

**Executive Summary – Enforcement Matter – Case No. 47676
Maverick Drilling & Exploration USA, Inc.
RN106755267 and RN106741770
Docket No. 2013-1786-AIR-E**

Order Type:

1660 Agreed Order

Findings Order Justification:

N/A

Media:

AIR

Small Business:

No

Location(s) Where Violation(s) Occurred:

Maverick Drilling West Schenck B (“Site 1”), located 0.9 mile west of the intersection of McHard Road and South Post Oak Road, one mile south on Plaisance Road, and approximately 1,000 feet south on an unnamed lease road, Fort Bend County; and Gordon Central Production Facility (“Site 2”), located 0.9 mile west of the intersection of McHard Road and South Post Oak Road and 0.4 mile north on an unnamed lease road, Fort Bend County

Type of Operation:

Oil and gas production sites

Other Significant Matters:

Additional Pending Enforcement Actions: No

Past-Due Penalties: No

Other: N/A

Interested Third-Parties: None

Texas Register Publication Date: September 26, 2014

Comments Received: No

Penalty Information

Total Penalty Assessed: \$208,622

Amount Deferred for Expedited Settlement: \$41,724

Amount Deferred for Financial Inability to Pay: \$0

Total Paid to General Revenue: \$83,449

Total Due to General Revenue: \$0

Payment Plan: N/A

SEP Conditional Offset: \$83,449

Name of SEP: Railroad Commission of Texas (Third-Party Pre-Approved)

Compliance History Classifications (RN106755267):

Person/CN - Satisfactory

Site/RN - High

Compliance History Classifications (RN106741770):

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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Maverick Drilling & Exploration USA, Inc.
RN106755267 and RN106741770
Docket No. 2013-1786-AIR-E

Investigation Information

Complaint Date(s): N/A

Complaint Information: N/A

Date(s) of Investigation: February 14, 2013 and August 15, 2013

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

Violation Information

1. Failed to submit Emissions Inventories (“EIs”) for Site 1 for calendar years 2010, 2011, and 2012. Specifically, the emissions at Site 1 were approximately 10.2 tons of volatile organic compounds (“VOC”) in calendar year 2010, 25.3 tons of VOC in calendar year 2011, and 32.5 tons of VOC in calendar year 2012, but the Respondent did not submit EIs by March 31, 2011, March 31, 2012, and March 31, 2013, respectively [30 TEX. ADMIN. CODE § 101.10(e) and TEX. HEALTH & SAFETY CODE § 382.085(b)].

2. Failed to obtain authorization prior to operation of Site 1. Specifically, the emissions at Site 1 were approximately 25.3 tons of VOC in calendar year 2011 and 32.5 tons of VOC in calendar year 2012 but the Respondent did not obtain the proper authorization prior to operating Site 1 [30 TEX. ADMIN. CODE § 116.110(a) and TEX. HEALTH & SAFETY CODE §§ 382.0518(a) and 382.085(b)].

3. Failed to obtain a federal operating permit (“FOP”) for Site 1. Specifically, the VOC emissions at Site 1 were greater than 25 tons in calendar years 2011 and 2012 [30 TEX. ADMIN. CODE §§ 122.121 and 122.130(b) and TEX. HEALTH & SAFETY CODE §§ 382.054 and 382.085(b)].

4. Failed to obtain a FOP for Site 2. Specifically, the VOC emissions at Site 2 were greater than 25 tons in calendar years 2011 and 2012 [30 TEX. ADMIN. CODE §§ 122.121 and 122.130(b) and TEX. HEALTH & SAFETY CODE §§ 382.054 and 382.085(b)].

5. Failed to obtain authorization prior to operation of Site 2. Specifically, the emissions at Site 2 were approximately 388.3 tons of VOC in calendar year 2011 and 260.1 tons of VOC in calendar year 2012, but the Respondent did not obtain the proper authorization prior to operating Site 2 [30 TEX. ADMIN. CODE § 116.110(a) and TEX. HEALTH & SAFETY CODE §§ 382.0518(a) and 382.085(b)].

6. Failed to submit EIs for calendar years 2011 and 2012 for Site 2. Specifically, the emissions at Site 2 were approximately 388.3 tons of VOC in calendar year 2011 and 260.1 tons of VOC in calendar year 2012, but the Respondent did not submit EIs by March 31, 2012 and March 31, 2013, respectively [30 TEX. ADMIN. CODE § 101.10(e) and TEX. HEALTH & SAFETY CODE § 382.085(b)].

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Corrective Actions/Technical Requirements

Corrective Action(s) Completed:

The Respondent has completed the following corrective actions:

- a. By September 9, 2013, installed and began operating a flare at Site 2 to reduce sitewide VOC emissions below 25 tons per year ("tpy") thereby meeting emissions criteria for claiming a Permit by Rule ("PBR") and not needing to obtain a FOP;
- b. By October 11, 2013, installed and began operating four flares at Site 1 to reduce sitewide VOC emissions below 25 tpy, thereby meeting emissions criteria for claiming a PBR and not needing to obtain a FOP; and
- c. On January 17, 2014, submitted the EIs for calendar years 2010 through 2012 for Site 1 and the EIs for calendar years 2011 and 2012 for Site 2.

Technical Requirements:

The Order will require the Respondent to implement and complete a Supplemental Environmental Project ("SEP"). (See SEP Attachment A)

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: Rachel Bekowies, Enforcement Division, Enforcement Team 4, MC 149, (512) 239-2608; Candy Garrett, Enforcement Division, MC 219, (512) 239-1456
TCEQ SEP Coordinator: Stuart Beckley, SEP Coordinator, Enforcement Division, MC 219, (512) 239-3565
Respondent: J. Michael Yeager, Chief Executive Officer, Maverick Drilling & Exploration USA, Inc., 5151 San Felipe, Suite 800, Houston, Texas 77056
Dan Denton, Chief Operating Office, Maverick Drilling & Exploration USA, Inc., 5526 McHard Road, Houston, Texas 77053
Respondent's Attorney: James D. Braddock, Counsel, Haynes and Boone, LLP, 600 Congress Avenue, Suite 1300, Austin, Texas 78701

