent failed to record visible emissions observations for EPN 17, in violation of 30 TEX. ADMIN. CODE § 111.111(a)(4)(A)(ii) and TEX. HEALTH & SAFETY CODE § 382.085(b).
5. As evidenced by Findings of Fact No. 6, the Respondent failed to comply with representations and emission limits in a standard permit, in violation of 30 TEX. ADMIN. CODE § 116.615(2), Standard Permit Registration No. 90541, Maximum Emission Rates Table, and TEX. HEALTH & SAFETY CODE § 382.085(b).
6. As evidenced by Findings of Fact No. 7, the Respondent failed to prevent unauthorized emissions, in violation of 30 TEX. ADMIN. CODE §§ 116.115(c) and 122.143(4); Permit No. 48944, SC No. 1; FOP No. O3060, STC No. 5 and GTC; and TEX. HEALTH & SAFETY CODE § 382.085(b). Since this emissions event was reported late, the Respondent is precluded from asserting an affirmative defense under 30 TEX. ADMIN. CODE § 101.222.

7. As evidenced by Findings of Fact No. 8, the Respondent failed to submit an initial notification for Incident No. 170653 within 24 hours after discovery of the emissions event, in violation of 30 TEX. ADMIN. CODE § 101.201(a) and TEX. HEALTH & SAFETY CODE § 382.085(b).
8. As evidenced by Findings of Fact No. 9, the Respondent failed to prevent unauthorized emissions, in violation of 30 TEX. ADMIN. CODE §§ 116.115(c) and 122.143(4); Permit No. 48944, SC No. 1; FOP No. O3060, STC No. 5 and GTC; and TEX. HEALTH & SAFETY CODE § 382.085(b). Since this emissions event was reported late, the Respondent is precluded from asserting an affirmative defense under 30 TEX. ADMIN. CODE § 101.222.
9. As evidenced by Findings of Fact No. 10, the Respondent failed to submit an initial notification for Incident No. 162457 within 24 hours after discovery of the emissions event, in violation of 30 TEX. ADMIN. CODE § 101.201(a) and TEX. HEALTH & SAFETY CODE § 382.085(b).
10. As evidenced by Findings of Fact No. 11, the Respondent failed to prevent unauthorized emissions, in violation of 30 TEX. ADMIN. CODE §§ 116.115(c) and 122.143(4); Permit No. 48944, SC No. 1; FOP No. O3060, STC No. 5 and GTC; and TEX. HEALTH & SAFETY CODE § 382.085(b). Since this emissions event was reported late, the Respondent is precluded from asserting an affirmative defense under 30 TEX. ADMIN. CODE § 101.222.
11. As evidenced by Findings of Fact No. 12, the Respondent failed to submit an initial notification for Incident No. 179743 within 24 hours after discovery of the emissions event, in violation of 30 TEX. ADMIN. CODE § 101.201(a) and TEX. HEALTH & SAFETY CODE § 382.085(b).
12. Pursuant to TEX. WATER CODE § 7.051, the Commission has the authority to assess an administrative penalty against the Respondent for violations of the Texas Water Code and the Texas Health and Safety Code within the Commission's jurisdiction; for violations of rules adopted under such statutes; or for violations of orders or permits issued under such statutes.
13. An administrative penalty in the amount of Sixty-Two Thousand Seven Hundred Eighty-Five Dollars (\$62,785) 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. The Respondent has paid the Sixty-Two Thousand Seven Hundred Eighty-Five Dollar (\$62,785) administrative penalty.

### III. ORDERING PROVISIONS

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

1. The Respondent is assessed an administrative penalty in the amount of Sixty-Two Thousand Seven Hundred Eighty-Five Dollars (\$62,785) as set forth in Section II, Paragraph 13 above, for violations of TCEQ rules and state statutes. The payment of this administrative penalty and the Respondent's compliance with all the terms and conditions set forth in this Agreed Order completely resolve the violations set forth by this Agreed Order in this action. However, the Commission shall not be constrained in any manner from requiring corrective actions or penalties for other violations that are not raised here. Administrative penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: Davis Gas Processing, Inc., Docket No. 2012-2029-AIR-E" to:

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

2. The Respondent shall undertake the following technical requirements:
  - a. Respond completely and adequately, as determined by the TCEQ, to all requests for information concerning the permit amendment application submitted on March 21, 2012 within 30 days after the date of such requests, or by any other deadline specified in writing;
  - b. Within 180 days after the effective date of this Agreed Order, submit written certification that a permit amendment has been obtained, submit written certification of compliance with the current representations and emission rates of Permit No. 48944, or submit written certification that operations have ceased. The certification shall include detailed supporting documentation including receipts and/or other records to demonstrate compliance, be notarized by a State of Texas Notary Public, and include the following certification language:

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

The certification shall be submitted to:

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

with a copy to:

Air Section Manager  
San Angelo Regional Office  
Texas Commission on Environmental Quality  
622 South Oakes, Suite K  
San Angelo, Texas 76903-7035

3. The provisions of this Agreed Order shall apply to and be binding upon the Respondent. The Respondent is ordered to give notice of the Agreed Order to personnel who maintain day-to-day control over the Plant operations referenced in this Agreed Order.
4. If the Respondent fails to comply with any of the Ordering Provisions in this Agreed Order within the prescribed schedules, and that failure is caused solely by an act of God, war, strike, riot, or other catastrophe, the Respondent's failure to comply is not a violation of this Agreed Order. The Respondent shall have the burden of establishing to the Executive Director's satisfaction that such an event has occurred. The Respondent shall notify the Executive Director within seven days after the Respondent becomes aware of a delaying event and shall take all reasonable measures to mitigate and minimize any delay.
5. The Executive Director may grant an extension of any deadline in this Agreed Order or in any plan, report, or other document submitted pursuant to this Agreed Order, upon a written and substantiated showing of good cause. All requests for extensions by the Respondent shall be made in writing to the Executive Director. Extensions are not effective until the Respondent receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.
6. The Executive Director may refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings without notice to the Respondent if the Executive Director determines that the Respondent has not complied with one or more of the terms or conditions in this Agreed Order.
7. 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.

8. This Agreed Order, issued by the Commission, shall not be admissible against the Respondent in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Agreed Order; or (2) pursue violations of a statute within the Commission's jurisdiction, or of a rule adopted or an order or permit issued by the Commission under such a statute.
9. 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.
10. The Chief Clerk shall provide a copy of this Agreed Order to each of the parties. By law, the effective date of this Agreed Order is the third day after the mailing date, as provided by 30 TEX. ADMIN. CODE § 70.10(b) and TEX. GOV'T CODE § 2001.142.

## SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

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

Jacy Miller  
For the Executive Director

9.26.13  
Date

I, the undersigned, have read and understand the attached Agreed Order in the matter of Davis Gas Processing, Inc. I am authorized to agree to the attached Agreed Order on behalf of Davis Gas Processing, Inc., and do agree to the specified terms and conditions. I further acknowledge that the TCEQ, in accepting payment for the penalty amount, is materially relying on such representation.

I understand that by entering into this Agreed Order, Davis Gas Processing, Inc. waives certain procedural rights, including, but not limited to, the right to formal notice of violations addressed by this Agreed Order, notice of an evidentiary hearing, the right to an evidentiary hearing, and the right to appeal. I agree to the terms of the Agreed Order in lieu of an evidentiary hearing. This Agreed Order constitutes full and final adjudication by the Commission of the violations set forth in this Agreed Order.

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

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

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

MW  
Signature

6/25/2013  
Date

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

VP  
Title

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

