

**Executive Summary – Enforcement Matter – Case No. 51243**  
**Marathon Oil EF LLC**  
**RN106168206**  
**Docket No. 2015-1378-AIR-E**

**Order Type:**

1660 Agreed Order

**Findings Order Justification:**

N/A

**Media:**

AIR

**Small Business:**

No

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

Live Oak Central Facility, located 11.8 miles from the intersection of TX State Highway 72 and U.S. Highway 281, Three Rivers, Live Oak County

**Type of Operation:**

Oil and gas plant

**Other Significant Matters:**

Additional Pending Enforcement Actions: No

Past-Due Penalties: No

Other: N/A

Interested Third-Parties: None

**Texas Register Publication Date:** February 19, 2016

**Comments Received:** No

***Penalty Information***

**Total Penalty Assessed:** \$9,150

**Amount Deferred for Expedited Settlement:** \$1,830

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

**Total Paid to General Revenue:** \$3,660

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

Payment Plan: N/A

**Supplemental Environmental Project ("SEP") Conditional Offset:** \$3,660

Name of SEP: Texas Association of Resource Conservation and Development Areas, Inc. (Third-Party Pre-Approved)

**Compliance History Classifications:**

Person/CN - High

Site/RN - High

**Major Source:** Yes

**Statutory Limit Adjustment:** N/A

**Applicable Penalty Policy:** April 2014

**Executive Summary – Enforcement Matter – Case No. 51243**  
**Marathon Oil EF LLC**  
**RN106168206**  
**Docket No. 2015-1378-AIR-E**

***Investigation Information***

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

**Complaint Information:** N/A

**Date(s) of Investigation:** August 11, 2015 through August 21, 2015

**Date(s) of NOE(s):** August 31, 2015

***Violation Information***

1. Failed to conduct a performance test. Specifically, the Respondent did not conduct an initial performance test to demonstrate compliance within 180 days after startup of Engine No. 9, Emission Point Number ("EPN") ENG-9. Testing should have been conducted no later than September 24, 2013, but was not completed until August 24, 2015 [30 TEX. ADMIN. CODE §§ 101.20(1), 116.615(10), and 122.143(4), TEX. HEALTH & SAFETY CODE § 382.085(b), 40 CODE OF FEDERAL REGULATIONS ("CFR") § 60.8, Federal Operating Permit ("FOP") No. O3649/Oil and Gas General Operating Permit ("GOP") No. 514, Site-wide Requirements (b)(2) and (b)(15)(B), and Standard Permit Registration No. 107703, Requirement (a)(3)].

2. Failed to conduct a performance test. Specifically, the Respondent did not conduct an initial performance test to demonstrate compliance within 180 days after startup of Engine No. 11, EPN ENG-11. Testing should have been conducted no later than June 30, 2013, but was not completed until August 24, 2015 [30 TEX. ADMIN. CODE §§ 101.20(1), 116.615(10), and 122.143(4), TEX. HEALTH & SAFETY CODE § 382.085(b), 40 CFR § 60.8, FOP No. O3649/Oil and Gas GOP No. 514, Site-wide Requirements (b)(2) and (b)(15)(B), and Standard Permit Registration No. 107703, Requirement (a)(3)].

3. Failed to comply with representations in a standard permit registration. Specifically, the Respondent exceeded the gas production rate of 6.5 million standard cubic feet per day ("MMscfd") by an average production rate of 5.43 MMscfd, from January 3, 2015 through June 23, 2015 [30 TEX. ADMIN. CODE §§ 116.615(2) and 122.143(4), TEX. HEALTH & SAFETY CODE § 382.085(b), FOP No. O3649/Oil and Gas GOP No. 514, Site-wide Requirements (b)(2), and Standard Permit Registration No. 107703].

***Corrective Actions/Technical Requirements***

**Corrective Action(s) Completed:**

On September 16, 2015, the Respondent obtained an amendment for Standard Permit Registration No. 107703 to include the updated representations.

