

**Executive Summary – Enforcement Matter – Case No. 47615
Abaco Operating L.L.C.
RN106860638
Docket No. 2013-1721-AIR-E**

Order Type:

1660 Agreed Order

Findings Order Justification:

N/A

Media:

AIR

Small Business:

No

Location(s) Where Violation(s) Occurred:

Abaco Operating Moody Foundation 1, located on the east side of Farm-to-Market Road ("FM") 562, seven miles southwest of the intersection of FM 562 and FM 1985, in Anahuac, Chambers County

Type of Operation:

Gas production plant

Other Significant Matters:

Additional Pending Enforcement Actions: No

Past-Due Penalties: No

Other: N/A

Interested Third-Parties: None

Texas Register Publication Date: March 14, 2014

Comments Received: No

Penalty Information

Total Penalty Assessed: \$32,596

Amount Deferred for Expedited Settlement: \$6,519

Amount Deferred for Financial Inability to Pay: \$0

Total Paid to General Revenue: \$26,077

Total Due to General Revenue: \$0

Payment Plan: N/A

SEP Conditional Offset: \$0

Name of SEP: N/A

Compliance History Classifications:

Person/CN - High

Site/RN - High

Major Source: Yes

Statutory Limit Adjustment: N/A

Applicable Penalty Policy: September 2002 and September 2011

Executive Summary – Enforcement Matter – Case No. 47615
Abaco Operating L.L.C.
RN106860638
Docket No. 2013-1721-AIR-E

Investigation Information

Complaint Date(s): N/A

Complaint Information: N/A

Date(s) of Investigation: July 11, 2013

Date(s) of NOE(s): September 3, 2013

Violation Information

1. Failed to obtain authorization prior to operation. Specifically, the Respondent began gas production operations prior to obtaining the proper authorization [30 TEX. ADMIN. CODE § 116.110(a) and TEX. HEALTH & SAFETY CODE §§ 382.0518(a) and 382.085(b)].
2. Failed to prevent any vapor or gas loss to the atmosphere or to comply with the control requirements for the three condensate tanks (Emission Point Nos. 3a-13-OST-CV, 3b-13-OST-CV, and 3c-13-OST-CV) and failed to route flashed gases from the three condensate tanks to a vapor control system. Specifically, the Respondent did not maintain a sufficient working pressure at all times and did not install any controls prior to placing, storing, or holding condensate in the three storage tanks. Also, the condensate throughput from the tanks exceeded the limit of 1,500 barrels per year by 22,659 barrels in calendar year 2011 and by 7,325 barrels in calendar year 2012, resulting in 6.54 tons and 2.19 tons of uncontrolled volatile organic compounds (“VOC”), respectively [30 TEX. ADMIN. CODE § 115.112(d)(1), (d)(4), (e)(1), and (e)(4) and TEX. HEALTH & SAFETY CODE § 382.085(b)].
3. Failed to obtain a federal operating permit. Specifically, the Respondent emitted 29.66 tons of VOC in calendar year 2011 [30 TEX. ADMIN. CODE §§ 122.121 and 122.130(b) and TEX. HEALTH & SAFETY CODE §§ 382.054 and 382.085(b)].
4. Failed to submit emissions inventories. Specifically, the Respondent emitted 29.66 tons of VOC emissions in 2011 and 14.19 tons of VOC emissions in 2012, but the Respondent did not submit emissions inventories by March 31, 2012 and March 31, 2013, respectively [30 TEX. ADMIN. CODE § 101.10(e) and TEX. HEALTH & SAFETY CODE § 382.085(b)].

Corrective Actions/Technical Requirements

Corrective Action(s) Completed:

On November 20, 2013, the Respondent submitted calculations demonstrating that the Plant’s VOC emissions for 2012 were 14.19 tons, resulting in the Plant not being required to obtain a federal operating permit.

