

**Executive Summary – Enforcement Matter – Case No. 45906  
Arrowhead Pipeline, L.P.  
RN100212000  
Docket No. 2013-0028-AIR-E**

**Order Type:**

1660 Agreed Order

**Findings Order Justification:**

N/A

**Media:**

AIR

**Small Business:**

No

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

Old Ocean Gas Plant, 10201 County Road 359, Sweeny, Brazoria County

**Type of Operation:**

Gas plant

**Other Significant Matters:**

Additional Pending Enforcement Actions: No

Past-Due Penalties: No

Other: N/A

Interested Third-Parties: None

**Texas Register Publication Date:** June 14, 2013

**Comments Received:** No

***Penalty Information***

**Total Penalty Assessed:** \$18,750

**Amount Deferred for Expedited Settlement:** \$3,750

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

**Total Paid to General Revenue:** \$15,000

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

Payment Plan: N/A

**SEP Conditional Offset:** \$0

Name of SEP: N/A

**Compliance History Classifications:**

Person/CN - Satisfactory

Site/RN - Satisfactory

**Major Source:** Yes

**Statutory Limit Adjustment:** N/A

**Applicable Penalty Policy:** September 2011

**Executive Summary – Enforcement Matter – Case No. 45906**  
**Arrowhead Pipeline, L.P.**  
**RN100212000**  
**Docket No. 2013-0028-AIR-E**

***Investigation Information***

**Complaint Date(s):** N/A  
**Complaint Information:** N/A  
**Date(s) of Investigation:** November 20, 2012  
**Date(s) of NOE(s):** December 4, 2012

***Violation Information***

Failed to comply with the permitted fuel flow limits for the compressor engines. [30 TEX. ADMIN. CODE §§ 116.115(c) and 122.143(4), TEX. HEALTH & SAFETY CODE § 382.085(b), Federal Operating Permit No. O3162, Special Terms & Conditions No. 7, and New Source Review (“NSR”) Permit No. 79228, Special Conditions No. 16].

***Corrective Actions/Technical Requirements***

**Corrective Action(s) Completed:**

On August 29, 2012, Respondent submitted a permit amendment application for NSR Permit No. 79228 to remove the fuel flow limit for EPNs E-16 through E-19 and E-22 through E-25.

**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 application to amend NSR Permit No. 79228 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 compliance with the current fuel flow limits has been achieved, or that a permit amendment removing the fuel flow limits has been obtained.

***Litigation Information***

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

***Contact Information***

**TCEQ Attorney:** N/A  
**TCEQ Enforcement Coordinator:** Amancio R. Gutierrez, Enforcement Division, Enforcement Team 5, MC 149, (512) 239-3921; Debra Barber, Enforcement Division, MC 219, (512) 239-0412

**Executive Summary – Enforcement Matter – Case No. 45906**  
**Arrowhead Pipeline, L.P.**  
**RN100212000**  
**Docket No. 2013-0028-AIR-E**

**TCEQ SEP Coordinator:** N/A

**Respondent:** Matt Vicenik, Environmental Coordinator, Arrowhead Pipeline, L.P., 1201 Louisiana Street, Suite 1400, Houston, Texas 77002

Brady Dodson, Environmental Manager, Arrowhead Pipeline, L.P., 1201 Louisiana Street, Suite 1400, Houston, Texas 77002

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





# Penalty Calculation Worksheet (PCW)

Policy Revision 3 (September 2011)

PCW Revision August 3, 2011

|              |                 |             |                  |             |                |  |
|--------------|-----------------|-------------|------------------|-------------|----------------|--|
| <b>DATES</b> | <b>Assigned</b> | 10-Dec-2012 | <b>Screening</b> | 19-Dec-2012 | <b>EPA Due</b> |  |
|              | <b>PCW</b>      | 22-Feb-2013 |                  |             |                |  |

|  |                          |
|--|--------------------------|
| <b>RESPONDENT/FACILITY INFORMATION</b> |                          |
| <b>Respondent</b>                      | Arrowhead Pipeline, L.P. |
| <b>Reg. Ent. Ref. No.</b>              | RN100212000              |
| <b>Facility/Site Region</b>            | 12-Houston               |
| <b>Major/Minor Source</b>              | Major                    |

|  |                 |                              |                      |
|--|-----------------|------------------------------|----------------------|
| <b>CASE INFORMATION</b>                |                 |                              |                      |
| <b>Enf./Case ID No.</b>                | 45906           | <b>No. of Violations</b>     | 1                    |
| <b>Docket No.</b>                      | 2013-0028-AIR-E | <b>Order Type</b>            | 1660                 |
| <b>Media Program(s)</b>                | Air             | <b>Government/Non-Profit</b> | No                   |
| <b>Multi-Media</b>                     |                 | <b>Enf. Coordinator</b>      | Amancio R. Gutierrez |
|  |                 | <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>\$15,000</b> |
|---|-------------------|-----------------|