**Executive Summary – Enforcement Matter – Case No. 51243**  
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**RN106168206**  
**Docket No. 2015-1378-AIR-E**

**Technical Requirements:**

1. The Order will require the Respondent to implement and complete a SEP (see SEP Attachment A).
2. The Order will also require the Respondent to:
  - a. Within 30 days, conduct performance testing on Engine No. 9, EPN ENG-9, and Engine No. 11, EPN ENG-11; and
  - b. Within 45 days, submit written certification to demonstrate compliance with 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:** Eduardo Heras, Enforcement Division, Enforcement Team 5, MC 149, (512) 239-2422; Melissa Cordell, Enforcement Division, MC 219, (512) 239-2483  
**TCEQ SEP Coordinator:** Stuart Beckley, SEP Coordinator, Enforcement Division, MC 219, (512) 239-3565  
**Respondent:** Jeff Schwarz, Region Manager, Marathon Oil EF LLC, 5253 Prue Road, Suite 230, San Antonio, Texas 78240-1759  
**Respondent's Attorney:** N/A



**Attachment A**  
**Docket Number: 2015-1378-AIR-E**  
**SUPPLEMENTAL ENVIRONMENTAL PROJECT**

|                                   |   |
|-----------------------------------|---|
| <b>Respondent:</b>                | <b>Marathon Oil EF LLC</b>  |
| <b>Penalty Amount:</b>            | <b>Seven Thousand Three Hundred Twenty Dollars (\$7,320)</b>                  |
| <b>SEP Offset Amount:</b>         | <b>Three Thousand Six Hundred Sixty Dollars (\$3,660)</b>                     |
| <b>Type of SEP:</b>               | <b>Contribution to a Third-Party Pre-Approved SEP</b>                         |
| <b>Third-Party Administrator:</b> | <b>Texas Association of Resource Conservation and Development Areas, Inc.</b> |
| <b>Project Name:</b>              | <b><i>Tire Collection Events and Cleanup of Abandoned Tire Sites</i></b>      |
| <b>Location of SEP:</b>           | <b>Live Oak County: Nueces River Basin, Carrizo-Wilcox Aquifer</b>            |

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 offset is equal to the SEP Offset Amount set forth above and 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 **Texas Association of Resource Conservation and Development Areas, Inc. (“RC&D”)** for the *Tire Collection Events and Cleanup of Abandoned Tire Sites* project. The contribution will be used in accordance with the SEP Agreement between the Third-Party Administrator and the TCEQ (the “Project”). Specifically, the SEP Offset Amount will be used to coordinate with local city and county government officials and private entities (“Partner Entities”) to conduct tire collection events where residents will be able to drop off tires for proper disposal or recycling (“Collection Events”), or to clean sites where tires have been disposed of illegally (“Site Cleanups”).

Texas RC&D shall ensure that collected tires, debris, and waste are properly transported to and disposed at an authorized disposal site, and if a licensed hauler is needed for tires or other regulated waste collected from sites, Texas RC&D shall ensure that only properly licensed haulers are used for transport and disposal of tires and regulated wastes. The SEP will be performed in accordance with all federal, state, and local environmental laws and regulations.

Marathon Oil EF LLC  
Agreed Order - Attachment A

All dollars contributed will be used solely for the direct cost of the Project, including but not limited to supplies, materials, and equipment. Any portion of this contribution that is not able to be 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 provide an environmental benefit by providing communities with a free and convenient means for safe and proper disposal of tires and by reducing the dangers and health threats associated with illegally dumped tires.

The health risks associated with illegal dumping are significant. Areas used for illegal tire dumping may be easily accessible to people, especially children, who are vulnerable to the physical hazards posed by abandoned tires. Rodents, insects, and other vermin attracted to dump sites may also pose health risks. Tire dump sites which contain scrap tires pose an ideal breeding ground for mosquitoes, which can breed 100 times faster in the warm, stagnant water standing in scrap tire casings. Severe illnesses, including West Nile Virus, have been attributed to disease-carrying mosquitoes. The potential for tire fires is also reduced by removing illegally dumped tires. Tire fires can result in the contamination of air, surface water, ground water, and soil. In addition, neighborhoods have been evacuated and property damage has been significant due to tire dump sites that caught fire. Illegal tire dumping can also impact drainage of runoff, making areas more susceptible to flooding when wastes block waterways. Open burning at tire dump sites can cause forest fires and erosion as fires burn away trees and undergrowth. Tire dumping has a negative impact on trees and wildlife, and runoff from tire dumpsites may contain chemicals that can contaminate wells and surface water used for drinking.