Executive Summary – Enforcement Matter – Case No. 47615
Abaco Operating L.L.C.
RN106860638
Docket No. 2013-1721-AIR-E

Technical Requirements:

The Order will require the Respondent to:

- a. Within 30 days:
 - i. Implement measures to comply with the VOC control requirements for the storage tanks at the Plant;
 - ii. Submit a Form PI-7 to register for a Permit by Rule and certify emissions; and
 - ii. Submit the 2011 and 2012 emissions inventories.
- b. Respond completely and adequately, as determined by the TCEQ, to all requests for information concerning the registration within 30 days after the date of such requests, or by any other deadline specified in writing.
- c. Within 60 days, submit written certification demonstrating compliance with Ordering Provision a. and to certify that either authorization to operate the Plant has been obtained or that operation has ceased until such time that appropriate authorization is 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: Farhaud Abbaszadeh, Enforcement Division, Enforcement Team 4, MC 149, (512) 239-0779; Candy Garrett, Enforcement Division, MC 219, (512) 239-1456
TCEQ SEP Coordinator: N/A
Respondent: Erik Hanson, Manager, Abaco Operating L.L.C., 1020 Northeast Loop 410, Suite 660, San Antonio, Texas 78209
Respondent's Attorney: N/A



Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002)

PCW Revision October 30, 2008

TCEQ

| | | | | | | |
|--------------|-----------------|-------------|------------------|-------------|----------------|-------------|
| DATES | Assigned | 3-Sep-2013 | Screening | 11-Sep-2013 | EPA Due | 30-Apr-2014 |
| | PCW | 18-Dec-2013 | | | | |

| | |
|--|------------------------|
| RESPONDENT/FACILITY INFORMATION | |
| Respondent | Abaco Operating L.L.C. |
| Reg. Ent. Ref. No. | RN106860638 |
| Facility/Site Region | 12-Houston |
| Major/Minor Source | Major |

| | | | |
|--|-----------------|------------------------------|--------------------|
| CASE INFORMATION | | | |
| Enf./Case ID No. | 47615 | No. of Violations | 3 |
| Docket No. | 2013-1721-AIR-E | Order Type | 1660 |
| Media Program(s) | Air | Government/Non-Profit | No |
| Multi-Media | | Enf. Coordinator | Heather Podlipny |
| | | EC's Team | Enforcement Team 4 |
| Admin. Penalty \$ Limit Minimum | \$0 | Maximum | \$10,000 |

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties) *Subtotal 1* **\$27,500**

ADJUSTMENTS (+/-) TO SUBTOTAL 1

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

Compliance History **-10.0%** Enhancement *Subtotals 2, 3, & 7* **-\$2,750**

Notes: Reduction for high performer classification.

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

Notes: The Respondent does not meet the culpability criteria.

Good Faith Effort to Comply Total Adjustments *Subtotal 5* **\$0**

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

Total EB Amounts \$14,265
Approx. Cost of Compliance \$61,000
*Capped at the Total EB \$ Amount

SUM OF SUBTOTALS 1-7 *Final Subtotal* **\$24,750**

OTHER FACTORS AS JUSTICE MAY REQUIRE **4.4%** *Adjustment* **\$1,096**

Reduces or enhances the Final Subtotal by the indicated percentage.

Notes: Recommended enhancement to capture the avoided costs of compliance associated with Violation No. 3.

Final Penalty Amount **\$25,846**

STATUTORY LIMIT ADJUSTMENT *Final Assessed Penalty* **\$25,846**

DEFERRAL **20.0%** Reduction *Adjustment* **-\$5,169**

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

Notes: Deferral offered for expedited settlement.

PAYABLE PENALTY **\$20,677**

Screening Date 11-Sep-2013

Docket No. 2013-1721-AIR-E

PCW

Respondent Abaco Operating L.L.C.

Policy Revision 2 (September 2002)

Case ID No. 47615

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN106860638

Media [Statute] Air

Enf. Coordinator Heather Podlipny

Compliance History Worksheet

>> Compliance History Site Enhancement (Subtotal 2)

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

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) 0%

>> Repeat Violator (Subtotal 3)

No

Adjustment Percentage (Subtotal 3) 0%

>> Compliance History Person Classification (Subtotal 7)

High Performer

Adjustment Percentage (Subtotal 7) -10%

>> Compliance History Summary

Compliance History Notes

Reduction for high performer classification.