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

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

|                           |                          |                                |                |
|---------------------------|--------------------------|--------------------------------|----------------|
| <b>Compliance History</b> | <b>25.0%</b> Enhancement | <b>Subtotals 2, 3, &amp; 7</b> | <b>\$3,750</b> |
|---------------------------|--------------------------|--------------------------------|----------------|

**Notes** Enhancement for one NOV with same/similar violations and one order with denial of liability.

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

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

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

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

|                            |         |
|----------------------------|---------|
| Total EB Amounts           | \$286   |
| Approx. Cost of Compliance | \$3,500 |

\*Capped at the Total EB \$ Amount

|                             |                       |                 |
|-----------------------------|-----------------------|-----------------|
| <b>SUM OF SUBTOTALS 1-7</b> | <b>Final Subtotal</b> | <b>\$18,750</b> |
|-----------------------------|-----------------------|-----------------|

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

Reduces or enhances the Final Subtotal by the indicated percentage.

**Notes**

|                             |                 |
|-----------------------------|-----------------|
| <b>Final Penalty Amount</b> | <b>\$18,750</b> |
|-----------------------------|-----------------|

|                                   |                               |                 |
|-----------------------------------|-------------------------------|-----------------|
| <b>STATUTORY LIMIT ADJUSTMENT</b> | <b>Final Assessed Penalty</b> | <b>\$18,750</b> |
|-----------------------------------|-------------------------------|-----------------|

|                 |                        |                   |                 |
|-----------------|------------------------|-------------------|-----------------|
| <b>DEFERRAL</b> | <b>20.0%</b> Reduction | <b>Adjustment</b> | <b>-\$3,750</b> |
|-----------------|------------------------|-------------------|-----------------|

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

**Notes** Deferral offered for expedited settlement.

|                        |                 |
|------------------------|-----------------|
| <b>PAYABLE PENALTY</b> | <b>\$15,000</b> |
|------------------------|-----------------|

**Screening Date** 19-Dec-2012

**Docket No.** 2013-0028-AIR-E

**PCW**

**Respondent** Arrowhead Pipeline, L.P.

Policy Revision 3 (September 2011)

**Case ID No.** 45906

PCW Revision August 3, 2011

**Reg. Ent. Reference No.** RN100212000

**Media [Statute]** Air

**Enf. Coordinator** Amancio R. Gutierrez

**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> )  | 1                 | 5%      |
|                               | Other written NOVs   | 0                 | 0%      |
| Orders                        | Any agreed final enforcement orders containing a denial of liability ( <i>number of orders meeting criteria</i> )  | 1                 | 20%     |
|                               | Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission | 0                 | 0%      |
| Judgments and Consent Decrees | Any non-adjudicated final court judgments or consent decrees containing a denial of liability of this state or the federal government ( <i>number of judgements or consent decrees meeting criteria</i> )                              | 0                 | 0%      |
|                               | Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government  | 0                 | 0%      |
| Convictions                   | Any criminal convictions of this state or the federal government ( <i>number of counts</i> )   | 0                 | 0%      |
| Emissions                     | Chronic excessive emissions events ( <i>number of events</i> )   | 0                 | 0%      |
| Audits                        | Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 ( <i>number of audits for which notices were submitted</i> )     | 0                 | 0%      |
|                               | Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 ( <i>number of audits for which violations were disclosed</i> )  | 0                 | 0%      |
| <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)** 25%

>> **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 one NOV with same/similar violations and one order with denial of liability.

**Total Compliance History Adjustment Percentage (Subtotals 2, 3, & 7)** 25%

>> **Final Compliance History Adjustment**

**Final Adjustment Percentage \*capped at 100%** 25%

Screening Date 19-Dec-2012

Docket No. 2013-0028-AIR-E

PCW

Respondent Arrowhead Pipeline, L.P.