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 **Texas Association of RC&D SEP** and shall mail the contribution with a copy of the Agreed Order to:

Texas Association of RC&D Areas, Inc.  
Attn.: Jerry Pearce, Executive Director  
P.O. Box 2533  
Victoria, Texas 77902

## **3. Records and Reporting**

Concurrent with the payment of the SEP Offset Amount, the Respondent shall provide the Enforcement SEP Coordinator with a copy of the check and transmittal letter indicating full payment of the SEP Offset Amount 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, as 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. The Respondent shall make the check payable to "Texas Commission on Environmental Quality" and shall mail it to:

Marathon Oil EF LLC  
Agreed Order - Attachment A

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 and/or project, 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. Recognition**

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 Attachment A and in the attached 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 4 (April 2014)

PCW Revision March 26, 2014

TCEQ

|       |          |             |           |             |         |  |
|-------|----------|-------------|-----------|-------------|---------|--|
| DATES | Assigned | 9-Sep-2015  | Screening | 10-Sep-2015 | EPA Due |  |
|       | PCW      | 10-Sep-2015 |           |             |         |  |

## RESPONDENT/FACILITY INFORMATION

|                      |                     |                    |       |
|----------------------|---------------------|--------------------|-------|
| Respondent           | Marathon Oil EF LLC |                    |       |
| Reg. Ent. Ref. No.   | RN106168206         |                    |       |
| Facility/Site Region | 14-Corpus Christi   | Major/Minor Source | Major |

## CASE INFORMATION

|                         |                 |                       |                    |
|-------------------------|-----------------|-----------------------|--------------------|
| Enf./Case ID No.        | 51243           | No. of Violations     | 3                  |
| Docket No.              | 2015-1378-AIR-E | Order Type            | 1660               |
| Media Program(s)        | Air             | Government/Non-Profit | No                 |
| Multi-Media             |                 | Enf. Coordinator      | Jennifer Nguyen    |
|                         |                 | EC's Team             | Enforcement Team 5 |
| Admin. Penalty \$ Limit | Minimum \$0     | Maximum               | \$25,000           |

## Penalty Calculation Section

|   |                   |                 |
|---|-------------------|-----------------|
| <b>TOTAL BASE PENALTY (Sum of violation base penalties)</b> | <b>Subtotal 1</b> | <b>\$11,000</b> |
|---|-------------------|-----------------|

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

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

|                           |                           |                                |                 |
|---------------------------|---------------------------|--------------------------------|-----------------|
| <b>Compliance History</b> | <b>-10.0%</b> Enhancement | <b>Subtotals 2, 3, &amp; 7</b> | <b>-\$1,100</b> |
|---------------------------|---------------------------|--------------------------------|-----------------|

Notes: Enhancement for one NOV with same/similar violations. Reduction for three notices of intent to conduct an audit, two disclosures of violations, and high performer classification.

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

Notes: The Respondent does not meet the culpability criteria.

|  |                   |               |
|--|-------------------|---------------|
| <b>Good Faith Effort to Comply Total Adjustments</b> | <b>Subtotal 5</b> | <b>-\$750</b> |
|--|-------------------|---------------|

|                              |                          |                                   |            |
|------------------------------|--------------------------|-----------------------------------|------------|
| <b>Economic Benefit</b>      | <b>0.0%</b> Enhancement* | <b>Subtotal 6</b>                 | <b>\$0</b> |
| Total EB Amounts             | \$942                    | *Capped at the Total EB \$ Amount |            |
| Estimated Cost of Compliance | \$10,000                 |                                   |            |

|                             |                       |                |
|-----------------------------|-----------------------|----------------|
| <b>SUM OF SUBTOTALS 1-7</b> | <b>Final Subtotal</b> | <b>\$9,150</b> |
|-----------------------------|-----------------------|----------------|

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

Reduces or enhances the Final Subtotal by the indicated percentage.

Notes

|                             |                |
|-----------------------------|----------------|
| <b>Final Penalty Amount</b> | <b>\$9,150</b> |
|-----------------------------|----------------|

|                                   |                               |                |
|-----------------------------------|-------------------------------|----------------|
| <b>STATUTORY LIMIT ADJUSTMENT</b> | <b>Final Assessed Penalty</b> | <b>\$9,150</b> |
|-----------------------------------|-------------------------------|----------------|

|                 |                        |                   |                 |
|-----------------|------------------------|-------------------|-----------------|
| <b>DEFERRAL</b> | <b>20.0%</b> Reduction | <b>Adjustment</b> | <b>-\$1,830</b> |
|-----------------|------------------------|-------------------|-----------------|

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

Notes

Deferral offered for expedited settlement.

|                        |                |
|------------------------|----------------|
| <b>PAYABLE PENALTY</b> | <b>\$7,320</b> |
|------------------------|----------------|

Screening Date 10-Sep-2015

Docket No. 2015-1378-AIR-E

PCW

Respondent Marathon Oil EF LLC

Policy Revision 4 (April 2014)