Attachment A

Docket Number: 2013-1786-AIR-E

SUPPLEMENTAL ENVIRONMENTAL PROJECT

Respondent:	Maverick Drilling & Exploration USA, Inc.
Penalty Amount:	One Hundred Sixty-Six Thousand Eight Hundred Ninety-Eight Dollars (\$166,898)
SEP Offset Amount:	Eighty-Three Thousand Four Hundred Forty-Nine Dollars (\$83,449)
Type of SEP:	Contribution to a Third-Party Pre-Approved SEP
Third-Party Administrator:	Railroad Commission of Texas
Project Name:	<i>Alternative Fuels Clean School Bus Replacement Program</i>
Location of SEP:	Statewide, Preference for Fort Bend County

The Texas Commission on Environmental Quality (“TCEQ”) agrees to offset a portion of the administrative penalty amount assessed in this Agreed Order for the Respondent to contribute to a Supplemental Environmental Project (“SEP”). The SEP Offset Amount is set forth above and such offset is conditioned upon completion of the project in accordance with the terms of this Attachment A.

1. Project Description

a. Project

The Respondent shall contribute the SEP Offset Amount to the Third-Party Administrator named above. The contribution will be to the **Railroad Commission of Texas** for the *Alternative Fuels Clean School Bus Replacement Program*. The contribution will be used in accordance with the SEP between the Third-Party Administrator and the TCEQ (the “Project”). Specifically, the contribution will be used to reduce nitrogen oxides, volatile organic compounds, carbon monoxide, and particulate matter emissions by replacing older diesel buses with newer buses that meet more stringent emission standards.

The Third-Party Administrator shall use the SEP Offset Amount for up to 100% of the purchase price of a propane or natural gas powered school bus that is model year 2010 or newer to public school districts and public charter schools to replace a diesel school bus that is model year 2002 or older. The SEP will be done in accordance with all federal, state, and local environmental laws and regulations.

All dollars contributed will be used for the direct cost of implementing the Project, including but not limited to supplies, materials, and equipment. Any portion of this contribution that is not spent on the specifically identified SEP may, at the discretion of the Executive Director (“ED”), be applied to another pre-approved SEP.

The Respondent's signature affixed to this Agreed Order certifies that it has no prior commitment to make this contribution and that it is being contributed solely in an effort to settle this enforcement action. The Respondent shall not profit in any manner from this SEP.

b. Environmental Benefit

This SEP will directly benefit air quality by reducing harmful exhaust emissions which contribute to the formation of ozone and may cause or exacerbate a number of respiratory diseases, including asthma. In addition, by encouraging less school bus idling, this SEP contributes to public awareness of environmental matters.

c. Minimum Expenditure

The Respondent shall contribute at least the SEP Offset Amount to the Third-Party Administrator and comply with all other provisions of this SEP.

2. Performance Schedule

Within 30 days after the effective date of this Agreed Order, the Respondent must contribute the SEP Offset Amount to the Third-Party Administrator. The Respondent shall make the check payable to **Railroad Commission of Texas SEP** and shall mail the contribution with a copy of the Agreed Order to:

Alternative Energy Division
Railroad Commission of Texas
P.O. Box 12967
Austin, Texas 78711-2967

3. Records and Reporting

Concurrent with the payment of the SEP Offset Amount, the Respondent shall provide the Enforcement Division SEP Coordinator with a copy of the check and transmittal letter indicating full payment of the SEP Offset Amount due to the Third-Party Administrator. The Respondent shall mail a copy of the check and transmittal letter to:

Texas Commission on Environmental Quality
Enforcement Division
Attention: SEP Coordinator, MC 219
P.O. Box 13087
Austin, Texas 78711-3087

4. **Failure to Fully Perform**

If the Respondent does not perform its obligations under this Attachment A, including full expenditure of the SEP Offset Amount and submittal of the required reporting described in Sections 2 and 3 above, the ED may require immediate payment of all or part of the SEP Offset Amount.

In the event the ED determines that the Respondent failed to fully implement and complete the Project, the Respondent shall remit payment for all or a portion of the SEP Offset Amount, as determined by the ED, and as set forth in the attached Agreed Order. After receiving notice of failure to complete the SEP, the Respondent shall include the docket number of the attached Agreed Order and a note that the enclosed payment is for the reimbursement of a SEP; shall make the check payable to "Texas Commission on Environmental Quality;" and shall mail it to:

Texas Commission on Environmental Quality
Litigation Division
Attention: SEP Coordinator, MC 175
P.O. Box 13087
Austin, Texas 78711-3087

5. **Publicity**

Any public statements concerning this SEP made by or on behalf of the Respondent, must include a clear statement that **the Project was performed as part of the settlement of an enforcement action brought by the TCEQ**. Such statements include advertising, public relations, and press releases.

6. **Clean Texas Program**

The Respondent shall not include this SEP in any application made to TCEQ under the "Clean Texas" (or any successor) program(s). Similarly, the Respondent may not seek recognition for this contribution in any other state or federal regulatory program.

7. **Other SEPs by TCEQ or Other Agencies**

The SEP Offset Amount identified in this Agreed Order has not been, and shall not be, included as a SEP for the Respondent under any other Agreed Order negotiated with the TCEQ or any other agency of the state or federal government.



Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002)

PCW Revision October 30, 2008

TCEQ

DATES Assigned PCW Screening EPA Due

RESPONDENT/FACILITY INFORMATION

Respondent
 Reg. Ent. Ref. No.
 Facility/Site Region Major/Minor Source

CASE INFORMATION

Enf./Case ID No. No. of Violations
 Docket No. Order Type
 Media Program(s) Government/Non-Profit
 Multi-Media Enf. Coordinator
 EC's Team

Admin. Penalty \$ Limit Minimum Maximum

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties) Subtotal 1

ADJUSTMENTS (+/-) TO SUBTOTAL 1

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

Compliance History Enhancement Subtotals 2, 3, & 7

Notes

Culpability Enhancement Subtotal 4

Notes

Good Faith Effort to Comply Total Adjustments Subtotal 5

Economic Benefit Enhancement* Subtotal 6

Total EB Amounts
 Approx. Cost of Compliance
 *Capped at the Total EB \$ Amount

SUM OF SUBTOTALS 1-7 Final Subtotal

OTHER FACTORS AS JUSTICE MAY REQUIRE Adjustment

Reduces or enhances the Final Subtotal by the indicated percentage.