Policy Revision 3 (September 2011)

Case ID No. 45906

PCW Revision August 3, 2011

Reg. Ent. Reference No. RN100212000

Media [Statute] Air

Enf. Coordinator Amancio R. Gutierrez

Violation Number 1

Rule Cite(s)

30 Tex. Admin. Code §§ 116.115(c) and 122.143(4), Tex. Health & Safety Code § 382.085(b), Federal Operating Permit No. O3162, Special Terms & Conditions No. 7, and New Source Review Permit No. 79228, Special Conditions No. 16

Violation Description

Failed to comply with the permitted fuel flow limits for the compressor engines. Specifically, the Respondent exceeded the permitted fuel flow limit of 481 pounds per hour ("lbs/hr") for Emission Point Number ("EPN") E-16 by 98 lbs/hr, EPN E-17 by 108 lbs/hr, EPN E-18 by 110 lbs/hr, and EPN E-19 by 66 lbs/hr, respectively, and exceeded the permitted fuel flow limit of 364 lbs/hr for EPN E-22 by 103 lbs/hr, EPN E-23 by 106 lbs/hr, EPN E-24 by 131 lbs/hr, and EPN E-25 by 85 lbs/hr, respectively.

Base Penalty \$25,000

>> Environmental, Property and Human Health Matrix

| Release   | Harm  |          |       | Percent |
|-----------|-------|----------|-------|---------|
|           | Major | Moderate | Minor |         |
| Actual    |       |          |       | 15.0%   |
| Potential |       | x        |       |         |

>> Programmatic Matrix

| Falsification | Major | Moderate | Minor | Percent |
|---------------|-------|----------|-------|---------|
|               |       |          |       | 0.0%    |

Matrix Notes

Human health or the environment will or could be exposed to significant amounts of pollutants which would 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 4 Number of violation days 353

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

Violation Base Penalty \$15,000

Four quarterly events are recommended from the date the violation began, January 1, 2012 to the date of screening, December 19, 2012.

Good Faith Efforts to Comply

0.0% Reduction

\$0

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

Notes

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

Violation Subtotal \$15,000

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$286

Violation Final Penalty Total \$18,750

This violation Final Assessed Penalty (adjusted for limits) \$18,750

## Economic Benefit Worksheet

**Respondent** Arrowhead Pipeline, L.P.  
**Case ID No.** 45906  
**Reg. Ent. Reference No.** RN100212000  
**Media** Air  
**Violation No.** 1

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

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

### Delayed Costs

|                          |         |            |             |      |       |     |       |
|--------------------------|---------|------------|-------------|------|-------|-----|-------|
| Equipment                |         |            |             | 0.00 | \$0   | \$0 | \$0   |
| Buildings                |         |            |             | 0.00 | \$0   | \$0 | \$0   |
| Other (as needed)        |         |            |             | 0.00 | \$0   | \$0 | \$0   |
| Engineering/construction |         |            |             | 0.00 | \$0   | \$0 | \$0   |
| Land                     |         |            |             | 0.00 | \$0   | n/a | \$0   |
| Record Keeping System    |         |            |             | 0.00 | \$0   | n/a | \$0   |
| Training/Sampling        |         |            |             | 0.00 | \$0   | n/a | \$0   |
| Remediation/Disposal     |         |            |             | 0.00 | \$0   | n/a | \$0   |
| Permit Costs             | \$3,500 | 1-Jan-2012 | 20-Aug-2013 | 1.64 | \$286 | n/a | \$286 |
| Other (as needed)        |         |            |             | 0.00 | \$0   | n/a | \$0   |

**Notes for DELAYED costs**

Estimated cost to obtain a permit amendment to address the permitted fuel flow limit exceedance. The Date Required is the date the violation began and the Final Date is the estimated date of compliance.

### Avoided Costs

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

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

**Notes for AVOIDED costs**

Approx. Cost of Compliance

\$3,500

**TOTAL**

\$286



# Compliance History Report

**PUBLISHED** Compliance History Report for CN603047309, RN100212000, Rating Year 2012 which includes Compliance History (CH) components from September 1, 2007, through August 31, 2012.