Case ID No. 51243

PCW Revision March 26, 2014

Reg. Ent. Reference No. RN106168206

Media [Statute] Air

Enf. Coordinator Jennifer Nguyen

### Compliance History Worksheet

>> Compliance History Site Enhancement (Subtotal 2)

| Component                     | Number of...   | Enter Number Here | Adjust. |
|-------------------------------|--|-------------------|---------|
| NOVs                          | Written notices of violation ("NOVs") with same or similar violations as those in the current enforcement action ( <i>number of NOVs meeting criteria</i> )  | 1                 | 5%      |
|                               | Other written NOVs   | 0                 | 0%      |
| Orders                        | Any agreed final enforcement orders containing a denial of liability ( <i>number of orders meeting criteria</i> )  | 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 judgments 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> )     | 3                 | -3%     |
|                               | 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> )  | 2                 | -4%     |
| <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

Enhancement for one NOV with same/similar violations. Reduction for three notices of intent to conduct an audit, two disclosures of violations, and high performer classification.

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

>> Final Compliance History Adjustment

Final Adjustment Percentage *\*capped at 100%*

Screening Date 10-Sep-2015  
 Respondent Marathon Oil EF LLC  
 Case ID No. 51243

Docket No. 2015-1378-AIR-E

PCW

Policy Revision 4 (April 2014)  
 PCW Revision March 26, 2014

Reg. Ent. Reference No. RN106168206  
 Media [Statute] Air  
 Enf. Coordinator Jennifer Nguyen  
 Violation Number 1

Rule Cite(s) 30 Tex. Admin. Code §§ 101.20(1), 116.615(10), and 122.143(4), Tex. Health & Safety Code § 382.085(b), 40 Code of Federal Regulations ("CFR") § 60.8, Federal Operating Permit ("FOP") No. O3649/Oil and Gas General Operating Permit ("GOP") No. 514, Site-wide Requirements (b)(2) and (b)(15)(B), and Standard Permit Registration No. 107703, Requirement (a)(3)

Violation Description Failed to conduct a performance test. Specifically, the Respondent did not conduct an initial performance test to demonstrate compliance within 180 days after startup of Engine No. 9, Emission Point Number ("EPN") ENG-9. Testing should have been conducted no later than September 24, 2013, but was not completed until August 24, 2015.

Base Penalty \$25,000

>> Environmental, Property and Human Health Matrix

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

Percent 7.0%

>> Programmatic Matrix

| Falsification | Harm  |          |       |
|---------------|-------|----------|-------|
|               | Major | Moderate | Minor |
|               |       |          |       |

Percent 0.0%

Matrix Notes Human health or the environment will or could be exposed to insignificant amounts of pollutants that would not exceed levels that are protective of human health or environmental receptors as a result of the violation.

Adjustment \$23,250

\$1,750

Violation Events

Number of Violation Events 1 699 Number of violation days

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

Violation Base Penalty \$1,750

One single event is recommended.

Good Faith Efforts to Comply

0.0% Before NOE/NOV NOE/NOV to EDRP/Settlement Offer

Reduction \$0

|               |   |               |
|---------------|---|---------------|
| Extraordinary |   |               |
| Ordinary      |   |               |
| N/A           | x | (mark with x) |

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

Violation Subtotal \$1,750

Economic Benefit (EB) for this violation

Estimated EB Amount \$368

Statutory Limit Test

Violation Final Penalty Total \$1,575

This violation Final Assessed Penalty (adjusted for limits) \$1,575

# Economic Benefit Worksheet

**Respondent** Marathon Oil EF LLC  
**Case ID No.** 51243  
**Reg. Ent. Reference No.** RN106168206  
**Media** Air  
**Violation No.** 1

|                         |                              |
|-------------------------|------------------------------|
| <b>Percent Interest</b> | <b>Years of Depreciation</b> |
| 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)        | \$2,500 | 24-Sep-2013 | 4-Sep-2016 | 2.95 | \$368 | n/a | \$368 |

**Notes for DELAYED costs**

Estimated cost to conduct an initial performance test of Engine No. 9. The Date Required is the last date the testing could have been completed. 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

\$2,500

**TOTAL**

\$368

Screening Date 10-Sep-2015  
 Respondent Marathon Oil EF LLC  
 Case ID No. 51243

Docket No. 2015-1378-AIR-E

PCW  
 Policy Revision 4 (April 2014)  
 PCW Revision March 26, 2014

Reg. Ent. Reference No. RN106168206

Media [Statute] Air

Enf. Coordinator Jennifer Nguyen

Violation Number 2

Rule Cite(s) 30 Tex. Admin. Code §§ 101.20(1), 116.615(10), and 122.143(4), Tex. Health & Safety Code § 382.085(b), 40 CFR § 60.8, FOP No. O3649/Oil and Gas GOP No. 514, Site-wide Requirements (b)(2) and (b)(15)(B), and Standard Permit Registration No. 107703, Requirement (a)(3)

Violation Description Failed to conduct a performance test. Specifically, the Respondent did not conduct an initial performance test to demonstrate compliance within 180 days after startup of Engine No. 11, EPN ENG-11. Testing should have been conducted no later than June 30, 2013, but was not completed until August 24, 2015.