Notes

Final Penalty Amount

STATUTORY LIMIT ADJUSTMENT Final Assessed Penalty

DEFERRAL Reduction Adjustment

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

Notes

PAYABLE PENALTY

Screening Date 17-Sep-2013

Docket No. 2013-1786-AIR-E

PCW

Respondent Maverick Drilling & Exploration USA, Inc. (Site 1)

Policy Revision 2 (September 2002)

Case ID No. 47676

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN106755267

Media [Statute] Air

Enf. Coordinator Rachel Bekowies

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)

>> Repeat Violator (Subtotal 3)

Adjustment Percentage (Subtotal 3)

>> Compliance History Person Classification (Subtotal 7)

Adjustment Percentage (Subtotal 7)

>> Compliance History Summary

Compliance History Notes

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

Screening Date 17-Sep-2013

Docket No. 2013-1786-AIR-E

PCW

Respondent Maverick Drilling & Exploration USA, Inc. (Site 1)

Policy Revision 2 (September 2002)

Case ID No. 47676

PCW Revision October 30, 2008

Reg. Ent. Reference No. RN106755267

Media [Statute] Air

Enf. Coordinator Rachel Bekowies

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 an Emissions Inventory ("EI") for calendar year 2010. Specifically, the emissions at Site 1 were approximately 10.2 tons of volatile organic compounds in calendar year 2010, but the Respondent did not submit an EI by March 31, 2011.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

Table with columns: Release (Actual, Potential), Harm (Major, Moderate, Minor), and Percent (0%).

>> Programmatic Matrix

Table with columns: Falsification, Major, Moderate, Minor, and Percent (25%).

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

Adjustment \$7,500

\$2,500

Violation Events

Number of Violation Events 1 Number of violation days 901

Table for marking frequency: daily, weekly, monthly, quarterly, semiannual, annual (marked with x), single event.

Violation Base Penalty \$2,500

One annual event is recommended, based on the 2010 EI that was not timely submitted.

Good Faith Efforts to Comply

10.0% Reduction \$250

Table for Good Faith Efforts: Extraordinary, Ordinary (marked with x), N/A.

Notes The Respondent completed corrective actions on January 17, 2014, after the September 3, 2013 Notice of Enforcement.

Violation Subtotal \$2,250

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$1,051 Violation Final Penalty Total \$2,250

This violation Final Assessed Penalty (adjusted for limits) \$2,250

Economic Benefit Worksheet

Respondent Maverick Drilling & Exploration USA, Inc. (Site 1)

Case ID No. 47676

Reg. Ent. Reference No. RN106755267

Media Air

Violation No. 1

Percent Interest	Years of Depreciation
5.0	15

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

Delayed Costs

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	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)	\$7,500	31-Mar-2011	17-Jan-2014	2.80	\$1,051	n/a	\$1,051

Notes for DELAYED costs

Estimated cost to prepare and submit the three overdue EIs. The Date Required is the date the first EI (for 2010) was due and the Final Date is the date of compliance.

Avoided Costs

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

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

\$7,500

TOTAL

\$1,051



Penalty Calculation Worksheet (PCW)

Policy Revision 3 (September 2011)

PCW Revision August 3, 2011

DATES	Assigned	3-Sep-2013	Screening	17-Sep-2013	EPA Due	27-May-2014
	PCW	16-Jul-2014				

RESPONDENT/FACILITY INFORMATION

Respondent	Maverick Drilling & Exploration USA, Inc. (Site 1)		
Reg. Ent. Ref. No.	RN106755267		
Facility/Site Region	12-Houston	Major/Minor Source	Major

CASE INFORMATION

Enf./Case ID No.	47676	No. of Violations	3
Docket No.	2013-1786-AIR-E	Order Type	1660
Media Program(s)	Air	Government/Non-Profit	No
Multi-Media		Enf. Coordinator	Rachel Bekowies
		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**

ADJUSTMENTS (+/-) TO SUBTOTAL 1

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

Compliance History Enhancement **Subtotals 2, 3, & 7**

Notes

Culpability Enhancement **Subtotal 4**

Notes

Good Faith Effort to Comply Total Adjustments **Subtotal 5**

Economic Benefit Enhancement* **Subtotal 6**

Total EB Amounts	\$11,619
Approx. Cost of Compliance	\$77,000

*Capped at the Total EB \$ Amount

SUM OF SUBTOTALS 1-7 **Final Subtotal**

OTHER FACTORS AS JUSTICE MAY REQUIRE **Adjustment**

Reduces or enhances the Final Subtotal by the indicated percentage.

Notes

Final Penalty Amount

STATUTORY LIMIT ADJUSTMENT **Final Assessed Penalty**

DEFERRAL Reduction **Adjustment**

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

Notes

PAYABLE PENALTY

Screening Date 17-Sep-2013

Docket No. 2013-1786-AIR-E

PCW

Respondent Maverick Drilling & Exploration USA, Inc. (Site 1)

Policy Revision 3 (September 2011)

Case ID No. 47676

PCW Revision August 3, 2011

Reg. Ent. Reference No. RN106755267

Media [Statute] Air

Enf. Coordinator Rachel Bekowies

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)

Satisfactory Performer

Adjustment Percentage (Subtotal 7) 0%

>> Compliance History Summary

Compliance History Notes

No adjustment for compliance history.

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

>> Final Compliance History Adjustment

Final Adjustment Percentage *capped at 100% 0%

Screening Date 17-Sep-2013

Docket No. 2013-1786-AIR-E

PCW

Respondent Maverick Drilling & Exploration USA, Inc. (Site 1)

Policy Revision 3 (September 2011)

Case ID No. 47676

PCW Revision August 3, 2011

Reg. Ent. Reference No. RN106755267

Media [Statute] Air

Enf. Coordinator Rachel Bekowies

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 ("EIs") for calendar years 2011 and 2012. Specifically, the emissions at Site 1 were approximately 25.3 tons of volatile organic compounds ("VOC") in calendar year 2011 and 32.5 tons of VOC in calendar year 2012, but the Respondent did not submit EIs by March 31, 2012 and March 31, 2013, respectively.