Total Adjustment Percentage (Subtotals 2, 3, & 7) -10%

Screening Date 11-Sep-2013
Respondent Abaco Operating L.L.C.
Case ID No. 47615
Reg. Ent. Reference No. RN106860638
Media [Statute] Air
Enf. Coordinator Heather Podlipny
Violation Number 1

Docket No. 2013-1721-AIR-E

PCW

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

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

Violation Description Failed to obtain authorization prior to operation. Specifically, the Respondent began gas production operations prior to obtaining the proper authorization.

Base Penalty \$10,000

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

| Release | Harm | | | Percent |
|-----------|-------|----------|-------|---------|
| | Major | Moderate | Minor | |
| Actual | | | | 0% |
| Potential | | | | |

>> **Programmatic Matrix**

| Falsification | Major | Moderate | Minor | Percent |
|---------------|-------|----------|-------|---------|
| | x | | | 25% |

Matrix Notes 100% of the rule requirement was not met.

Adjustment \$7,500

\$2,500

Violation Events

Number of Violation Events Number of violation days

mark only one with an x

| | |
|--------------|---|
| daily | |
| weekly | |
| monthly | |
| quarterly | x |
| semiannual | |
| annual | |
| single event | |

Violation Base Penalty \$2,500

One quarterly event is recommended based on the investigation date on July 11, 2013 to the screening date on September 11, 2013.

Good Faith Efforts to Comply

0.0% Reduction

| | Reduction | |
|---------------|------------|------------------------------|
| | 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 \$2,500

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$861

Violation Final Penalty Total \$2,350

This violation Final Assessed Penalty (adjusted for limits) \$2,350

Economic Benefit Worksheet

Respondent Abaco Operating L.L.C.
Case ID No. 47615
Reg. Ent. Reference No. RN106860638
Media Air
Violation No. 1

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

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

Delayed Costs

| | | | | | | | |
|--------------------------|---------|------------|-------------|------|-------|-----|-------|
| Equipment | | | | 0.00 | \$0 | \$0 | \$0 |
| Buildings | | | | 0.00 | \$0 | \$0 | \$0 |
| Other (as needed) | | | | 0.00 | \$0 | \$0 | \$0 |
| Engineering/construction | | | | 0.00 | \$0 | \$0 | \$0 |
| Land | | | | 0.00 | \$0 | n/a | \$0 |
| Record Keeping System | | | | 0.00 | \$0 | n/a | \$0 |
| Training/Sampling | | | | 0.00 | \$0 | n/a | \$0 |
| Remediation/Disposal | | | | 0.00 | \$0 | n/a | \$0 |
| Permit Costs | \$5,000 | 1-Nov-2010 | 11-Apr-2014 | 3.44 | \$861 | n/a | \$861 |
| Other (as needed) | | | | 0.00 | \$0 | n/a | \$0 |

Notes for DELAYED costs

Estimated cost to obtain the proper authorization. The Date Required is the date operations 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

\$5,000

TOTAL

\$861

Screening Date 11-Sep-2013

Docket No. 2013-1721-AIR-E

PCW

Respondent Abaco Operating L.L.C.

Policy Revision 2 (September 2002)

Case ID No. 47615

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN106860638

Media [Statute] Air

Enf. Coordinator Heather Podlipny

Violation Number

2

Rule Cite(s)

30 Tex. Admin. Code § 115.112(d)(1), (d)(4), (e)(1), and (e)(4) and Tex. Health & Safety Code § 382.085(b)

Violation Description

Failed to prevent any vapor or gas loss to the atmosphere or to comply with the control requirements for the three condensate tanks (Emission Point Nos. 3a-13-OST-CV, 3b-13-OST-CV, and 3c-13-OST-CV) and failed to route flashed gases from the three condensate tanks to a vapor control system. Specifically, the Respondent did not maintain a sufficient working pressure at all times and did not install any controls prior to placing, storing, or holding condensate in the three storage tanks. Also, the condensate throughput from the tanks exceeded the limit of 1,500 barrels per year by 22,659 barrels in calendar year 2011 and by 7,325 barrels in calendar year 2012, resulting in 6.54 tons and 2.19 tons of uncontrolled volatile organic compounds ("VOC"), respectively.

