

**Executive Summary – Enforcement Matter – Case No. 64924**  
**Scout Energy Management LLC**  
**RN100226943**  
**Docket No. 2023-1472-AIR-E**

**Order Type:**

1660 Agreed Order

**Findings Order Justification:**

N/A

**Media:**

AIR

**Small Business:**

No

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

Fain Gas Plant, 32540 North U.S. Highway 287, Masterson, Potter County

**Type of Operation:**

Natural gas liquids and sales gas production plant

**Other Significant Matters:**

Additional Pending Enforcement Actions: Yes, Docket No. 2021-1286-AIR-E

Past-Due Penalties: No

Other: N/A

Interested Third-Parties: None

**Texas Register Publication Date:** October 4, 2024

**Comments Received:** No

***Penalty Information***

**Total Penalty Assessed:** \$186,663

**Total Paid to General Revenue:** \$93,332

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

Payment Plan: N/A

**Supplemental Environmental Project ("SEP") Conditional Offset:** \$93,331

Name of SEP: American Energy Institute (Third-Party Pre-Approved)

**Compliance History Classifications:**

Person/CN - Satisfactory

Site/RN - Satisfactory

**Major Source:** Yes

**Statutory Limit Adjustment:** N/A

**Applicable Penalty Policy:** January 2021

***Investigation Information***

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

**Complaint Information:** N/A

**Date(s) of Investigation:** August 12, 2022 through September 11, 2023, August 12, 2022 through November 7, 2022, December 1, 2023 through December 4, 2023, December 19, 2023 through December 20, 2023, and January 2, 2024 through January 3, 2024

**Date(s) of NOE(s):** October 5, 2023, October 27, 2023, December 15, 2023, January 16, 2024, and January 17, 2024

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***Violation Information***

1. Failed to prevent unauthorized emissions. Specifically, the Respondent released 16,266.70 pounds ("lbs") of carbon monoxide ("CO"), 1,897.19 lbs of nitrogen oxides ("NOx"), and 9,507.18 lbs of natural gas volatile organic compounds ("VOC") from Flare-2, Emissions Point Number ("EPN") FL-2, during an emissions event (Incident No. 382872) that occurred on October 23, 2019 and lasted 16 hours [30 TEX. ADMIN. CODE §§ 101.20(3), 116.115(c), and 122.143(4), New Source Review ("NSR") Permit Nos. 20711 and PSDTX798M1, Special Conditions ("SC") No. 2, Federal Operating Permit ("FOP") No. O4062, General Terms and Conditions ("GTC") and Special Terms and Conditions ("STC") No. 12, and TEX. HEALTH & SAFETY CODE § 382.085(b)].
2. Failed to submit an initial notification for a reportable emissions event no later than 24 hours after the discovery of an emissions event. Specifically, the initial notification for Incident No. 382872 was due by October 24, 2019 at 4:00 a.m., but was not submitted until July 11, 2022 at 9:49 a.m. [30 TEX. ADMIN. CODE §§ 101.201(a)(1)(B) and 122.143(4), FOP No. O4062, GTC and STC No. 2.F., and TEX. HEALTH & SAFETY CODE § 382.085(b)].
3. Failed to submit a final record for a reportable emissions event no later than two weeks after the end of the emissions event. Specifically, the final record for Incident No. 382872 was due by November 7, 2019, but was not submitted until July 11, 2022 [30 TEX. ADMIN. CODE §§ 101.201(c) and 122.143(4), FOP No. O4062, GTC and STC No. 2.F., and TEX. HEALTH & SAFETY CODE § 382.085(b)].
4. Failed to prevent unauthorized emissions. Specifically, the Respondent released 537,382.20 lbs of CO, 62,675.03 lbs of NOx, 314,076.52 lbs of natural gas VOC, and 30.50 lbs of sulfur dioxide ("SO2") from Flare-2, EPN FL-2, during an emissions event (Incident No. 382917) that began on January 22, 2020 and lasted 958 hours and 28 minutes [30 TEX. ADMIN. CODE §§ 101.20(3), 116.115(c), and 122.143(4), NSR Permit Nos. 20711 and PSDTX798M1, SC No. 2, FOP No. O4062, GTC and STC No. 12, and TEX. HEALTH & SAFETY CODE § 382.085(b)].
5. Failed to submit an initial notification for a reportable emissions event no later than 24 hours after the discovery of an emissions event. Specifically, the initial notification for Incident No. 382917 was due by January 23, 2020 at 4:17 p.m., but was not submitted until July 11, 2022 at 2:57 p.m. [30 TEX. ADMIN. CODE §§ 101.201(a)(1)(B) and 122.143(4), FOP No. O4062, GTC and STC No. 2.F., and TEX. HEALTH & SAFETY CODE § 382.085(b)].
6. Failed to submit a final record for a reportable emissions event no later than two weeks after the end of the emissions event. Specifically, the final record for Incident No. 382917 was due by March 16, 2020, but was not submitted until July 11, 2022 [30 TEX. ADMIN. CODE §§ 101.201(c) and 122.143(4), FOP No. O4262, GTC and STC No. 2.F., and TEX. HEALTH & SAFETY CODE § 382.085(b)].

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7. Failed to prevent unauthorized emissions. Specifically, the Respondent released 738,551.19 lbs of CO, 86,137.43 lbs of NOx, 23,531.47 lbs of natural gas VOC, and 53.41 lbs of SO<sub>2</sub> from Flare-2, EPN FL-2, during an emissions event (Incident No. 398331) that began on October 4, 2022 and lasted 51 hours and two minutes [30 TEX. ADMIN. CODE §§ 101.20(3), 116.115(c), and 122.143(4), NSR Permit Nos. 20711 and PSDTX798M1, SC No. 2, FOP No. O4062, GTC and STC No. 12, and TEX. HEALTH & SAFETY CODE § 382.085(b)].

8. Failed to submit an initial notification for a reportable emissions event no later than 24 hours after the discovery of an emissions event. Specifically, the initial notification for Incident No. 398331 was due by October 5, 2022 at 6:00 p.m., but was not submitted until April 4, 2023 at 11:07 a.m. [30 TEX. ADMIN. CODE §§ 101.201(a)(1)(B) and 122.143(4), FOP No. O4062, GTC and STC No. 2.F., and TEX. HEALTH & SAFETY CODE § 382.085(b)].