Base Penalty \$25,000

>> Environmental, Property and Human Health Matrix

Table with columns: Release (Actual, Potential), Harm (Major, Moderate, Minor), and Percent (0.0%).

>> Programmatic Matrix

Table with columns: Falsification, Major, Moderate, Minor, and Percent (15.0%).

Matrix Notes

100% of the rule requirement was not met.

Adjustment \$21,250

\$3,750

Violation Events

Number of Violation Events 2 Number of violation days 535

Table for frequency selection: daily, weekly, monthly, quarterly, semiannual, annual (marked with x), single event.

Violation Base Penalty \$7,500

Two annual events are recommended, based on the 2011 and 2012 EIs that were not timely submitted.

Good Faith Efforts to Comply

10.0% Reduction \$750

Table for Good Faith Efforts: Extraordinary, Ordinary (marked with x), N/A.

Notes The Respondent completed corrective actions on January 17, 2014, after the September 3, 2013 Notice of Enforcement ("NOE").

Violation Subtotal \$6,750

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$0

Violation Final Penalty Total \$6,939

This violation Final Assessed Penalty (adjusted for limits) \$6,939

Economic Benefit Worksheet

Respondent Maverick Drilling & Exploration USA, Inc. (Site 1)
Case ID No. 47676
Reg. Ent. Reference No. RN106755267
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
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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)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

See Violation No. 1 in PCW Revision No. 2 for the economic benefit for this violation.

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 17-Sep-2013

Docket No. 2013-1786-AIR-E

PCW

Respondent Maverick Drilling & Exploration USA, Inc. (Site 1)

Policy Revision 3 (September 2011)

Case ID No. 47676

PCW Revision August 3, 2011

Reg. Ent. Reference No. RN106755267

Media [Statute] Air

Enf. Coordinator Rachel Bekowies

Violation Number 2

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 emissions at Site 1 were approximately 25.3 tons of VOC in calendar year 2011 and 32.5 tons of VOC in calendar year 2012, but the Respondent did not obtain the proper authorization prior to operating Site 1.

Base Penalty \$25,000

>> Environmental, Property and Human Health Matrix

Table with columns: Release (Actual, Potential), Harm (Major, Moderate, Minor), and Percent (0.0%).

>> Programmatic Matrix

Table with columns: Falsification, Major, Moderate, Minor, and Percent (15.0%). Matrix Notes: 100% of the rule requirement was not met.

Adjustment \$21,250

\$3,750

Violation Events

Number of Violation Events 21 Number of violation days 626

Table for event frequency: daily, weekly, monthly (marked with x), quarterly, semiannual, annual, single event.

Violation Base Penalty \$78,750

Twenty-one monthly events are recommended based on the first date of non-compliance (December 31, 2011) to the screening date (September 17, 2013).

Good Faith Efforts to Comply

10.0% Reduction \$7,875

Table for Good Faith Efforts: Extraordinary, Ordinary (marked with x), N/A (marked with x).

Notes: The Respondent completed corrective actions by October 11, 2013, after the September 3, 2013 NOE.

Violation Subtotal \$70,875

Economic Benefit (EB) for this violation

Estimated EB Amount \$10,484

Statutory Limit Test

Violation Final Penalty Total \$72,861

This violation Final Assessed Penalty (adjusted for limits) \$72,861

Economic Benefit Worksheet

Respondent Maverick Drilling & Exploration USA, Inc. (Site 1)

Case ID No. 47676

Reg. Ent. Reference No. RN106755267

Media Air

Violation No. 2

Percent Interest	Years of Depreciation
5.0	15

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

Delayed Costs

	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Equipment	\$75,000	31-Dec-2011	11-Oct-2013	1.78	\$445	\$8,904	\$9,349
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 cost to install and begin operating four flares to reduce sitewide VOC emissions below 25 tons per year. The Date Required is the first date of non-compliance and the Final Date is the date of compliance.

Avoided Costs

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

	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]	\$1,000	31-Dec-2011	11-Oct-2013	2.70	\$135	\$1,000	\$1,135
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs

Avoided cost by not obtaining the proper authorization. The Date Required is the first date of non-compliance and the Final Date is the date a permit was not required.

Approx. Cost of Compliance

\$76,000

TOTAL

\$10,484

Screening Date 17-Sep-2013

Docket No. 2013-1786-AIR-E

PCW

Respondent Maverick Drilling & Exploration USA, Inc. (Site 1)

Policy Revision 3 (September 2011)

Case ID No. 47676

PCW Revision August 3, 2011

Reg. Ent. Reference No. RN106755267

Media [Statute] Air

Enf. Coordinator Rachel Bekowies

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 ("FOP"). Specifically, the VOC emissions at Site 1 were greater than 25 tons in calendar years 2011 and 2012.

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 15.0%

Matrix Notes

100% of the rule requirement was not met.

Adjustment \$21,250

\$3,750

Violation Events

Number of Violation Events 1

626 Number of violation days

daily	
weekly	
monthly	
quarterly	
semiannual	
annual	
single event	x

mark only one with an x

Violation Base Penalty \$3,750

One single event is recommended.

Good Faith Efforts to Comply

10.0% Reduction

\$375

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

Notes

The Respondent completed corrective actions by October 11, 2013, after the September 3, 2013 NOE.

Violation Subtotal \$3,375

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$1,135

Violation Final Penalty Total \$3,470

This violation Final Assessed Penalty (adjusted for limits) \$3,470

Economic Benefit Worksheet

Respondent Maverick Drilling & Exploration USA, Inc. (Site 1)

Case ID No. 47676

Reg. Ent. Reference No. RN106755267

Media Air

Violation No. 3

Percent Interest	Years of Depreciation
5.0	15

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

Delayed Costs

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Equipment	0.00			0.00	\$0	\$0	\$0
Buildings	0.00			0.00	\$0	\$0	\$0
Other (as needed)	0.00			0.00	\$0	\$0	\$0
Engineering/construction	0.00			0.00	\$0	\$0	\$0
Land	0.00			0.00	\$0	n/a	\$0
Record Keeping System	0.00			0.00	\$0	n/a	\$0
Training/Sampling	0.00			0.00	\$0	n/a	\$0
Remediation/Disposal	0.00			0.00	\$0	n/a	\$0
Permit Costs	0.00			0.00	\$0	n/a	\$0
Other (as needed)	0.00			0.00	\$0	n/a	\$0

Notes for DELAYED costs

See Violation No. 2 for the delayed costs for this violation.