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 8

730 Number of violation days

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

Violation Base Penalty \$20,000

Eight quarterly events are recommended for the period of non-compliance in calendar years 2011 and 2012.

Good Faith Efforts to Comply

0.0% Reduction

\$0

| | Reduction | |
|---------------|------------|-------------------------------|
| | 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 \$20,000

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$11,468

Violation Final Penalty Total \$18,797

This violation Final Assessed Penalty (adjusted for limits) \$18,797

Economic Benefit Worksheet

Respondent Abaco Operating L.L.C.

Case ID No. 47615

Reg. Ent. Reference No. RN106860638

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 or \$</small> | | | | | | | |

Delayed Costs

| | | | | | | | |
|--------------------------|----------|------------|-------------|------|-------|----------|----------|
| Equipment | \$50,000 | 1-Jan-2011 | 11-Apr-2014 | 3.28 | \$546 | \$10,922 | \$11,468 |
| Buildings | | | | 0.00 | \$0 | \$0 | \$0 |
| Other (as needed) | | | | 0.00 | \$0 | \$0 | \$0 |
| Engineering/construction | | | | 0.00 | \$0 | \$0 | \$0 |
| Land | | | | 0.00 | \$0 | n/a | \$0 |
| Record Keeping System | | | | 0.00 | \$0 | n/a | \$0 |
| Training/Sampling | | | | 0.00 | \$0 | n/a | \$0 |
| Remediation/Disposal | | | | 0.00 | \$0 | n/a | \$0 |
| Permit Costs | | | | 0.00 | \$0 | n/a | \$0 |
| Other (as needed) | | | | 0.00 | \$0 | n/a | \$0 |

Notes for DELAYED costs

Estimated costs to implement measures to comply with the VOC control requirements for the tanks. The Date Required is the start of non-compliance 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

\$50,000

TOTAL

\$11,468

Screening Date 11-Sep-2013

Docket No. 2013-1721-AIR-E

PCW

Respondent Abaco Operating L.L.C.

Policy Revision 2 (September 2002)

Case ID No. 47615

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN106860638

Media [Statute] Air

Enf. Coordinator Heather Podlipny

Violation Number 3

Rule Cite(s) 30 Tex. Admin. Code §§ 122.121 and 122.130(b) and Tex. Health & Safety Code §§ 382.054 and 382.085(b)

Violation Description

Failed to obtain a federal operating permit. Specifically, the Respondent emitted 29.66 tons of VOC in calendar year 2011.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

OR

| Release | Harm | | |
|-----------|-------|----------|-------|
| | Major | Moderate | Minor |
| Actual | | | |
| Potential | | | |

Percent 0%

>> Programmatic Matrix

| Falsification | Major | Moderate | Minor |
|---------------|-------|----------|-------|
| | X | | |

Percent 25%

Matrix Notes

100% of the rule requirement was net met.

Adjustment \$7,500

\$2,500

Violation Events

Number of Violation Events 1

954 Number of violation days

| | |
|--------------|---|
| daily | |
| weekly | |
| monthly | |
| quarterly | |
| semiannual | |
| annual | |
| single event | X |

mark only one with an x

Violation Base Penalty \$2,500

One single event is recommended.

Good Faith Efforts to Comply

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 \$2,500

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$1,096

Violation Final Penalty Total \$2,350

This violation Final Assessed Penalty (adjusted for limits) \$2,350

Economic Benefit Worksheet

Respondent Abaco Operating L.L.C.

Case ID No. 47615

Reg. Ent. Reference No. RN106860638

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 | n/a | \$0 |
| Record Keeping System | | | | 0.00 | \$0 | n/a | \$0 |
| Training/Sampling | | | | 0.00 | \$0 | n/a | \$0 |
| Remediation/Disposal | | | | 0.00 | \$0 | n/a | \$0 |
| Permit Costs | | | | 0.00 | \$0 | n/a | \$0 |
| Other (as needed) | | | | 0.00 | \$0 | n/a | \$0 |

Notes for DELAYED costs

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) | \$1,000 | 31-Dec-2011 | 31-Dec-2012 | 1.92 | \$96 | \$1,000 | \$1,096 |

Notes for AVOIDED costs

Avoided cost for not obtaining a federal operating permit. The Date Required is the last day of the first year of non-compliance and the Final Date is the date the Plant was no longer required to obtain a federal operating permit.