Base Penalty \$25,000

>> Environmental, Property and Human Health Matrix

| OR | Release   | Harm  |          |       | Percent |
|----|-----------|-------|----------|-------|---------|
|    |           | Major | Moderate | Minor |         |
|    | Actual    |       |          |       | 7.0%    |
|    | Potential |       |          | x     |         |

>>> Programmatic Matrix

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

Matrix Notes Human health or the environment will or could be exposed to insignificant amounts of pollutants that would not exceed levels that are protective of human health or environmental receptors as a result of the violation.

Adjustment \$23,250  
 \$1,750

Violation Events

Number of Violation Events 1 785 Number of violation days

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

Violation Base Penalty \$1,750

One single event is recommended.

Good Faith Efforts to Comply

0.0% Reduction \$0

|               | Before NOE/NOV | NOE/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 \$1,750

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$398 Violation Final Penalty Total \$1,575

This violation Final Assessed Penalty (adjusted for limits) \$1,575

# Economic Benefit Worksheet

**Respondent** Marathon Oil EF LLC

**Case ID No.** 51243

**Reg. Ent. Reference No.** RN106168206

**Media** Air

**Violation No.** 2

|                         |                              |
|-------------------------|------------------------------|
| <b>Percent Interest</b> | <b>Years of Depreciation</b> |
| 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)        | \$2,500 | 30-Jun-2013 | 4-Sep-2016 | 3.18 | \$398 | n/a | \$398 |

**Notes for DELAYED costs**

Estimated cost to conduct an initial performance test of Engine No. 11. The Date Required is the last date the testing could have been completed. 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**

\$2,500

**TOTAL**

\$398

Screening Date 10-Sep-2015  
 Respondent Marathon Oil EF LLC  
 Case ID No. 51243

Docket No. 2015-1378-AIR-E

PCW  
 Policy Revision 4 (April 2014)  
 PCW Revision March 26, 2014

Reg. Ent. Reference No. RN106168206

Media [Statute] Air

Enf. Coordinator Jennifer Nguyen

Violation Number 3

Rule Cite(s)

30 Tex. Admin. Code §§ 116.615(2) and 122.143(4), Tex. Health & Safety Code § 382.085(b), FOP No. O3649/Oil and Gas GOP No. 514, Site-wide Requirements (b)(2), and Standard Permit Registration No. 107703

Violation Description

Failed to comply with representations in a standard permit registration. Specifically, the Respondent exceeded the gas production rate of 6.5 million standard cubic feet per day ("MMscfd") by an average production rate of 5.43 MMscfd, from January 3, 2015 through June 23, 2015.

Base Penalty \$25,000

>> Environmental, Property and Human Health Matrix

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

Percent 15.0%

>> Programmatic Matrix

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

Percent 0.0%

Matrix Notes

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

Adjustment \$21,250

\$3,750

Violation Events

Number of Violation Events 2

171 Number of violation days

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

Violation Base Penalty \$7,500

Two quarterly events are recommended for the period of non-compliance from January 3, 2015 through June 23, 2015.

Good Faith Efforts to Comply

10.0%

Reduction \$750

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

Notes

The Respondent completed corrective measures on September 16, 2015, after the August 31, 2015 Notice of Enforcement.

Violation Subtotal \$6,750

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$175

Violation Final Penalty Total \$6,000

This violation Final Assessed Penalty (adjusted for limits) \$6,000

# Economic Benefit Worksheet

**Respondent** Marathon Oil EF LLC  
**Case ID No.** 51243  
**Reg. Ent. Reference No.** RN106168206  
**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**

| 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 | 3-Jan-2015 | 16-Sep-2015 | 0.70 | \$175 | n/a | \$175 |
| Other (as needed)        |         |            | 0.00        | \$0  | n/a   | \$0 |       |

**Notes for DELAYED costs**

Estimated cost to obtain an amendment for Standard Permit Registration No. 107703 to include the updated representations. The Date Required is the first date of non-compliance. 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** \$175

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 CN603988692, RN106168206, Rating Year 2015 which includes Compliance History (CH) components from September 1, 2010, through August 31, 2015.