9. Failed to submit a final record for a reportable emissions event no later than two weeks after the end of the emissions event. Specifically, the final record for Incident No. 398331 was due by October 20, 2022, but was not submitted until April 4, 2023 [30 TEX. ADMIN. CODE §§ 101.201(c) and 122.143(4), FOP No. O4062, GTC and STC No. 2.F., and TEX. HEALTH & SAFETY CODE § 382.085(b)].

10. Failed to prevent unauthorized emissions. Specifically, the Respondent released 14,299.30 lbs of CO, 1,667.73 lbs of NOx, 8,357.32 lbs of natural gas VOC, and 3.03 lbs of SO<sub>2</sub> from Flare-2, EPN FL-2, during an emissions event (Incident No. 408050) that occurred on July 19, 2023 and lasted 19 hours and 40 minutes [30 TEX. ADMIN. CODE §§ 101.20(3), 116.115(c), and 122.143(4), NSR Permit Nos. 20711 and PSDTX798M1, SC No. 2, FOP No. O4062, GTC and STC No. 12, and TEX. HEALTH & SAFETY CODE § 382.085(b)].

11. Failed to submit an initial notification for a reportable emissions event no later than 24 hours after the discovery of an emissions event. Specifically, the initial notification for Incident No. 408050 was due by July 20, 2023 at 9:20 a.m., but was not submitted until August 14, 2023 at 9:24 a.m. [30 TEX. ADMIN. CODE §§ 101.201(a)(1)(B) and 122.143(4), FOP No. O4062, GTC and STC No. 2.F., and TEX. HEALTH & SAFETY CODE § 382.085(b)].

12. Failed to submit a final record for a reportable emissions event no later than two weeks after the end of the emissions event. Specifically, the final record for Incident No. 408050 was due by August 3, 2023, but was not submitted until August 14, 2023 [30 TEX. ADMIN. CODE §§ 101.201(c) and 122.143(4), FOP No. O4062, GTC and STC No. 2.F., and TEX. HEALTH & SAFETY CODE § 382.085(b)].

13. Failed to identify all required information on the final record for a reportable emissions event. Specifically, the Respondent did not identify that 1,667.73 lbs of NOx, 8,357.32 lbs of speciated VOC, and 3.03 lbs of SO<sub>2</sub> were released from Flare-2, EPN FL-2; listed "Flare" under the "Process Unit or Area Common Name", "Facility Common

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Name", and "Emission Point Common Name" sections; and left the "Facility Identification Number" and "Emission Point Number" sections blank on the final record for Incident No. 408050 [30 TEX. ADMIN. CODE §§ 101.201(b)(1)(D), (G), and (H) and 122.143(4), FOP No. 04062, GTC and STC No. 2.F., and TEX. HEALTH & SAFETY CODE § 382.085(b)].

14. Failed to prevent unauthorized emissions. Specifically, the Respondent released 168,451.78 lbs of CO, 19,646.58 lbs of NO<sub>x</sub>, 98,452.74 lbs of natural gas VOC, and 223.45 lbs of SO<sub>2</sub> from Flare-2, EPN FL-2, during an emissions event (Incident No. 382966) that began on January 4, 2022 and lasted 248 hours and 38 minutes [30 TEX. ADMIN. CODE §§ 101.20(3), 116.115(c), and 122.143(4), NSR Permit Nos. 20711 and PSDTX798M1, SC No. 2, FOP No. 04062, GTC and STC No. 12, and TEX. HEALTH & SAFETY CODE § 382.085(b)].

15. Failed to submit an initial notification for a reportable emissions event no later than 24 hours after the discovery of an emissions event. Specifically, the initial notification for Incident No. 382966 was due by January 5, 2022 at 12:00 a.m., but was not submitted until July 12, 2022 at 9:43 a.m. [30 TEX. ADMIN. CODE §§ 101.201(a)(1)(B) and 122.143(4), FOP No. 04062, GTC and STC No. 2.F., and TEX. HEALTH & SAFETY CODE § 382.085(b)].

16. Failed to submit a final record for a reportable emissions event no later than two weeks after the end of the emissions event. Specifically, the final record for Incident No. 382966 was due by January 28, 2022, but was not submitted until July 12, 2022 [30 TEX. ADMIN. CODE §§ 101.201(c) and 122.143(4), FOP No. 04062, GTC and STC No. 2.F., and TEX. HEALTH & SAFETY CODE § 382.085(b)].

***Corrective Actions/Technical Requirements***

**Corrective Action(s) Completed:**

The Respondent implemented the following corrective measures:

- a. By May 10, 2020, installed differential pressure transmitters to the exchanger filters to notify Operations of any filter failures in order to prevent the recurrence of emissions events due to the same or similar causes as Incident No. 382872;
- b. By February 2, 2022, lowered the set points on the overhead scrubbers, added a liquid dump line from the overhead scrubber to the 3-phase separator, and automated the Digital Control System programming to divert process gas from entering the glycol contactor upon low temperature differential between the lean glycol and process gas in order to prevent the recurrence of emissions events due to the same or similar causes as Incident No. 382966;
- c. On July 11, 2022, submitted the initial notification and final record for Incident No. 382872;

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d. On July 11, 2022, submitted the initial notification and final record for Incident No. 382917;

e. On July 12, 2022, submitted the initial notification and final record for Incident No. 382966;

f. On August 15, 2022, submitted an amendment application for NSR Permit Nos. 20711 and PSDTX798M1 to authorize the Alternate Operating Scenarios for third-party related flaring causes in order to prevent the recurrence of emissions events due to the same or similar causes as Incident Nos. 382917, 398331, and 408050;

g. On April 4, 2023, submitted the initial notification and final record for Incident No. 398331;

h. On August 14, 2023, submitted the initial notification and final record for Incident No. 408050;

i. On December 20, 2023, provided the correct estimated total quantities for the NO<sub>x</sub>, VOC, and SO<sub>2</sub> that were released during Incident No. 408050 and provided the Area Common Name, Facility Common Name, Emission Point Common Name, Facility Identification Number, and EPN for the final record for Incident No. 408050; and

j. By January 24, 2024, implemented a flaring summary spreadsheet to track the daily flaring volumes and durations and to notify the Air Team of exceedances in order to ensure that the initial notifications and final records for reportable emissions events are submitted in a timely manner.