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			0.00	\$0	\$0	\$0
Personnel	0.00			0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling	0.00			0.00	\$0	\$0	\$0
Supplies/equipment	0.00			0.00	\$0	\$0	\$0
Financial Assurance [2]	0.00			0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]	\$1,000	31-Dec-2011	11-Oct-2013	2.70	\$135	\$1,000	\$1,135
Other (as needed)	0.00			0.00	\$0	\$0	\$0

Notes for AVOIDED costs

Avoided cost by not obtaining a FOP. The Date Required is the first date of non-compliance and the Final Date is the date a FOP was not required.

Approx. Cost of Compliance

\$1,000

TOTAL

\$1,135

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

PUBLISHED Compliance History Report for CN604320804, RN106755267, Rating Year 2013 which includes Compliance History (CH) components from September 1, 2008, through August 31, 2013.

Customer, Respondent, or Owner/Operator: CN604320804, MAVERICK DRILLING & EXPLORATION USA INC. **Classification:** SATISFACTORY **Rating:** 0.12

Regulated Entity: RN106755267, MAVERICK DRILLING WEST SCHENCK B (Site 1) **Classification:** HIGH **Rating:** 0.00

Complexity Points: 4 **Repeat Violator:** NO

CH Group: 03 - Oil and Gas Extraction

Location: 0.9 WEST OF THE INTERSECTION OF MCHARD ROAD AND SOUTH POST OAK ROAD, ONE MILE SOUTH ON PLAISANCE ROAD, AND 1,000 FEET SOUTH ON AN UNNAMED LEASE ROAD, IN FORT BEND COUNTY, TEXAS

TCEQ Region: REGION 12 - HOUSTON

ID Number(s):

AIR QUALITY NON PERMITTED ID NUMBER
R12106755267

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

Date Compliance History Report Prepared: February 18, 2014

Agency Decision Requiring Compliance History: Enforcement

Component Period Selected: February 18, 2009 to February 18, 2014

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

Name: Rachel Bekowies

Phone: (512) 239-2608

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



Penalty Calculation Worksheet (PCW)

Policy Revision 3 (September 2011)

PCW Revision August 3, 2011

DATES	Assigned	3-Sep-2013	Screening	17-Sep-2013	EPA Due	27-May-2014
	PCW	16-Jul-2014				

RESPONDENT/FACILITY INFORMATION	
Respondent	Maverick Drilling & Exploration USA, Inc. (Site 2)
Reg. Ent. Ref. No.	RN106741770
Facility/Site Region	12-Houston
Major/Minor Source	Major

CASE INFORMATION			
Enf./Case ID No.	47676	No. of Violations	3
Docket No.	2013-1786-AIR-E	Order Type	1660
Media Program(s)	Air	Government/Non-Profit	No
Multi-Media		Enf. Coordinator	Rachel Bekowies
		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** **\$131,250**

ADJUSTMENTS (+/-) TO SUBTOTAL 1

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

Compliance History **2.0%** Enhancement **Subtotals 2, 3, & 7** **\$2,625**

Notes: Enhancement for one NOV with dissimilar violations.

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** **\$13,125**

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

Total EB Amounts: \$7,367
 Approx. Cost of Compliance: \$32,000
 *Capped at the Total EB \$ Amount

SUM OF SUBTOTALS 1-7 **Final Subtotal** **\$120,750**

OTHER FACTORS AS JUSTICE MAY REQUIRE **1.9%** **Adjustment** **\$2,352**

Reduces or enhances the Final Subtotal by the indicated percentage.

Notes: Recommended enhancement to capture the avoided cost of compliance associated with Violation Nos. 1 and 2.

Final Penalty Amount **\$123,102**

STATUTORY LIMIT ADJUSTMENT **Final Assessed Penalty** **\$123,102**

DEFERRAL **20.0%** Reduction **Adjustment** **-\$24,620**

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 **\$98,482**

Screening Date 17-Sep-2013

Docket No. 2013-1786-AIR-E

PCW

Respondent Maverick Drilling & Exploration USA, Inc. (Site 2)

Policy Revision 3 (September 2011)

Case ID No. 47676

PCW Revision August 3, 2011

Reg. Ent. Reference No. RN106741770

Media [Statute] Air

Enf. Coordinator Rachel Bekowies

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	1	2%
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) 2%

>> 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 dissimilar violations.

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

>> Final Compliance History Adjustment

Final Adjustment Percentage *capped at 100% 2%

Screening Date 17-Sep-2013

Docket No. 2013-1786-AIR-E

PCW

Respondent Maverick Drilling & Exploration USA, Inc. (Site 2)

Policy Revision 3 (September 2011)

Case ID No. 47676

PCW Revision August 3, 2011

Reg. Ent. Reference No. RN106741770

Media [Statute] Air

Enf. Coordinator Rachel Bekowies

Violation Number 1

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 ("FOP"). Specifically, the volatile organic compounds ("VOC") emissions at Site 2 were greater than 25 tons in calendar years 2011 and 2012.

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 15.0%

Matrix Notes

100% of the rule requirement was not met.

Adjustment \$21,250

\$3,750

Violation Events

Number of Violation Events 1

952 Number of violation days

daily	
weekly	
monthly	
quarterly	
semiannual	
annual	
single event	x

mark only one with an x

Violation Base Penalty \$3,750

One single event is recommended.

Good Faith Efforts to Comply

10.0% Reduction

\$375

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

Notes The Respondent completed corrective actions by September 9, 2013, after the September 4, 2013 Notice of Enforcement ("NOE").