**Customer, Respondent, or Owner/Operator:** CN603988692, Marathon Oil EF LLC      **Classification:** HIGH      **Rating:** 0.00

**Regulated Entity:** RN106168206, LIVE OAK CENTRAL FACILITY      **Classification:** HIGH      **Rating:** 0.00

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

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

**Location:** 11.8 MILES FROM THE INTERSECTION OF TX 72 AND US 281 THREE RIVERS, TX, LIVE OAK COUNTY

**TCEQ Region:** REGION 14 - CORPUS CHRISTI

**ID Number(s):**  
**AIR NEW SOURCE PERMITS REGISTRATION** 107703      **AIR NEW SOURCE PERMITS AFS NUM** 4829700054  
**AIR EMISSIONS INVENTORY ACCOUNT NUMBER** LKA0150      **AIR EMISSIONS INVENTORY ACCOUNT NUMBER** LKA0150  
**AIR OPERATING PERMITS PERMIT** 3649      **AIR OPERATING PERMITS ACCOUNT NUMBER** LKA0150

**Compliance History Period:** September 01, 2010 to August 31, 2015      **Rating Year:** 2015      **Rating Date:** 09/01/2015

**Date Compliance History Report Prepared:** September 11, 2015

**Agency Decision Requiring Compliance History:** Enforcement

**Component Period Selected:** September 11, 2010 to September 11, 2015

**TCEQ Staff Member to Contact for Additional Information Regarding This Compliance History.**  
**Name:** Jennifer Nguyen      **Phone:** (512) 239-6160

### Site and Owner/Operator History:

- 1) Has the site been in existence and/or operation for the full five year compliance period? YES
- 2) Has there been a (known) change in ownership/operator of the site during the compliance period? YES
- 3) If YES for #2, who is the current owner/operator? Marathon Oil EF LLC OWNER OPERATOR since 11/18/2011
- 4) If YES for #2, who was/were the prior owner(s)/operator(s)? Hilcorp Energy Company, OWNER OPERATOR, 6/27/2011 to 11/18/2011
- 5) If YES, when did the change(s) in owner or operator occur? 11/18/2011

### 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.):**

Item 1      January 08, 2014      (1138181)

**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: 08/31/2015 (1274074) CN603988692  
Self Report? NO Classification: Moderate  
Citation: 30 TAC Chapter 116, SubChapter F 116.615(10)  
30 TAC Chapter 122, SubChapter B 122.143(4)  
5C THSC Chapter 382 382.085(b)  
Subsection (a)(3) PERMIT  
Subsection (b)(2) OP  
Subsection (e)(11)(e) PERMIT  
Description: Failure to comply with applicable requirements of a state permit.

**F. Environmental audits:**

Notice of Intent Date: 11/01/2011 (1007647)  
Disclosure Date: 02/29/2012  
Viol. Classification: Moderate  
Citation: 30 TAC Chapter 106, SubChapter A 106.6  
Description: Failed to certify emission limits at site required to establish federally-enforceable limits. A flare is required at the site to meet emission thresholds.  
Viol. Classification: Moderate  
Citation: 30 TAC Chapter 106, SubChapter O 106.352  
Description: Failed to have required flares.  
Viol. Classification: Moderate  
Citation: 30 TAC Chapter 106, SubChapter V 106.492  
Description: Failed to prevent smoking of flares.  
Viol. Classification: Major  
Citation: 30 TAC Chapter 106, SubChapter A 106.6(c)  
Description: Failed to include open-topped frac tank in facility air emission permits.  
Viol. Classification: Moderate  
Citation: 30 TAC Chapter 106, SubChapter A 106.4(a)(1)  
Description: Failed to meet dehy controls emission limitations.  
Viol. Classification: Minor  
Citation: 30 TAC Chapter 106, SubChapter K 106.263(g)  
Description: Failed to keep records Maintenance, Startup, and Shutdown emissions.  
Viol. Classification: Minor  
Citation: 30 TAC Chapter 111, SubChapter A 111.111(a)(4)  
Description: Failed to maintain historical smoking log.  
Viol. Classification: Minor  
Citation: 30 TAC Chapter 106, SubChapter A 106.8(c)  
Description: Failed to keep historical compliance records in "readily available format".

Notice of Intent Date: 05/10/2013 (1093378)  
No DOV Associated

Notice of Intent Date: 03/17/2014 (1158137)  
Disclosure Date: 01/30/2015  
Viol. Classification: Moderate  
Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)  
30 TAC Chapter 122, SubChapter B 122.143(4)  
40 CFR Chapter 60, SubChapter C, PT 60, SubPT JJJJ 60.4243(a)(2)(I)  
Rqmt Prov: OP FOP O3649, Term (b)(8)(F)(vi)  
PERMIT Standard Permit 107703, Cond. (e)(3)(D)  
Description: Failed to keep a maintenance plan for two spark-ignition internal combustion engines less than 100 hp.  
Viol. Classification: Moderate  
Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)  
30 TAC Chapter 122, SubChapter B 122.143(4)  
Rqmt Prov: OP FOP O3649, Term (b)(8)(F)(vi)  
PERMIT Standard Permit 107703, Condition (e)(1)  
Description: Failed to establish and maintain a comprehensive program to replace, repair, and maintain the flares, tanks, amine unit, ultrafab, and VRUs to keep them in good working order.