Approx. Cost of Compliance

\$1,000

TOTAL

\$1,096



Penalty Calculation Worksheet (PCW)

Policy Revision 3 (September 2011)

PCW Revision August 3, 2011

TCEQ

| | | | | | | |
|--------------|-----------------|-------------|------------------|-------------|----------------|-------------|
| DATES | Assigned | 3-Sep-2013 | Screening | 11-Sep-2013 | EPA Due | 30-Apr-2014 |
| | PCW | 18-Dec-2013 | | | | |

RESPONDENT/FACILITY INFORMATION

| | | |
|-----------------------------|------------------------|---------------------------------|
| Respondent | Abaco Operating L.L.C. | |
| Reg. Ent. Ref. No. | RN106860638 | |
| Facility/Site Region | 12-Houston | Major/Minor Source Major |

CASE INFORMATION

| | | | |
|--|-----------------|------------------------------|--------------------|
| Enf./Case ID No. | 47615 | No. of Violations | 1 |
| Docket No. | 2013-1721-AIR-E | Order Type | 1660 |
| Media Program(s) | Air | Government/Non-Profit | No |
| Multi-Media | | Enf. Coordinator | Heather Podlipny |
| | | EC's Team | Enforcement Team 4 |
| Admin. Penalty \$ Limit Minimum | \$0 | Maximum | \$25,000 |

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties) **Subtotal 1** **\$7,500**

ADJUSTMENTS (+/-) TO SUBTOTAL 1

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

Compliance History -10.0% Enhancement **Subtotals 2, 3, & 7** **-\$750**

Notes Reduction for high performer classification.

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

Notes The Respondent does not meet the culpability criteria.

Good Faith Effort to Comply Total Adjustments **Subtotal 5** **\$0**

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

Total EB Amounts \$508
 Approx. Cost of Compliance \$5,000 *Capped at the Total EB \$ Amount

SUM OF SUBTOTALS 1-7 **Final Subtotal** **\$6,750**

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

Reduces or enhances the Final Subtotal by the indicated percentage.

Notes

Final Penalty Amount **\$6,750**

STATUTORY LIMIT ADJUSTMENT **Final Assessed Penalty** **\$6,750**

DEFERRAL 20.0% Reduction **Adjustment** **-\$1,350**

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

Notes Deferral offered for expedited settlement.

PAYABLE PENALTY **\$5,400**

Screening Date 11-Sep-2013

Docket No. 2013-1721-AIR-E

PCW

Respondent Abaco Operating L.L.C.

Policy Revision 3 (September 2011)

Case ID No. 47615

PCW Revision August 3, 2011

Reg. Ent. Reference No. RN106860638

Media [Statute] Air

Enf. Coordinator Heather Podlipny

Compliance History Worksheet

>> Compliance History Site Enhancement (Subtotal 2)

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

Adjustment Percentage (Subtotal 2) 0%

>> Repeat Violator (Subtotal 3)

No

Adjustment Percentage (Subtotal 3) 0%

>> Compliance History Person Classification (Subtotal 7)

High Performer

Adjustment Percentage (Subtotal 7) -10%

>> Compliance History Summary

Compliance History Notes

Reduction for high performer classification.

Total Compliance History Adjustment Percentage (Subtotals 2, 3, & 7) -10%

>> Final Compliance History Adjustment

Final Adjustment Percentage *capped at 100% -10%

Screening Date 11-Sep-2013

Docket No. 2013-1721-AIR-E

PCW

Respondent Abaco Operating L.L.C.

Policy Revision 3 (September 2011)

Case ID No. 47615

PCW Revision August 3, 2011

Reg. Ent. Reference No. RN106860638

Media [Statute] Air

Enf. Coordinator Heather Podlipny

Violation Number 1

Rule Cite(s) 30 Tex. Admin. Code § 101.10(e) and Tex. Health & Safety Code § 382.085(b)

Violation Description Failed to submit emissions inventories. Specifically, the Respondent emitted 29.66 tons of volatile organic compound ("VOC") emissions in 2011 and 14.19 tons of VOC emissions in 2012, but the Respondent did not submit emissions inventories by March 31, 2012 and March 31, 2013, respectively.