**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. Respond completely and adequately, as determined by the TCEQ, to all requests for information concerning the amendment application for NSR Permit Nos. 20711 and PSDTX798M1 by any deadline specified in writing; and

b. Within 180 days, submit written certification the amendment for NSR Permit Nos. 20711 and PSDTX798M1 has been obtained, and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance.

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***Contact Information***

**TCEQ Attorney:** N/A

**TCEQ Enforcement Coordinator:** Caleb Martin, Enforcement Division, Enforcement Team 2, MC R-12, (512) 239-2091; Michael Parrish, Enforcement Division, MC 219, (512) 239-2548

**TCEQ SEP Coordinator:** Stuart Beckley, SEP Coordinator, Enforcement Division, MC 219, (512) 239-3565

**SEP Third-Party Administrator:** American Energy Institute, 2315 Newfield Lane, Austin, Texas 78703

**Respondent:** Mike Mercer, Senior Vice President, Scout Energy Management LLC, 32540 North U.S. Highway 287, Masterson, Texas 79058

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



# Penalty Calculation Worksheet (PCW)

Policy Revision 5 (January 28, 2021)

PCW Revision February 11, 2021

<b>DATES</b>	<b>Assigned</b>	9-Oct-2023	<b>Screening</b>	12-Oct-2023	<b>EPA Due</b>	
	<b>PCW</b>	20-Aug-2024				

## RESPONDENT/FACILITY INFORMATION

<b>Respondent</b>	Scout Energy Management LLC				
<b>Reg. Ent. Ref. No.</b>	RN100226943				
<b>Facility/Site Region</b>	1-Amarillo	<b>Major/Minor Source</b>	Major		

## CASE INFORMATION

<b>Enf./Case ID No.</b>	64924	<b>No. of Violations</b>	16
<b>Docket No.</b>	2023-1472-AIR-E	<b>Order Type</b>	1660
<b>Media Program(s)</b>	Air	<b>Government/Non-Profit</b>	No
<b>Multi-Media</b>		<b>Enf. Coordinator</b>	Caleb Martin
		<b>EC's Team</b>	Enforcement Team 2
<b>Admin. Penalty \$ Limit Minimum</b>	\$0	<b>Maximum</b>	\$25,000

## Penalty Calculation Section

<b>TOTAL BASE PENALTY (Sum of violation base penalties)</b>	<b>Subtotal 1</b>	\$140,250
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## ADJUSTMENTS (+/-) TO SUBTOTAL 1

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

<b>Compliance History</b>	40.0%	<b>Adjustment</b>	<b>Subtotals 2, 3, &amp; 7</b>	\$56,100
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Notes

Enhancement for four NOV's with same/similar violations and one agreed order containing a denial of liability.

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

The Respondent does not meet the culpability criteria.

<b>Good Faith Effort to Comply Total Adjustments</b>	<b>Subtotal 5</b>	-\$9,687
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<b>Economic Benefit</b>	0.0%	<b>Enhancement*</b>	<b>Subtotal 6</b>	\$0
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Total EB Amounts	\$3,485
Estimated Cost of Compliance	\$48,070

\*Capped at the Total EB \$ Amount

<b>SUM OF SUBTOTALS 1-7</b>	<b>Final Subtotal</b>	\$186,663
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<b>OTHER FACTORS AS JUSTICE MAY REQUIRE</b>	0.0%	<b>Adjustment</b>	\$0
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Reduces or enhances the Final Subtotal by the indicated percentage.

Notes

<b>Final Penalty Amount</b>	\$186,663
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<b>STATUTORY LIMIT ADJUSTMENT</b>	<b>Final Assessed Penalty</b>	\$186,663
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<b>DEFERRAL</b>	0.0%	<b>Reduction</b>	<b>Adjustment</b>	\$0
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Reduces the Final Assessed Penalty by the indicated percentage.

Notes

No deferral for orders in which the Respondent has two or more prior administrative penalty orders as set out in Tex. Water Code § 7.105(b)(2), (b)(4), and (b)(6).

<b>PAYABLE PENALTY</b>	\$186,663
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<b>Screening Date</b>	12-Oct-2023	<b>Docket No.</b>	2023-1472-AIR-E	<b>PCW</b>
<b>Respondent</b>	Scout Energy Management LLC			<i>Policy Revision 5 (January 28, 2021)</i>
<b>Case ID No.</b>	64924			<i>PCW Revision February 11, 2021</i>
<b>Reg. Ent. Reference No.</b>	RN100226943			
<b>Media</b>	Air			
<b>Enf. Coordinator</b>	Caleb Martin			

## Compliance History Worksheet

### >> Compliance History Site Enhancement (Subtotal 2)

Component	Number of...	Number	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> )	4	20%
	Other written NOVs	0	0%
Orders	Any agreed final enforcement orders containing a denial of liability ( <i>number of orders meeting criteria</i> )	1	20%
	Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission	0	0%
Judgments and Consent Decrees	Any non-adjudicated final court judgments or consent decrees containing a denial of liability of this state or the federal government ( <i>number of 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> )	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%
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)** 40%

### >> Repeat Violator (Subtotal 3)

No

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

### >> Compliance History Person Classification (Subtotal 7)

Satisfactory Performer

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

### >> Compliance History Summary

**Compliance History Notes**

Enhancement for four NOVs with same/similar violations and one agreed order containing a denial of liability.