**Customer, Respondent, or Owner/Operator:** CN603047309, Arrowhead Pipeline, L.P. **Classification:** SATISFACTORY **Rating:** 17.29

---

**Regulated Entity:** RN100212000, OLD OCEAN GAS PLANT **Classification:** SATISFACTORY **Rating:** 17.29

---

**Complexity Points:** 6 **Repeat Violator:** NO

---

**CH Group:** 03 - Oil and Gas Extraction

---

**Location:** 10201 COUNTY ROAD 359, SWEENEY, BRAZORIA COUNTY, TEXAS

---

**TCEQ Region:** REGION 12 - HOUSTON

---

**ID Number(s):**

|   |   |
|---|---|
| <b>AIR OPERATING PERMITS</b> ACCOUNT NUMBER BL0005M   | <b>AIR OPERATING PERMITS</b> PERMIT 662                 |
| <b>AIR OPERATING PERMITS</b> PERMIT 3162              | <b>AIR OPERATING PERMITS</b> PERMIT 638                 |
| <b>AIR OPERATING PERMITS</b> ACCOUNT NUMBER BL0005M   | <b>AIR OPERATING PERMITS</b> PERMIT 660                 |
| <b>AIR NEW SOURCE PERMITS</b> ACCOUNT NUMBER BL0005M  | <b>AIR NEW SOURCE PERMITS</b> AFS NUM 4803900002        |
| <b>AIR NEW SOURCE PERMITS</b> REGISTRATION 12948      | <b>AIR NEW SOURCE PERMITS</b> REGISTRATION 43156        |
| <b>AIR NEW SOURCE PERMITS</b> REGISTRATION 44959      | <b>AIR NEW SOURCE PERMITS</b> PERMIT 79228              |
| <b>AIR NEW SOURCE PERMITS</b> REGISTRATION 80752      | <b>AIR NEW SOURCE PERMITS</b> REGISTRATION 80751        |
| <b>AIR EMISSIONS INVENTORY</b> ACCOUNT NUMBER BL0005M | <b>INDUSTRIAL AND HAZARDOUS WASTE</b> OTS REQUEST 36444 |

**INDUSTRIAL AND HAZARDOUS WASTE EPA ID**  
TXP490351279

---

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

**Date Compliance History Report Prepared:** April 03, 2013

**Agency Decision Requiring Compliance History:** Enforcement

---

**Component Period Selected:** April 03, 2008 to April 03, 2013

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

**Name:** Amancio R. Gutierrez **Phone:** (512) 239-3921

**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: 02/05/2012 ADMINORDER 2011-0891-AIR-E (1660 Order-Agreed Order With Denial)  
Classification: Moderate  
Citation: 30 TAC Chapter 116, SubChapter B 116.110(a)  
5C THSC Chapter 382 382.0518(a)  
5C THSC Chapter 382 382.085(b)

Description: Failed to obtain authorization for all emissions sources at the Plant, in violation of 30 TEX. ADMIN. CODE § 116.110(a) and TEX. HEALTH & SAFETY CODE §§ 382.0518(a) and 382.085(b), as documented during an investigation

conducted on February 11, 2011. Specifically, the Respondents were operating an amine unit at the Plant without authorization to operate the unit.

Classification: Moderate

Citation: 30 TAC Chapter 115, SubChapter B 115.122(a)(1)

5C THSC Chapter 382 382.085(b)

Description: Failed to control volatile organic compound ("VOC") emissions from the amine unit, in violation of 30 TEX. ADMIN. CODE § 115.122(a)(1) and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on February 11, 2011. Specifically, during the investigation it was documented that a vent on the amine unit was emitting uncontrolled VOC emissions to the atmosphere and was not routed to a control device as required.

See addendum for information regarding federal actions.

**B. Criminal convictions:**

N/A

**C. Chronic excessive emissions events:**

N/A

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

|        |                   |           |
|--------|-------------------|-----------|
| Item 1 | August 07, 2008   | (636768)  |
| Item 2 | May 26, 2009      | (737275)  |
| Item 3 | August 26, 2010   | (794235)  |
| Item 4 | April 15, 2011    | (899608)  |
| Item 5 | August 30, 2011   | (937661)  |
| Item 6 | February 19, 2013 | (1042379) |