Violation Subtotal \$3,375

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$5,741

Violation Final Penalty Total \$3,517

This violation Final Assessed Penalty (adjusted for limits) \$3,517

Economic Benefit Worksheet

Respondent Maverick Drilling & Exploration USA, Inc. (Site 2)

Case ID No. 47676

Req. Ent. Reference No. RN106741770

Media Air

Violation No. 1

Percent Interest	Years of Depreciation
5.0	15

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

Delayed Costs

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Equipment	\$25,000	31-Jan-2011	9-Sep-2013	2.61	\$217	\$4,347	\$4,564
Buildings	0.00			0.00	\$0	\$0	\$0
Other (as needed)	0.00			0.00	\$0	\$0	\$0
Engineering/construction	0.00			0.00	\$0	\$0	\$0
Land	0.00			0.00	\$0	n/a	\$0
Record Keeping System	0.00			0.00	\$0	n/a	\$0
Training/Sampling	0.00			0.00	\$0	n/a	\$0
Remediation/Disposal	0.00			0.00	\$0	n/a	\$0
Permit Costs	0.00			0.00	\$0	n/a	\$0
Other (as needed)	0.00			0.00	\$0	n/a	\$0

Estimated cost to install and begin operating a flare to reduce sitewide VOC emissions below 25 tons per year. The Date Required is the first date of non-compliance and the Final Date is the date of compliance.

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			0.00	\$0	\$0	\$0
Personnel	0.00			0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling	0.00			0.00	\$0	\$0	\$0
Supplies/equipment	0.00			0.00	\$0	\$0	\$0
Financial Assurance [2]	0.00			0.00	\$0	\$0	\$0
ONE-TIME avoided costs [3]	\$1,000	31-Jan-2011	9-Sep-2013	3.53	\$176	\$1,000	\$1,176
Other (as needed)	0.00			0.00	\$0	\$0	\$0

Notes for AVOIDED costs

Avoided cost by not obtaining a FOP. The Date Required is the first date of non-compliance and the Final Date is the date a FOP was not required.

Approx. Cost of Compliance \$26,000

TOTAL \$5,741

Screening Date 17-Sep-2013

Docket No. 2013-1786-AIR-E

PCW

Respondent Maverick Drilling & Exploration USA, Inc. (Site 2)

Policy Revision 3 (September 2011)

Case ID No. 47676

PCW Revision August 3, 2011

Reg. Ent. Reference No. RN106741770

Media [Statute] Air

Enf. Coordinator Rachel Bekowies

Violation Number 2

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 emissions at Site 2 were approximately 388.3 tons of VOC in calendar year 2011 and 260.1 tons of VOC in calendar year 2012, but the Respondent did not obtain the proper authorization prior to operating Site 2.

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 15.0%

Matrix Notes

100% of the rule requirement was not met.

Adjustment \$21,250

\$3,750

Violation Events

Number of Violation Events 32

952 Number of violation days

daily	
weekly	
monthly	X
quarterly	
semiannual	
annual	
single event	

mark only one with an x

Violation Base Penalty \$120,000

Thirty-two monthly events are recommended based on the first date of non-compliance (January 31, 2011) to the compliance date (September 9, 2013).

Good Faith Efforts to Comply

10.0% Reduction

\$12,000

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

Notes

The Respondent completed corrective actions by September 9, 2013, after the September 4, 2013 NOE.

Violation Subtotal \$108,000

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$1,176

Violation Final Penalty Total \$112,550

This violation Final Assessed Penalty (adjusted for limits) \$112,550

Economic Benefit Worksheet

Respondent Maverick Drilling & Exploration USA, Inc. (Site 2)
Case ID No. 47676
Reg. Ent. Reference No. RN106741770
Media Air
Violation No. 2

Percent Interest	Years of Depreciation
5.0	15

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

Delayed Costs

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

Notes for DELAYED costs

See Violation No. 1 for the delayed costs for this violation.

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]	\$1,000	31-Jan-2011	9-Sep-2013	3.53	\$176	\$1,000	\$1,176
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs

Avoided cost by not obtaining the proper authorization. The Date Required is the first date of non-compliance and the Final Date is the date a permit was not required.

Approx. Cost of Compliance

\$1,000

TOTAL

\$1,176

Screening Date 17-Sep-2013

Docket No. 2013-1786-AIR-E

PCW

Respondent Maverick Drilling & Exploration USA, Inc. (Site 2)

Policy Revision 3 (September 2011)

Case ID No. 47676

PCW Revision August 3, 2011

Reg. Ent. Reference No. RN106741770

Media [Statute] Air

Enf. Coordinator Rachel Bekowies

Violation Number 3

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 ("EIs") for calendar years 2011 and 2012. Specifically, the emissions at Site 2 were approximately 388.3 tons of VOC in calendar year 2011 and 260.1 tons of VOC in calendar year 2012, but the Respondent did not submit EIs 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	Harm			Percent
		Major	Moderate	Minor	
		x			15.0%
100% of the rule requirement was not met.					

Adjustment \$21,250

\$3,750

Violation Events

Number of Violation Events 2 Number of violation days 535

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

Violation Base Penalty \$7,500

Two annual events are recommended, based on the 2011 and 2012 EIs that were not timely submitted.

Good Faith Efforts to Comply

10.0% Reduction

\$750

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

Notes The Respondent completed corrective actions on January 17, 2014, after the September 4, 2013 NOE.

Violation Subtotal \$6,750

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$450

Violation Final Penalty Total \$7,034

This violation Final Assessed Penalty (adjusted for limits) \$7,034

Economic Benefit Worksheet

Respondent Maverick Drilling & Exploration USA, Inc. (Site 2)
Case ID No. 47676
Req. Ent. Reference No. RN106741770
Media Air
Violation No. 3

Percent Interest	Years of Depreciation
5.0	15

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

Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System				0.00	\$0	n/a	\$0
Training/Sampling				0.00	\$0	n/a	\$0
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)	\$5,000	31-Mar-2012	17-Jan-2014	1.80	\$450	n/a	\$450

Notes for DELAYED costs

Estimated cost to prepare and submit the two overdue EIs. The Date Required is the date the first EI (for 2011) was due and the Final Date is the date of compliance.