**Total Compliance History Adjustment Percentage (Subtotals 2, 3, & 7)** 40%

### >> Final Compliance History Adjustment

**Final Adjustment Percentage \*capped at 100%** 40%



<b>Screening Date</b>	12-Oct-2023	<b>Docket No.</b>	2023-1472-AIR-E	<b>PCW</b>
<b>Respondent</b>	Scout Energy Management LLC	Policy Revision 5 (January 28, 2021) PCW Revision February 11, 2021		
<b>Case ID No.</b>	64924			
<b>Reg. Ent. Reference No.</b>	RN100226943			
<b>Media</b>	Air			
<b>Enf. Coordinator</b>	Caleb Martin			
<b>Violation Number</b>	1			
<b>Rule Cite(s)</b>	30 Tex. Admin. Code §§ 101.20(3), 116.115(c), and 122.143(4), New Source Review ("NSR") Permit Nos. 20711 and PSDTX798M1, Special Conditions ("SC") No. 2, Federal Operating Permit ("FOP") No. O4062, General Terms and Conditions ("GTC") and Special Terms and Conditions ("STC") No. 12, and Tex. Health & Safety Code § 382.085(b)			
<b>Violation Description</b>	Failed to prevent unauthorized emissions. Specifically, the Respondent released 16,266.70 pounds ("lbs") of carbon monoxide ("CO"), 1,897.19 lbs of nitrogen oxides ("NOx"), and 9,507.18 lbs of natural gas volatile organic compounds ("VOC") from Flare-2, Emissions Point Number ("EPN") FL-2, during an emissions event (Incident No. 382872) that occurred on October 23, 2019 and lasted 16 hours.			
		<b>Base Penalty</b>	\$25,000	

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

<b>OR</b>		Harm			
	Release	Major	Moderate	Minor	
	Actual		x		<b>Percent</b> 50.0%
Potential					

**>> Programmatic Matrix**

	Falsification	Major	Moderate	Minor	
					<b>Percent</b> 0.0%

Matrix Notes	Human health or the environment has been exposed to significant amounts of pollutants that did not exceed levels that are protective of human health or environmental receptors as a result of this violation.
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<b>Adjustment</b>	\$12,500
<b>\$12,500</b>	

**Violation Events**

Number of Violation Events	1	Number of violation days	1
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daily		<b>Violation Base Penalty</b>	\$12,500
weekly	x		
monthly			
quarterly			
semiannual			
annual			
single event			

One weekly event is recommended.

**Good Faith Efforts to Comply**

	25.0%		<b>Reduction</b>	\$3,125
	Before NOE/NOV	NOE/NOV to EDPRP/Settlement Offer		
Extraordinary				
Ordinary	x			
N/A				
Notes	The Respondent completed the corrective measures by May 10, 2020, prior to the Notice of Enforcement ("NOE") dated October 5, 2023.			
<b>Violation Subtotal</b>			\$9,375	

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

<b>Estimated EB Amount</b>	\$548	<b>Statutory Limit Test</b>
<b>Violation Final Penalty Total</b>		\$14,375
<b>This violation Final Assessed Penalty (adjusted for limits)</b>		\$14,375

# Economic Benefit Worksheet

**Respondent** Scout Energy Management LLC  
**Case ID No.** 64924  
**Reg. Ent. Reference No.** RN100226943  
**Media** Air  
**Violation No.** 1

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Costs Saved	EB Amount
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## Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	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)	\$20,000	23-Oct-2019	10-May-2020	0.55	\$548	n/a	\$548

Notes for DELAYED costs

Estimated cost to install differential pressure transmitters to the exchanger filters to notify Operations of any filter failures in order to prevent the recurrence of emissions events due to the same or similar causes as Incident No. 382872. The Date Required is the date the emissions event occurred and the Final Date is the date of compliance.

## Avoided Costs

### ANNUALIZE 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				0.00	\$0	\$0	\$0
ONE-TIME avoided costs				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs

Approx. Cost of Compliance

\$20,000

**TOTAL**

\$548

<b>Screening Date</b> 12-Oct-2023 <b>Respondent</b> Scout Energy Management LLC <b>Case ID No.</b> 64924 <b>Reg. Ent. Reference No.</b> RN100226943 <b>Media</b> Air <b>Enf. Coordinator</b> Caleb Martin	<b>Docket No.</b> 2023-1472-AIR-E	<b>PCW</b> <i>Policy Revision 5 (January 28, 2021)</i> <i>PCW Revision February 11, 2021</i>
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<b>Violation Number</b>	2	<b>Rule Cite(s)</b>	30 Tex. Admin. Code §§ 101.201(a)(1)(B) and 122.143(4), FOP No. 04062, GTC and STC No. 2.F., and Tex. Health & Safety Code § 382.085(b)
<b>Violation Description</b>	Failed to submit an initial notification for a reportable emissions event no later than 24 hours after the discovery of an emissions event. Specifically, the initial notification for Incident No. 382872 was due by October 24, 2019 at 4:00 a.m., but was not submitted until July 11, 2022 at 9:49 a.m.		

<b>Base Penalty</b>	\$25,000
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**>> Environmental, Property and Human Health Matrix**

<b>OR</b>	<b>Release</b>	<b>Harm</b>			
		Major	Moderate	Minor	
	Actual	<input type="text"/>	<input type="text"/>	<input type="text"/>	
	Potential	<input type="text"/>	<input type="text"/>	<input type="text"/>	
					<b>Percent</b> <input style="width: 50px;" type="text" value="0.0%"/>

**>> Programmatic Matrix**

	Falsification	Major	Moderate	Minor	
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="x"/>	
					<b>Percent</b> <input style="width: 50px;" type="text" value="1.0%"/>

Matrix Notes	Less than 30% of the rule requirements were not met.
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<b>Adjustment</b>	\$24,750
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	\$250
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**Violation Events**

Number of Violation Events	1		991	Number of violation days
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	daily	<input type="text"/>		
	weekly	<input type="text"/>		
	monthly	<input type="text"/>		
	quarterly	<input type="text"/>		
	semiannual	<input type="text"/>		
	annual	<input type="text"/>		
	single event	<input type="text" value="x"/>		

<b>Violation Base Penalty</b>	\$250
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One single event is recommended.	
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**Good Faith Efforts to Comply**

	<b>10.0%</b>			
	Before NOE/NOV	NOE/NOV to EDPRP/Settlement Offer		
Extraordinary	<input type="text"/>	<input type="text"/>		
Ordinary	<input type="text"/>	<input type="text" value="x"/>		
N/A	<input type="text"/>	<input type="text"/>		