**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.

|   |              |   |           |                       |
|---|--------------|---|-----------|-----------------------|
| 1 | Date:        | 10/02/2012  | (1031165) | CN603047309           |
|   | Self Report? | NO  |           | Classification: Minor |
|   | Citation:    | 30 TAC Chapter 101, SubChapter F 101.201(a)(2)(F)<br>30 TAC Chapter 101, SubChapter F 101.201(a)(2)(G)<br>5C THSC Chapter 382 382.085(b)                              |           |                       |
|   | Description: | Failure to report in the Initial Notification the emissions of all air contaminants that exceeded a reportable quantity. [Subcategory C3]                             |           |                       |
|   | Self Report? | NO  |           | Classification: Minor |
|   | Citation:    | 30 TAC Chapter 101, SubChapter F 101.201(b)(1)(G)<br>30 TAC Chapter 101, SubChapter F 101.201(b)(1)(H)<br>5C THSC Chapter 382 382.085(b)                              |           |                       |
|   | Description: | Failure to report in the Final Incident Report all significant unauthorized emissions of air contaminants that did not exceed a reportable quantity. [Subcategory C3] |           |                       |

**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  
ARROWHEAD PIPELINE, L.P.  
RN100212000**

§  
§  
§  
§  
§

**BEFORE THE  
TEXAS COMMISSION ON  
ENVIRONMENTAL QUALITY**

**AGREED ORDER  
DOCKET NO. 2013-0028-AIR-E**

**I. JURISDICTION AND STIPULATIONS**

On \_\_\_\_\_, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding Arrowhead Pipeline, L.P. ("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 together stipulate that:

1. The Respondent owns and operates a gas plant at 10201 County Road 359 in Sweeny, Brazoria County, Texas (the "Plant").
2. The Plant consists of one or more sources as defined in TEX. HEALTH & SAFETY CODE § 382.003(12).
3. The Executive Director and the Respondent agree that the Commission has jurisdiction to enter this Agreed Order, and that the Respondent is subject to the Commission's jurisdiction.
4. The Respondent received notice of the violations alleged in Section II ("Allegations") on or about December 9, 2012.
5. The occurrence of any violation is in dispute and the entry of this Agreed Order shall not constitute an admission by the Respondent of any violation alleged in Section II ("Allegations"), nor of any statute or rule.
6. An administrative penalty in the amount of Eighteen Thousand Seven Hundred Fifty Dollars (\$18,750) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent has paid Fifteen Thousand Dollars (\$15,000) of the administrative penalty and Three Thousand Seven Hundred Fifty Dollars (\$3,750)

- is deferred contingent upon the Respondent's timely and satisfactory compliance with all the terms of this Agreed Order. The deferred amount will be waived upon full compliance with the terms of this Agreed Order. If the Respondent fails to timely and satisfactorily comply with all requirements of this Agreed Order, the Executive Director may require the Respondent to pay all or part of the deferred penalty.
7. Any notice and procedures, which might otherwise be authorized or required in this action, are waived in the interest of a more timely resolution of the matter.
  8. The Executive Director and the Respondent agree on a settlement of the matters alleged in this enforcement action, subject to final approval in accordance with 30 TEX. ADMIN. CODE § 70.10(a).
  9. The Executive Director recognizes that on August 29, 2012, the Respondent submitted a permit amendment application for New Source Review ("NSR") Permit No. 79228 to remove the fuel flow limit for Emission Point Numbers ("EPNs") E-16 through E-19 and E-22 through E-25.
  10. The Executive Director may, without further notice or hearing, refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings if the Executive Director determines that the Respondent has not complied with one or more of the terms or conditions in this Agreed Order.
  11. This Agreed Order shall terminate five years from its effective date or upon compliance with all the terms and conditions set forth in this Agreed Order, whichever is later.
  12. The provisions of this Agreed Order are deemed severable and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Agreed Order unenforceable, the remaining provisions shall be valid and enforceable.

## II. ALLEGATIONS

As owner and operator of the Plant, the Respondent is alleged to have failed to comply with the permitted fuel flow limits for the compressor engines, in violation of 30 TEX. ADMIN. CODE §§ 116.115(c) and 122.143(4), TEX. HEALTH & SAFETY CODE § 382.085(b), Federal Operating Permit No. O3162, Special Terms & Conditions No. 7, and NSR Permit No. 79228, Special Conditions No. 16, as documented during a record review conducted on November 20, 2012. Specifically, the Respondent exceeded the permitted fuel flow limit of 481 pounds per hour ("lbs/hr") for EPN E-16 by 98 lbs/hr, EPN E-17 by 108 lbs/hr, EPN E-18 by 110 lbs/hr, and EPN E-19 by 66 lbs/hr, respectively, and exceeded the permitted fuel flow limit of 364 lbs/hr for EPN E-22 by 103 lbs/hr, EPN E-23 by 106 lbs/hr, EPN E-24 by 131 lbs/hr, and EPN E-25 by 85 lbs/hr, respectively.