**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  
MARATHON OIL EF LLC  
RN106168206**

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

**AGREED ORDER  
DOCKET NO. 2015-1378-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 Marathon Oil EF LLC ("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 oil and gas plant located 11.8 miles from the intersection of Texas State Highway 72 and United States Highway 281 in Three Rivers, Live Oak 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 5, 2015.
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 Nine Thousand One Hundred Fifty Dollars (\$9,150) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent has paid Three Thousand Six Hundred Sixty Dollars

(\$3,660) of the administrative penalty and One Thousand Eight Hundred Thirty Dollars (\$1,830) 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. Three Thousand Six Hundred Sixty Dollars (\$3,660) 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 on September 16, 2015, the Respondent obtained an amendment for Standard Permit Registration No. 107703 to include the updated representations.
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 conduct a performance test, in violation of 30 TEX. ADMIN. CODE §§ 101.20(1), 116.615(10), and 122.143(4), TEX. HEALTH & SAFETY CODE § 382.085(b), 40 CODE OF FEDERAL REGULATIONS ("CFR") § 60.8, Federal Operating Permit ("FOP") No. O3649/Oil and Gas General Operating Permit ("GOP") No. 514, Site-wide Requirements (b)(2) and (b)(15)(B), and Standard Permit Registration No. 107703, Requirement (a)(3), as documented during a record review conducted from August 11, 2015 through August 21, 2015. Specifically, the Respondent did not conduct an initial performance test to demonstrate compliance within 180 days after startup of Engine No. 9, Emission Point Number ("EPN") ENG-9. Testing should have been conducted no later than September 24, 2013, but was not completed until August 24, 2015.

2. Failed to conduct a performance test, in violation of 30 TEX. ADMIN. CODE §§ 101.20(1), 116.615(10), and 122.143(4), TEX. HEALTH & SAFETY CODE § 382.085(b), 40 CFR § 60.8, FOP No. O3649/Oil and Gas GOP No. 514, Site-wide Requirements (b)(2) and (b)(15)(B), and Standard Permit Registration No. 107703, Requirement (a)(3), as documented during a record review conducted from August 11, 2015 through August 21, 2015. Specifically, the Respondent did not conduct an initial performance test to demonstrate compliance within 180 days after startup of Engine No. 11, EPN ENG-11. Testing should have been conducted no later than June 30, 2013, but was not completed until August 24, 2015.
3. Failed to comply with representations in a standard permit registration, in violation of 30 TEX. ADMIN. CODE §§ 116.615(2) and 122.143(4), TEX. HEALTH & SAFETY CODE § 382.085(b), FOP No. O3649/Oil and Gas GOP No. 514, Site-wide Requirements (b)(2), and Standard Permit Registration No. 107703, as documented during a record review conducted from August 11, 2015 through August 21, 2015. Specifically, the Respondent exceeded the gas production rate of 6.5 million standard cubic feet per day ("MMscfd") by an average production rate of 5.43 MMscfd, from January 3, 2015 through June 23, 2015.

### 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: Marathon Oil EF LLC, Docket No. 2015-1378-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, Three Thousand Six Hundred Sixty Dollars (\$3,660) 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. 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, conduct performance testing on Engine No. 9, EPN ENG-9, and Engine No. 11, EPN ENG-11; and
  - b. Within 45 days after the effective date of this Agreed Order, submit written certification as described below, and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision No. 3.a. 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 I have personally examined and am familiar with the information submitted and all attached documents, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fines and imprisonment for knowing violations."

The certification shall be submitted to:

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

with a copy to:

Air Section Manager  
Corpus Christi Regional Office  
Texas Commission on Environmental Quality  
6300 Ocean Drive, Suite 1200  
Corpus Christi, Texas 78412-5503

4. 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.
5. 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.

6. The Executive Director may grant an extension of any deadline in this Agreed Order or in any plan, report, or other document submitted pursuant to this Agreed Order, upon a written and substantiated showing of good cause. All requests for extensions by 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.
7. 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.
8. 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.
9. The effective date of this Order is the date it is signed by the Commission. A copy of this fully executed Order shall be provided to each of the parties.

## SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

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

\_\_\_\_\_  
Date

Raymond Marvic Jr  
For the Executive Director

4/29/16  
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.

Jeff Schwarz  
Signature

JAN 13 2016  
Date

JEFF SCHWARZ  
Name (Printed or typed)  
Authorized Representative of  
Marathon Oil EF LLC

REGION 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.

**Attachment A**  
**Docket Number: 2015-1378-AIR-E**  
**SUPPLEMENTAL ENVIRONMENTAL PROJECT**

|                                   |   |
|-----------------------------------|---|
| <b>Respondent:</b>                | <b>Marathon Oil EF LLC</b>  |
| <b>Penalty Amount:</b>            | <b>Seven Thousand Three Hundred Twenty Dollars (\$7,320)</b>                  |
| <b>SEP Offset Amount:</b>         | <b>Three Thousand Six Hundred Sixty Dollars (\$3,660)</b>                     |
| <b>Type of SEP:</b>               | <b>Contribution to a Third-Party Pre-Approved SEP</b>                         |
| <b>Third-Party Administrator:</b> | <b>Texas Association of Resource Conservation and Development Areas, Inc.</b> |
| <b>Project Name:</b>              | <b><i>Tire Collection Events and Cleanup of Abandoned Tire Sites</i></b>      |
| <b>Location of SEP:</b>           | <b>Live Oak County: Nueces River Basin, Carrizo-Wilcox Aquifer</b>            |

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 offset is equal to the SEP Offset Amount set forth above and 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 **Texas Association of Resource Conservation and Development Areas, Inc. (“RC&D”)** for the *Tire Collection Events and Cleanup of Abandoned Tire Sites* project. The contribution will be used in accordance with the SEP Agreement between the Third-Party Administrator and the TCEQ (the “Project”). Specifically, the SEP Offset Amount will be used to coordinate with local city and county government officials and private entities (“Partner Entities”) to conduct tire collection events where residents will be able to drop off tires for proper disposal or recycling (“Collection Events”), or to clean sites where tires have been disposed of illegally (“Site Cleanups”).

Texas RC&D shall ensure that collected tires, debris, and waste are properly transported to and disposed at an authorized disposal site, and if a licensed hauler is needed for tires or other regulated waste collected from sites, Texas RC&D shall ensure that only properly licensed haulers are used for transport and disposal of tires and regulated wastes. The SEP will be performed in accordance with all federal, state, and local environmental laws and regulations.

All dollars contributed will be used solely for the direct cost of the Project, including but not limited to supplies, materials, and equipment. Any portion of this contribution that is not able to be 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 provide an environmental benefit by providing communities with a free and convenient means for safe and proper disposal of tires and by reducing the dangers and health threats associated with illegally dumped tires.

The health risks associated with illegal dumping are significant. Areas used for illegal tire dumping may be easily accessible to people, especially children, who are vulnerable to the physical hazards posed by abandoned tires. Rodents, insects, and other vermin attracted to dump sites may also pose health risks. Tire dump sites which contain scrap tires pose an ideal breeding ground for mosquitoes, which can breed 100 times faster in the warm, stagnant water standing in scrap tire casings. Severe illnesses, including West Nile Virus, have been attributed to disease-carrying mosquitoes. The potential for tire fires is also reduced by removing illegally dumped tires. Tire fires can result in the contamination of air, surface water, ground water, and soil. In addition, neighborhoods have been evacuated and property damage has been significant due to tire dump sites that caught fire. Illegal tire dumping can also impact drainage of runoff, making areas more susceptible to flooding when wastes block waterways. Open burning at tire dump sites can cause forest fires and erosion as fires burn away trees and undergrowth. Tire dumping has a negative impact on trees and wildlife, and runoff from tire dumpsites may contain chemicals that can contaminate wells and surface water used for drinking.

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 **Texas Association of RC&D SEP** and shall mail the contribution with a copy of the Agreed Order to:

Texas Association of RC&D Areas, Inc.  
Attn.: Jerry Pearce, Executive Director  
P.O. Box 2533  
Victoria, Texas 77902

## **3. Records and Reporting**

Concurrent with the payment of the SEP Offset Amount, the Respondent shall provide the Enforcement SEP Coordinator with a copy of the check and transmittal letter indicating full payment of the SEP Offset Amount 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, as 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. The Respondent shall make the check payable to "Texas Commission on Environmental Quality" and shall mail it to:

Marathon Oil EF LLC  
Agreed Order - Attachment A

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 and/or project, 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. Recognition**

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 Attachment A and in the attached 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.