Notes	The Respondent completed the corrective measures by January 24, 2024, after the NOE dated October 5, 2023.
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<b>Violation Subtotal</b>	\$225
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**Economic Benefit (EB) for this violation**

**Statutory Limit Test**

<b>Estimated EB Amount</b>	\$353		<b>Violation Final Penalty Total</b>	\$325
<b>This violation Final Assessed Penalty (adjusted for limits)</b>				\$325

## Economic Benefit Worksheet

**Respondent** Scout Energy Management LLC  
**Case ID No.** 64924  
**Reg. Ent. Reference No.** RN100226943  
**Media** Air  
**Violation No.** 2

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Costs Saved	EB Amount
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### Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System	\$1,500	24-Oct-2019	24-Jan-2024	4.25	\$319	n/a	\$319
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)	\$250	24-Oct-2019	11-Jul-2022	2.72	\$34	n/a	\$34

#### Notes for DELAYED costs

Estimated costs to submit the initial notification for Incident No. 382872 (\$250) and to implement a flaring summary spreadsheet to track the daily flaring volumes and durations and to notify the Air Team of exceedances in order to ensure that the initial notifications for reportable emissions events are submitted in a timely manner (\$1,500). The Dates Required are the date the first initial notification was due and the Final Dates are the date the initial notification was submitted and the date of compliance.

### Avoided Costs

#### ANNUALIZE 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				0.00	\$0	\$0	\$0
ONE-TIME avoided costs				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

#### Notes for AVOIDED costs

Approx. Cost of Compliance

\$1,750

**TOTAL**

\$353

<b>Screening Date</b> 12-Oct-2023 <b>Respondent</b> Scout Energy Management LLC <b>Case ID No.</b> 64924 <b>Reg. Ent. Reference No.</b> RN100226943 <b>Media</b> Air <b>Enf. Coordinator</b> Caleb Martin	<b>Docket No.</b> 2023-1472-AIR-E  <div style="border: 1px solid black; padding: 5px;">         30 Tex. Admin. Code §§ 101.201(c) and 122.143(4), FOP No. O4062, GTC and STC No. 2.F., and Tex. Health &amp; Safety Code § 382.085(b)       </div> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;">         Failed to submit a final record for a reportable emissions event no later than two weeks after the end of the emissions event. Specifically, the final record for Incident No. 382872 was due by November 7, 2019, but was not submitted until July 11, 2022.       </div>	<b>PCW</b> <i>Policy Revision 5 (January 28, 2021)</i> <i>PCW Revision February 11, 2021</i>
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<b>Violation Number</b>	3		
<b>Rule Cite(s)</b>			
<b>Violation Description</b>			
<b>Base Penalty</b>			\$25,000

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

<b>OR</b>		<b>Harm</b>			
	<b>Release</b>	Major	Moderate	Minor	
	Actual				<b>Percent</b> 0.0%
	Potential				

**>> Programmatic Matrix**

	Falsification	Major	Moderate	Minor	
				x	<b>Percent</b> 1.0%
Matrix Notes	Less than 30% of the rule requirements were not met.				
<b>Adjustment</b>					\$24,750

<b>Adjustment</b>		\$250
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**Violation Events**

Number of Violation Events	1	977	Number of violation days
	daily		
	weekly		
	monthly		
	quarterly		
	semiannual		
	annual		
	single event	x	
One single event is recommended.			
<b>Violation Base Penalty</b>			\$250

**Good Faith Efforts to Comply**

	<b>10.0%</b>		
	Before NOE/NOV	NOE/NOV to EDPRP/Settlement Offer	
Extraordinary			
Ordinary		x	
N/A			
Notes	The Respondent completed the corrective measures by January 24, 2024, after the NOE dated October 5, 2023.		
<b>Violation Subtotal</b>			\$225

<b>Economic Benefit (EB) for this violation</b>	<b>Statutory Limit Test</b>
<b>Estimated EB Amount</b>	<b>Violation Final Penalty Total</b>
\$349	\$325
<b>This violation Final Assessed Penalty (adjusted for limits)</b>	
\$325	

# Economic Benefit Worksheet

**Respondent** Scout Energy Management LLC  
**Case ID No.** 64924  
**Reg. Ent. Reference No.** RN100226943  
**Media** Air  
**Violation No.** 3

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Costs Saved	EB Amount
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## Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System	\$1,500	7-Nov-2019	24-Jan-2024	4.22	\$316	n/a	\$316
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)	\$250	7-Nov-2019	11-Jul-2022	2.68	\$33	n/a	\$33

Notes for DELAYED costs

Estimated costs to submit the final record for Incident No. 382872 (\$250) and to implement a flaring summary spreadsheet to track the daily flare volumes and durations and to notify the Air Team of exceedances to ensure that the final records for reportable emissions events are submitted in a timely manner (\$1,500). The Dates Required are the date the first final record was due and the Final Dates are the date the final record was submitted and the date of compliance.

## Avoided Costs

### ANNUALIZE 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				0.00	\$0	\$0	\$0
ONE-TIME avoided costs				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs

Approx. Cost of Compliance

\$1,750

**TOTAL**

\$349

<b>Screening Date</b> 12-Oct-2023 <b>Respondent</b> Scout Energy Management LLC <b>Case ID No.</b> 64924 <b>Reg. Ent. Reference No.</b> RN100226943 <b>Media</b> Air <b>Enf. Coordinator</b> Caleb Martin	<b>Docket No.</b> 2023-1472-AIR-E	<b>PCW</b> <i>Policy Revision 5 (January 28, 2021)</i> <i>PCW Revision February 11, 2021</i>
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<b>Violation Number</b>	4	<b>Rule Cite(s)</b>	
		30 Tex. Admin. Code §§ 101.20(3), 116.115(c), and 122.143(4), NSR Permit Nos. 20711 and PSDTX798M1, SC No. 2, FOP No. O4062, GTC and STC No. 12, and Tex. Health & Safety Code § 382.085(b)	
<b>Violation Description</b>		Failed to prevent unauthorized emissions. Specifically, the Respondent released 537,382.20 lbs of CO, 62,675.03 lbs of NOx, 314,076.52 lbs of natural gas VOC, and 30.50 lbs of sulfur dioxide ("SO2") from Flare-2, EPN FL-2, during an emissions event (Incident No. 382917) that began on January 22, 2020 and lasted 958 hours and 28 minutes.	