Base Penalty \$25,000

>> Environmental, Property and Human Health Matrix

| OR | Release | Harm | | | Percent |
|----|-----------|-------|----------|-------|---------|
| | | Major | Moderate | Minor | |
| | Actual | | | | 0.0% |
| | Potential | | | | |

>> Programmatic Matrix

| Matrix Notes | Falsification | Major | Moderate | Minor | Percent |
|---|---------------|-------|----------|-------|---------|
| | | | x | | |
| 100% of the rule requirement was not met. | | | | | |

Adjustment \$21,250

\$3,750

Violation Events

Number of Violation Events 2 529 Number of violation days

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

Violation Base Penalty \$7,500

Two single events are recommended for the 2011 and 2012 emissions inventories that were not submitted.

Good Faith Efforts to Comply

0.0% Reduction

\$0

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

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

Violation Subtotal \$7,500

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$508

Violation Final Penalty Total \$6,750

This violation Final Assessed Penalty (adjusted for limits) \$6,750

Economic Benefit Worksheet

Respondent Abaco Operating L.L.C.
Case ID No. 47615
Reg. Ent. Reference No. RN106860638
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 | | | | 0.00 | \$0 | n/a | \$0 |
| Other (as needed) | \$5,000 | 31-Mar-2012 | 11-Apr-2014 | 2.03 | \$508 | n/a | \$508 |

Notes for DELAYED costs

Estimated cost to prepare and submit the 2011 and 2012 emissions inventories. The Date Required is the date that the 2011 emissions inventory was due 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

\$5,000

TOTAL

\$508

The TCEQ is committed to accessibility.
To request a more accessible version of this report, please contact the TCEQ Help Desk at (512) 239-4357.



TCEQ Compliance History Report

PENDING Compliance History Report for CN604357806, RN106860638, Rating Year 2013 which includes Compliance History (CH) components from September 1, 2008, through August 31, 2013.

Customer, Respondent, or Owner/Operator: CN604357806, ABACO OPERATING L.L.C. **Classification:** HIGH **Rating:** 0.00
Regulated Entity: RN106860638, ABACO OPERATING MOODY FOUNDATION 1 **Classification:** HIGH **Rating:** 0.00
Complexity Points: 4 **Repeat Violator:** NO
CH Group: 14 - Other
Location: ON THE EAST SIDE OF FARM-TO-MARKET ROAD 562, SEVEN MILES SOUTHWEST OF THE INTERSECTION OF FARM-TO-MARKET ROAD 562 AND FARM-TO-MARKET ROAD 1985, IN ANAHUAC, CHAMBERS COUNTY
TCEQ Region: REGION 12 - HOUSTON

ID Number(s):

AIR QUALITY NON PERMITTED ID NUMBER R12106860638

Compliance History Period: September 01, 2008 to August 31, 2013 **Rating Year:** 2013 **Rating Date:** 09/01/2013

Date Compliance History Report Prepared: September 18, 2013

Agency Decision Requiring Compliance History: Enforcement

Component Period Selected: September 11, 2008 to September 11, 2013

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

Name: Heather Podlipny

Phone: (512) 239-2603

Site and Owner/Operator History:

- 1) Has the site been in existence and/or operation for the full five year compliance period? NO
- 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:

N/A

B. Criminal convictions:

N/A

C. Chronic excessive emissions events:

N/A

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

N/A

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

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
ABACO OPERATING L.L.C.
RN106860638**

**§ BEFORE THE
§
§ TEXAS COMMISSION ON
§
§ ENVIRONMENTAL QUALITY**

**AGREED ORDER
DOCKET NO. 2013-1721-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 Abaco Operating L.L.C. ("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 production plant on the east side of Farm-to-Market Road 562, seven miles southwest of the intersection of Farm-to-Market Road 562 and Farm-to-Market Road 1985 in Anahuac, Chambers 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 September 8, 2013.
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 Thirty-Two Thousand Five Hundred Ninety-Six Dollars (\$32,596) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent has paid Twenty-Six Thousand