## III. DENIALS

The Respondent generally denies each allegation in Section II ("Allegations").

#### IV. ORDERING PROVISIONS

1. It is, therefore, ordered by the TCEQ that the Respondent pay an administrative penalty as set forth in Section I, Paragraph 6 above. The payment of this administrative penalty and the Respondent's compliance with all the terms and conditions set forth in this Agreed Order resolve only the allegations in Section II. The Commission shall not be constrained in any manner from requiring corrective action or penalties for violations which are not raised here. Administrative penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: Arrowhead Pipeline, L.P., Docket No. 2013-0028-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. It is further ordered that 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 application to amend NSR Permit No. 79228 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 as described below, that compliance with the current fuel flow limits has been achieved, or that a permit amendment removing the fuel flow limits has been obtained; and
  - c. The certification required by Ordering Provision No. 2.b shall be notarized by a State of Texas Notary Public and include the following certification language:

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

The certification shall be submitted to:

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

with a copy to:

Air Section Manager  
Houston Regional Office  
Texas Commission on Environmental Quality  
5425 Polk Avenue, Suite H  
Houston, Texas 77023-1486

3. The provisions of this Agreed Order shall apply to and be binding upon the Respondent. The Respondent is ordered to give notice of the Agreed Order to personnel who maintain day-to-day control over the Plant operations referenced in this Agreed Order.
4. If the Respondent fails to comply with any of the Ordering Provisions in this Agreed Order within the prescribed schedules, and that failure is caused solely by an act of God, war, strike, riot, or other catastrophe, the Respondent's failure to comply is not a violation of this Agreed Order. The Respondent shall have the burden of establishing to the Executive Director's satisfaction that such an event has occurred. The Respondent shall notify the Executive Director within seven days after the Respondent becomes aware of a delaying event and shall take all reasonable measures to mitigate and minimize any delay.
5. The Executive Director may grant an extension of any deadline in this Agreed Order or in any plan, report, or other document submitted pursuant to this Agreed Order, upon a written and substantiated showing of good cause. All requests for extensions by the Respondent shall be made in writing to the Executive Director. Extensions are not effective until the Respondent receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.
6. This Agreed Order, issued by the Commission, shall not be admissible against the Respondent in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Agreed Order; or (2) pursue violations of a statute within the Commission's jurisdiction, or of a rule adopted or an order or permit issued by the Commission under such a statute.
7. This Agreed Order may be executed in separate and multiple counterparts, which together shall constitute a single instrument. Any page of this Agreed Order may be copied, scanned, digitized, converted to electronic portable document format ("pdf"), or otherwise reproduced and may be transmitted by digital or electronic transmission, including but not limited to facsimile transmission and electronic mail. Any signature affixed to this Agreed Order shall constitute an original signature for all purposes and may be used, filed, substituted, or issued for any purpose for which an original signature could be used. The term "signature" shall include manual signatures and true and accurate reproductions of manual signatures created, executed, endorsed, adopted, or authorized by the person or persons to whom the signatures are attributable. Signatures may be copied or reproduced digitally, electronically, by photocopying, engraving, imprinting, lithographing, electronic mail, facsimile transmission, stamping, or any other means or process which the Executive Director deems acceptable. In this paragraph exclusively, the terms "electronic transmission", "owner", "person", "writing", and "written" shall have the meanings assigned to them under TEX. BUS. ORG. CODE § 1.002.

8. Under 30 TEX. ADMIN. CODE § 70.10(b), the effective date is the date of hand-delivery of the Order to the Respondent, or three days after the date on which the Commission mails notice of the Order to the Respondent, whichever is earlier.

### SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

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

*Ramona Sanchez*  
For the Executive Director

7/19/13  
Date

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

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

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

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

*Brady Dodson*  
Signature

4/19/13  
Date

Brady Dodson  
Name (Printed or typed)  
Authorized Representative of  
Arrowhead Pipeline, L.P.

Environmental Manager  
Title

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