<b>Base Penalty</b>	\$25,000
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**>> Environmental, Property and Human Health Matrix**

<b>OR</b>	<b>Release</b>	<b>Harm</b>	<b>Major</b>	<b>Moderate</b>	<b>Minor</b>	
	Actual			x		
	Potential					
	<b>Percent</b>					

**>> Programmatic Matrix**

	<b>Falsification</b>	<b>Major</b>	<b>Moderate</b>	<b>Minor</b>	
<b>Percent</b>					0.0%

<b>Matrix Notes</b>	Based on the Air Quality Analysis Audit performed on the air dispersion modeling provided by the Respondent, human health or the environment has been exposed to significant amounts of pollutants that did not exceed levels that are protective of human health or environmental receptors as a result of this violation.
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<b>Adjustment</b>	\$12,500
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	\$12,500
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**Violation Events**

Number of Violation Events	6	40	Number of violation days
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	daily			
	weekly	x		
	monthly			
	quarterly			
	semiannual			
	annual			
	single event			

<b>Violation Base Penalty</b>	\$75,000
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Six weekly events are recommended.	
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**Good Faith Efforts to Comply**

	<b>0.0%</b>	
	Before NOE/NOV	NOE/NOV to EDPRP/Settlement Offer
Extraordinary		
Ordinary		
N/A	x	
Notes	The Respondent does not meet the good faith criteria for this violation.	

<b>Violation Subtotal</b>	\$75,000
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**Economic Benefit (EB) for this violation**

<b>Estimated EB Amount</b>	<b>Statutory Limit Test</b>
\$2,085	<b>Violation Final Penalty Total</b>
	\$105,000
<b>This violation Final Assessed Penalty (adjusted for limits)</b>	
	\$105,000

## Economic Benefit Worksheet

**Respondent** Scout Energy Management LLC  
**Case ID No.** 64924  
**Reg. Ent. Reference No.** RN100226943  
**Media** Air  
**Violation No.** 4

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Costs Saved	EB Amount
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### Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	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	\$7,320	22-Jan-2020	1-Oct-2025	5.70	\$2,085	n/a	\$2,085
Other (as needed)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

Actual cost to obtain an amendment for NSR Permit Nos. 20711 and PSDTX798M1 to authorize the Alternate Operating Scenarios for third-party related flaring causes in order to prevent the recurrence of emissions events due to the same or similar causes as Incident Nos. 382917, 398331, and 408050. The Date Required is the date the first emissions event began and the Final Date is the estimated date of compliance.

### Avoided Costs

#### ANNUALIZE 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				0.00	\$0	\$0	\$0
ONE-TIME avoided costs				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs

Approx. Cost of Compliance

\$7,320

**TOTAL**

\$2,085



<b>Screening Date</b> 12-Oct-2023 <b>Respondent</b> Scout Energy Management LLC <b>Case ID No.</b> 64924 <b>Reg. Ent. Reference No.</b> RN100226943 <b>Media</b> Air <b>Enf. Coordinator</b> Caleb Martin	<b>Docket No.</b> 2023-1472-AIR-E	<b>PCW</b> <i>Policy Revision 5 (January 28, 2021)</i> <i>PCW Revision February 11, 2021</i>
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<b>Violation Number</b>	5	<b>Rule Cite(s)</b>	
		30 Tex. Admin. Code §§ 101.201(a)(1)(B) and 122.143(4), FOP No. 04062, GTC and STC No. 2.F., and Tex. Health & Safety Code § 382.085(b)	
<b>Violation Description</b>		Failed to submit an initial notification for a reportable emissions event no later than 24 hours after the discovery of an emissions event. Specifically, the initial notification for Incident No. 382917 was due by January 23, 2020 at 4:17 p.m., but was not submitted until July 11, 2022 at 2:57 p.m.	

<b>Base Penalty</b>	\$25,000
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**>> Environmental, Property and Human Health Matrix**

<b>OR</b>	<b>Release</b>	<b>Harm</b>			<b>Percent</b>
		Major	Moderate	Minor	
	Actual	<input type="text"/>	<input type="text"/>	<input type="text"/>	
	Potential	<input type="text"/>	<input type="text"/>	<input type="text"/>	
					0.0%

**>> Programmatic Matrix**

<b>OR</b>	<b>Falsification</b>	Major	Moderate	Minor	<b>Percent</b>
		<input type="text"/>	<input type="text"/>	<input type="text"/>	
	Actual	<input type="text"/>	<input type="text"/>	<input type="text"/>	
	Potential	<input type="text"/>	<input type="text"/>	<input checked="" type="text"/>	
					1.0%

<b>Matrix Notes</b>	Less than 30% of the rule requirements were not met.
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<b>Adjustment</b>	\$24,750
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	\$250
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**Violation Events**

Number of Violation Events	1	900	Number of violation days
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	daily	<input type="text"/>	<b>Violation Base Penalty</b>
	weekly	<input type="text"/>	
	monthly	<input type="text"/>	
	quarterly	<input type="text"/>	
	semiannual	<input type="text"/>	
	annual	<input type="text"/>	
	single event	<input checked="" type="text"/>	

One single event is recommended.	
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**Good Faith Efforts to Comply**

	<b>10.0%</b>	<b>Reduction</b>
	Before NOE/NOV	NOE/NOV to EDPRP/Settlement Offer
Extraordinary	<input type="text"/>	<input type="text"/>
Ordinary	<input type="text"/>	<input checked="" type="text"/>
N/A	<input type="text"/>	<input type="text"/>
Notes	The Respondent completed the corrective measures by January 24, 2024, after the NOE dated October 27, 2023.	