Seventy-Seven Dollars (\$26,077) of the administrative penalty and Six Thousand Five Hundred Nineteen Dollars (\$6,519) 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 November 20, 2013, the Respondent submitted calculations demonstrating that the Plant's volatile organic compounds ("VOC") emissions for 2012 were 14.19 tons, resulting in the Plant not being required to obtain a federal operating permit.
10. The Executive Director may, without further notice or hearing, refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings if the Executive Director determines that the Respondent has not complied with one or more of the terms or conditions in this Agreed Order.
11. This Agreed Order shall terminate five years from its effective date or upon compliance with all the terms and conditions set forth in this Agreed Order, whichever is later.
12. The provisions of this Agreed Order are deemed severable and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Agreed Order unenforceable, the remaining provisions shall be valid and enforceable.

II. ALLEGATIONS

As owner and operator of the Plant, the Respondent is alleged to have:

1. Failed to obtain authorization prior to operation, 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 July 11, 2013. Specifically, the Respondent began gas production operations prior to obtaining the proper authorization.
2. Failed to prevent any vapor or gas loss to the atmosphere or to comply with the control requirements for the three condensate tanks (Emission Point Nos. 3a-13-OST-CV, 3b-13-OST-CV, and 3c-13-OST-CV) and failed to route flashed gases from the three condensate tanks to a vapor control system, in violation of 30 TEX. ADMIN. CODE § 115.112(d)(1), (d)(4), (e)(1), and (e)(4) and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on July 11, 2013. Specifically, the Respondent did not maintain a sufficient working pressure at all times and did not install any controls prior

to placing, storing, or holding condensate in the three storage tanks. Also, the condensate throughput from the tanks exceeded the limit of 1,500 barrels per year by 22,659 barrels in calendar year 2011 and by 7,325 barrels in calendar year 2012, resulting in 6.54 tons and 2.19 tons of uncontrolled VOC, respectively.

3. Failed to obtain a federal operating permit, in violation of 30 TEX. ADMIN. CODE §§ 122.121 and 122.130(b) and TEX. HEALTH & SAFETY CODE §§ 382.054 and 382.085(b), as documented during an investigation conducted on July 11, 2013. Specifically, the Respondent emitted 29.66 tons of VOC in calendar year 2011.
4. Failed to submit emissions inventories, in violation of 30 TEX. ADMIN. CODE § 101.10(e) and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on July 11, 2013. Specifically, the Respondent emitted 29.66 tons of VOC emissions in 2011 and 14.19 tons of VOC emissions in 2012, but the Respondent did not submit emissions inventories by March 31, 2012 and March 31, 2013, 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: Abaco Operating L.L.C., Docket No. 2013-1721-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. Within 30 days after the effective date of this Agreed Order:
 - i. Implement measures to comply with the VOC control requirements for the storage tanks at the Plant, in accordance with 30 TEX. ADMIN. CODE § 115.112;
 - ii. Submit a Form PI-7 to register for a Permit by Rule and certify emissions in accordance with 30 TEX. ADMIN. CODE ch. 106 to:

Air Permits Division, MC 162
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

- iii. Submit the 2011 and 2012 emissions inventories, in accordance with 30 TEX. ADMIN. CODE § 101.10, to:

Emissions Assessment Section Manager
Air Quality Division, MC 164
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

- b. Respond completely and adequately, as determined by the TCEQ, to all requests for information concerning the registration within 30 days after the date of such requests, or by any other deadline specified in writing; and
- c. Within 60 days after the effective date of this Agreed Order, submit written certification to demonstrate compliance with Ordering Provision No. 2.a. and to certify that either authorization to operate the Plant has been obtained or that operation has ceased until such time that appropriate authorization is obtained. The written certification required by this Ordering Provision shall include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance. The certification shall be notarized by a State of Texas Notary Public and include the following certification language:

"I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, 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

Ramon Sanchez Jr
For the Executive Director

4/28/14
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.

Erik G. Hanson
Signature

2/3/2014
Date

Erik G. HANSON
Name (Printed or typed)
Authorized Representative of
Abaco Operating L.L.C.

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.