Avoided Costs

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

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

Notes for AVOIDED costs

Approx. Cost of Compliance

\$5,000

TOTAL

\$450

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

PUBLISHED Compliance History Report for CN604320804, RN106741770, Rating Year 2013 which includes Compliance History (CH) components from September 1, 2008, through August 31, 2013.

Customer, Respondent, or Owner/Operator: CN604320804, MAVERICK DRILLING & EXPLORATION USA INC. **Classification:** SATISFACTORY **Rating:** 0.12

Regulated Entity: RN106741770, GORDON CENTRAL PRODUCTION FACILITY (Site 2) **Classification:** SATISFACTORY **Rating:** 0.25

Complexity Points: 4 **Repeat Violator:** NO

CH Group: 03 - Oil and Gas Extraction

Location: 0.9 MILE WEST OF THE INTERSECTION OF MCHARD ROAD AND SOUTH POST OAK ROAD AND 0.4 MILE NORTH ON AN UNNAMED LEASE ROAD, IN FORT BEND COUNTY, TEXAS

TCEQ Region: REGION 12 - HOUSTON

ID Number(s):

AIR QUALITY NON PERMITTED ID NUMBER
R12106741770

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

Date Compliance History Report Prepared: February 18, 2014

Agency Decision Requiring Compliance History: Enforcement

Component Period Selected: February 18, 2009 to February 18, 2014

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

Name: Rachel Bekowies

Phone: (512) 239-2608

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.

1 Date: 05/23/2013 (1088159) CN604320804
Self Report? NO Classification: Minor
Citation: 30 TAC Chapter 106, SubChapter A 106.8(c)(4)
5C THSC Chapter 382 382.085(b)
Description: Failure to provide records in order to make a compliance determination.
(CATEGORY B3 Violation). The Respondent did not provide emissions and
throughput data, sampling and other records and information necessary for
making a compliance determination.

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
MAVERICK DRILLING &
EXPLORATION USA, INC.
RN106755267 & RN106741770

§
§
§
§
§
§

BEFORE THE
TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

AGREED ORDER
DOCKET NO. 2013-1786-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 Maverick Drilling & Exploration USA, 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, represented by James D. Braddock of the law firm of Haynes and Boone, LLP, together stipulate that:

1. The Respondent owns and operates the following two oil and gas production sites (collectively referred to as the "Sites"):
 - a. Maverick Drilling West Schenck B ("Site 1"), located 0.9 mile west of the intersection of McHard Road and South Post Oak Road, one mile south on Plaisance Road, and approximately 1,000 feet south on an unnamed lease road, in Fort Bend County, Texas; and
 - b. Gordon Central Production Facility ("Site 2"), located 0.9 mile west of the intersection of McHard Road and South Post Oak Road and 0.4 mile north on an unnamed lease road, in Fort Bend County, Texas.
2. The Sites 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 notices of the violations alleged in Section II ("Allegations") on or about September 11, 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 Two Hundred Eight Thousand Six Hundred Twenty-Two Dollars (\$208,622) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent has paid Eighty-Three Thousand Four Hundred Forty-Nine Dollars (\$83,449) of the administrative penalty and Forty-One Thousand Seven Hundred Twenty-Four Dollars (\$41,724) 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. Eighty-Three Thousand Four Hundred Forty-Nine Dollars (\$83,449) shall be conditionally offset by the Respondent's completion of a Supplemental Environmental Project ("SEP").
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 the Respondent has completed the following corrective actions at the Sites:
 - a. By September 9, 2013, installed and began operating a flare at Site 2 to reduce sitewide volatile organic compounds ("VOC") emissions below 25 tons per year ("tpy"), thereby meeting emissions criteria for claiming a Permit by Rule ("PBR") and not needing to obtain a federal operating permit ("FOP");
 - b. By October 11, 2013, installed and began operating four flares at Site 1 to reduce sitewide VOC emissions below 25 tpy, thereby meeting emissions criteria for claiming a PBR and not needing to obtain a FOP; and
 - c. On January 17, 2014, submitted the Emissions Inventories ("EIs") for calendar years 2010 through 2012 for Site 1 and the EIs for calendar years 2011 and 2012 for Site 2.
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 Sites, the Respondent is alleged to have:

1. Failed to submit EIs for Site 1 for calendar years 2010, 2011, and 2012, 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 February 14, 2013. Specifically, the emissions at Site 1 were approximately 10.2 tons of VOC in calendar year 2010, 25.3 tons of VOC in calendar year 2011, and 32.5 tons of VOC in calendar year 2012, but the Respondent did not submit EIs by March 31, 2011, March 31, 2012, and March 31, 2013, respectively.
2. Failed to obtain authorization prior to operation of Site 1, 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 14, 2013. Specifically, the emissions at Site 1 were approximately 25.3 tons of VOC in calendar year 2011 and 32.5 tons of VOC in calendar year 2012, but the Respondent did not obtain the proper authorization prior to operating Site 1.
3. Failed to obtain a FOP for Site 1, 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 February 14, 2013. Specifically, the VOC emissions at Site 1 were greater than 25 tons in calendar years 2011 and 2012.
4. Failed to obtain a FOP for Site 2, 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 August 15, 2013. Specifically, the VOC emissions at Site 2 were greater than 25 tons in calendar years 2011 and 2012.
5. Failed to obtain authorization prior to operation of Site 2, 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 August 15, 2013. Specifically, the emissions at Site 2 were approximately 388.3 tons of VOC in calendar year 2011 and 260.1 tons of VOC in calendar year 2012, but the Respondent did not obtain the proper authorization prior to operating Site 2.
6. Failed to submit EIs for calendar years 2011 and 2012 for Site 2, 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 August 15, 2013. Specifically, the emissions at Site 2 were approximately 388.3 tons of VOC in calendar year 2011 and 260.1 tons of VOC in calendar year 2012, but the Respondent did not submit EIs 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: Maverick Drilling & Exploration USA, Inc., Docket No. 2013-1786-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

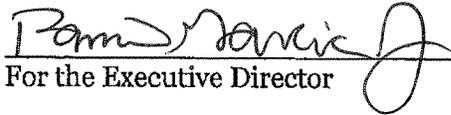
2. The Respondent shall implement and complete a SEP in accordance with TEX. WATER CODE § 7.067. As set forth in Section I, Paragraph 6 above, Eighty-Three Thousand Four Hundred Forty-Nine Dollars (\$83,449) of the assessed administrative penalty shall be offset with the condition that the SEP defined in Attachment A, incorporated herein by reference, is implemented by the Respondent. The Respondent's obligation to pay the conditionally offset portion of the administrative penalty assessed shall be discharged upon final completion of all provisions of the SEP agreement.
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 operations at the Sites 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


For the Executive Director

10/21/14
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.