<b>Violation Subtotal</b>	\$225
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**Economic Benefit (EB) for this violation**

<b>Estimated EB Amount</b>	\$31	<b>Statutory Limit Test</b>
		<b>Violation Final Penalty Total</b>
		\$325

<b>This violation Final Assessed Penalty (adjusted for limits)</b>	\$325
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## Economic Benefit Worksheet

**Respondent** Scout Energy Management LLC  
**Case ID No.** 64924  
**Reg. Ent. Reference No.** RN100226943  
**Media** Air  
**Violation No.** 5

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Costs Saved	EB Amount
------------------	-----------	---------------	------------	-----	----------------	-------------	-----------

### 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)	\$250	23-Jan-2020	11-Jul-2022	2.47	\$31	n/a	\$31

#### Notes for DELAYED costs

Estimated cost to submit the initial notification for Incident No. 382917. The Date Required is the date the initial notification was due and the Final Date is the date the initial notification was submitted.

See the Economic Benefit in Violation No. 2 for implementing a flaring summary spreadsheet to track the daily flaring volumes and durations and to notify the Air Team of exceedances in order to ensure that the initial notifications for reportable emissions events are submitted in a timely manner.

### Avoided Costs

#### ANNUALIZE 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				0.00	\$0	\$0	\$0
ONE-TIME avoided costs				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

#### Notes for AVOIDED costs

Approx. Cost of Compliance

\$250

**TOTAL**

\$31

<b>Screening Date</b> 12-Oct-2023 <b>Respondent</b> Scout Energy Management LLC <b>Case ID No.</b> 64924 <b>Reg. Ent. Reference No.</b> RN100226943 <b>Media</b> Air <b>Enf. Coordinator</b> Caleb Martin	<b>Docket No.</b> 2023-1472-AIR-E  <b>Base Penalty</b> \$25,000	<b>PCW</b> <i>Policy Revision 5 (January 28, 2021)</i> <i>PCW Revision February 11, 2021</i>
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<b>Violation Number</b>	6	<b>Rule Cite(s)</b>	30 Tex. Admin. Code §§ 101.201(c) and 122.143(4), FOP No. 04262, GTC and STC No. 2.F., and Tex. Health & Safety Code § 382.085(b)
<b>Violation Description</b>	Failed to submit a final record for a reportable emissions event no later than two weeks after the end of the emissions event. Specifically, the final record for Incident No. 382917 was due by March 16, 2020, but was not submitted until July 11, 2022.		

**Base Penalty**
\$25,000

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

**OR**

	<b>Release</b>	<b>Harm</b>			
		Major	Moderate	Minor	
Actual					<b>Percent</b> 0.0%
Potential					

**>> Programmatic Matrix**

**OR**

	<b>Falsification</b>	<b>Major</b>	<b>Moderate</b>	<b>Minor</b>	
				x	<b>Percent</b> 1.0%

**Matrix Notes**

Less than 30% of the rule requirements were not met.

**Adjustment**
\$24,750

\$250

**Violation Events**

Number of Violation Events 1

daily
847
 Number of violation days

daily	
weekly	
monthly	
quarterly	
semiannual	
annual	
single event	x

**Violation Base Penalty** \$250

One single event is recommended.

**Good Faith Efforts to Comply**

**10.0%**

**Reduction** \$25

Before NOE/NOV    NOE/NOV to EDPRP/Settlement Offer

Extraordinary

Ordinary  x

N/A

**Notes**

The Respondent completed the corrective measures by January 24, 2024, after the NOE dated October 27, 2023.

**Violation Subtotal**
\$225

**Economic Benefit (EB) for this violation      Statutory Limit Test**

**Estimated EB Amount** \$29

**Violation Final Penalty Total** \$325

**This violation Final Assessed Penalty (adjusted for limits)** \$325

## Economic Benefit Worksheet

**Respondent** Scout Energy Management LLC  
**Case ID No.** 64924  
**Reg. Ent. Reference No.** RN100226943  
**Media** Air  
**Violation No.** 6

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Costs Saved	EB Amount
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### Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	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)	\$250	16-Mar-2020	11-Jul-2022	2.32	\$29	n/a	\$29

#### Notes for DELAYED costs

Estimated cost to submit the final record for Incident No. 382917. The Date Required is the date the final record was due and the Final Date is the date the final record was submitted.

See the Economic Benefit in Violation No. 3 for implementing a flaring summary spreadsheet to track the daily flaring volumes and durations and to notify the Air Team of exceedances in order to ensure that the final records for reportable emissions events are submitted in a timely manner.

### Avoided Costs

#### ANNUALIZE 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				0.00	\$0	\$0	\$0
ONE-TIME avoided costs				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

#### Notes for AVOIDED costs

Approx. Cost of Compliance

\$250

**TOTAL**

\$29

<b>Screening Date</b> 12-Oct-2023 <b>Respondent</b> Scout Energy Management LLC <b>Case ID No.</b> 64924 <b>Reg. Ent. Reference No.</b> RN100226943 <b>Media</b> Air <b>Enf. Coordinator</b> Caleb Martin	<b>Docket No.</b> 2023-1472-AIR-E	<b>PCW</b> <i>Policy Revision 5 (January 28, 2021)</i> <i>PCW Revision February 11, 2021</i>
<b>Violation Number</b> <span style="border: 1px solid black; padding: 2px;">7</span>		
<b>Rule Cite(s)</b> <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">         30 Tex. Admin. Code §§ 101.20(3), 116.115(c), and 122.143(4), NSR Permit Nos. 20711 and PSDTX798M1, SC No. 2, FOP No. 04062, GTC and STC No. 12, and Tex. Health &amp; Safety Code § 382.085(b)       </div>		
<b>Violation Description</b> <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">         Failed to prevent unauthorized emissions. Specifically, the Respondent released 738,551.19 lbs of CO, 86,137.43 lbs of NOx, 23,531.47 lbs of natural gas VOC, and 53.41 lbs of SO2 from Flare-2, EPN FL-2, during an emissions event (Incident No. 398331) that began on October 4, 2022 and lasted 51 hours and two minutes.       </div>		
<b>Base Penalty</b>		\$25,000

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

OR	Release	Harm			
		Major	Moderate	Minor	
	Actual	x			<b>Percent</b> <span style="border: 1px solid black; padding: 2px;">50.0%</span>
	Potential				

**>> Programmatic Matrix**

	Harm				
	Major	Moderate	Minor		
	Falsification				<b>Percent</b> <span style="border: 1px solid black; padding: 2px;">0.0%</span>

Matrix Notes: Based on the Air Quality Analysis Audit performed on the air dispersion modeling provided by the Respondent, human health or the environment has been exposed to significant amounts of pollutants that did not exceed levels that are protective of human health or environmental receptors as a result of this violation.