Signature

21 Aug 2014
Date

J. MICHAEL YEAGER

CEO
Title

Name (Printed or typed)
Authorized Representative of
Maverick Drilling & Exploration USA, Inc.

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.

Attachment A
Docket Number: 2013-1786-AIR-E
SUPPLEMENTAL ENVIRONMENTAL PROJECT

Respondent:	Maverick Drilling & Exploration USA, Inc.
Penalty Amount:	One Hundred Sixty-Six Thousand Eight Hundred Ninety-Eight Dollars (\$166,898)
SEP Offset Amount:	Eighty-Three Thousand Four Hundred Forty-Nine Dollars (\$83,449)
Type of SEP:	Contribution to a Third-Party Pre-Approved SEP
Third-Party Administrator:	Railroad Commission of Texas
Project Name:	<i>Alternative Fuels Clean School Bus Replacement Program</i>
Location of SEP:	Statewide, Preference for Fort Bend County

The Texas Commission on Environmental Quality (“TCEQ”) agrees to offset a portion of the administrative penalty amount assessed in this Agreed Order for the Respondent to contribute to a Supplemental Environmental Project (“SEP”). The SEP Offset Amount is set forth above and such offset is conditioned upon completion of the project in accordance with the terms of this Attachment A.

1. Project Description

a. Project

The Respondent shall contribute the SEP Offset Amount to the Third-Party Administrator named above. The contribution will be to the **Railroad Commission of Texas** for the *Alternative Fuels Clean School Bus Replacement Program*. The contribution will be used in accordance with the SEP between the Third-Party Administrator and the TCEQ (the “Project”). Specifically, the contribution will be used to reduce nitrogen oxides, volatile organic compounds, carbon monoxide, and particulate matter emissions by replacing older diesel buses with newer buses that meet more stringent emission standards.

The Third-Party Administrator shall use the SEP Offset Amount for up to 100% of the purchase price of a propane or natural gas powered school bus that is model year 2010 or newer to public school districts and public charter schools to replace a diesel school bus that is model year 2002 or older. The SEP will be done in accordance with all federal, state, and local environmental laws and regulations.

All dollars contributed will be used for the direct cost of implementing the Project, including but not limited to supplies, materials, and equipment. Any portion of this contribution that is not spent on the specifically identified SEP may, at the discretion of the Executive Director (“ED”), be applied to another pre-approved SEP.

Maverick Drilling & Exploration USA, Inc.
Agreed Order - Attachment A

The Respondent's signature affixed to this Agreed Order certifies that it has no prior commitment to make this contribution and that it is being contributed solely in an effort to settle this enforcement action. The Respondent shall not profit in any manner from this SEP.

b. Environmental Benefit

This SEP will directly benefit air quality by reducing harmful exhaust emissions which contribute to the formation of ozone and may cause or exacerbate a number of respiratory diseases, including asthma. In addition, by encouraging less school bus idling, this SEP contributes to public awareness of environmental matters.

c. Minimum Expenditure

The Respondent shall contribute at least the SEP Offset Amount to the Third-Party Administrator and comply with all other provisions of this SEP.

2. Performance Schedule

Within 30 days after the effective date of this Agreed Order, the Respondent must contribute the SEP Offset Amount to the Third-Party Administrator. The Respondent shall make the check payable to **Railroad Commission of Texas SEP** and shall mail the contribution with a copy of the Agreed Order to:

Alternative Energy Division
Railroad Commission of Texas
P.O. Box 12967
Austin, Texas 78711-2967

3. Records and Reporting

Concurrent with the payment of the SEP Offset Amount, the Respondent shall provide the Enforcement Division SEP Coordinator with a copy of the check and transmittal letter indicating full payment of the SEP Offset Amount due to the Third-Party Administrator. The Respondent shall mail a copy of the check and transmittal letter to:

Texas Commission on Environmental Quality
Enforcement Division
Attention: SEP Coordinator, MC 219
P.O. Box 13087
Austin, Texas 78711-3087

4. **Failure to Fully Perform**

If the Respondent does not perform its obligations under this Attachment A, including full expenditure of the SEP Offset Amount and submittal of the required reporting described in Sections 2 and 3 above, the ED may require immediate payment of all or part of the SEP Offset Amount.

In the event the ED determines that the Respondent failed to fully implement and complete the Project, the Respondent shall remit payment for all or a portion of the SEP Offset Amount, as determined by the ED, and as set forth in the attached Agreed Order. After receiving notice of failure to complete the SEP, the Respondent shall include the docket number of the attached Agreed Order and a note that the enclosed payment is for the reimbursement of a SEP; shall make the check payable to "Texas Commission on Environmental Quality;" and shall mail it to:

Texas Commission on Environmental Quality
Litigation Division
Attention: SEP Coordinator, MC 175
P.O. Box 13087
Austin, Texas 78711-3087

5. **Publicity**

Any public statements concerning this SEP made by or on behalf of the Respondent, must include a clear statement that **the Project was performed as part of the settlement of an enforcement action brought by the TCEQ**. Such statements include advertising, public relations, and press releases.

6. **Clean Texas Program**

The Respondent shall not include this SEP in any application made to TCEQ under the "Clean Texas" (or any successor) program(s). Similarly, the Respondent may not seek recognition for this contribution in any other state or federal regulatory program.

7. **Other SEPs by TCEQ or Other Agencies**

The SEP Offset Amount identified in this Agreed Order has not been, and shall not be, included as a SEP for the Respondent under any other Agreed Order negotiated with the TCEQ or any other agency of the state or federal government.