**Adjustment** \$12,500

\$12,500

**Violation Events**

Number of Violation Events <span style="border: 1px solid black; padding: 2px;">1</span>		Number of violation days <span style="border: 1px solid black; padding: 2px;">3</span>
--	--	--

	daily						
	weekly	x					
	monthly						
	quarterly						
	semiannual						
	annual						
	single event						

**Violation Base Penalty** \$12,500

One weekly event is recommended.

**Good Faith Efforts to Comply**

	<b>0.0%</b>	
	Before NOE/NOV	NOE/NOV to EDPRP/Settlement Offer
Extraordinary		
Ordinary		
N/A	x	

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

**Violation Subtotal** \$12,500

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

<b>Estimated EB Amount</b>	<b>Statutory Limit Test</b>
<span style="border: 1px solid black; padding: 2px;">\$0</span>	<span style="border: 1px solid black; padding: 2px;">\$17,500</span>

**This violation Final Assessed Penalty (adjusted for limits)** \$17,500

# Economic Benefit Worksheet

**Respondent** Scout Energy Management LLC  
**Case ID No.** 64924  
**Reg. Ent. Reference No.** RN100226943  
**Media** Air  
**Violation No.** 7

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Costs Saved	EB Amount
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## Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	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 the Economic Benefit in Violation No. 4.

## Avoided Costs

### ANNUALIZE 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				0.00	\$0	\$0	\$0
ONE-TIME avoided costs				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs

Approx. Cost of Compliance

\$0

**TOTAL**

\$0

<b>Screening Date</b> 12-Oct-2023 <b>Respondent</b> Scout Energy Management LLC <b>Case ID No.</b> 64924 <b>Reg. Ent. Reference No.</b> RN100226943 <b>Media</b> Air <b>Enf. Coordinator</b> Caleb Martin	<b>Docket No.</b> 2023-1472-AIR-E	<b>PCW</b> <i>Policy Revision 5 (January 28, 2021)</i> <i>PCW Revision February 11, 2021</i>
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<b>Violation Number</b>	8	
<b>Rule Cite(s)</b>		30 Tex. Admin. Code §§ 101.201(a)(1)(B) and 122.143(4), FOP No. O4062, GTC and STC No. 2.F., and Tex. Health & Safety Code § 382.085(b)
<b>Violation Description</b>		Failed to submit an initial notification for a reportable emissions event no later than 24 hours after the discovery of an emissions event. Specifically, the initial notification for Incident No. 398331 was due by October 5, 2022 at 6:00 p.m., but was not submitted until April 4, 2023 at 11:07 a.m.

<b>Base Penalty</b>	\$25,000
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**>> Environmental, Property and Human Health Matrix**

<b>OR</b>	<b>Harm</b>					
	<b>Release</b>	Major	Moderate	Minor		
	Actual					
	Potential					
					<b>Percent</b>	0.0%

**>> Programmatic Matrix**

<b>OR</b>	<b>Falsification</b>					
	Major	Moderate	Minor			
			x			
					<b>Percent</b>	1.0%

<b>Matrix Notes</b>	Less than 30% of the rule requirements were not met.
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<b>Adjustment</b>	\$24,750
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	\$250
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**Violation Events**

Number of Violation Events	1	181	Number of violation days
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	daily		
	weekly		
	monthly		
	quarterly		
	semiannual		
	annual		
	single event	x	

<b>Violation Base Penalty</b>	\$250
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One single event is recommended.	
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**Good Faith Efforts to Comply**

	<b>10.0%</b>	
	Before NOE/NOV	NOE/NOV to EDRP/Settlement Offer
Extraordinary		
Ordinary		x
N/A		
Notes	The Respondent completed the corrective measures by January 24, 2024, after the NOE dated December 15, 2023.	

<b>Violation Subtotal</b>	\$225
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**Economic Benefit (EB) for this violation**

<b>Estimated EB Amount</b>	\$6	<b>Statutory Limit Test</b>
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<b>Violation Final Penalty Total</b>	\$325
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<b>This violation Final Assessed Penalty (adjusted for limits)</b>	\$325
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# Economic Benefit Worksheet

**Respondent** Scout Energy Management LLC  
**Case ID No.** 64924  
**Reg. Ent. Reference No.** RN100226943  
**Media** Air  
**Violation No.** 8

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Costs Saved	EB Amount
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## Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	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)	\$250	5-Oct-2022	4-Apr-2023	0.50	\$6	n/a	\$6

### Notes for DELAYED costs

Estimated cost to submit the initial notification for Incident No. 398331. The Date Required is the date the initial notification was due and the Final Date is the date the initial notification was submitted.

See the Economic Benefit in Violation No. 2 for implementing a flaring summary spreadsheet to track the daily flaring volumes and durations and to notify the Air Team of exceedances in order to ensure that the initial notifications for reportable emissions events are submitted in a timely manner.

## Avoided Costs

### ANNUALIZE 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				0.00	\$0	\$0	\$0
ONE-TIME avoided costs				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

### Notes for AVOIDED costs

Approx. Cost of Compliance

\$250

**TOTAL**

\$6



<b>Screening Date</b>	12-Oct-2023	<b>Docket No.</b>	2023-1472-AIR-E	<b>PCW</b>
<b>Respondent</b>	Scout Energy Management LLC			Policy Revision 5 (January 28, 2021)
<b>Case ID No.</b>	64924			PCW Revision February 11, 2021
<b>Reg. Ent. Reference No.</b>	RN100226943			
<b>Media</b>	Air			
<b>Enf. Coordinator</b>	Caleb Martin			
<b>Violation Number</b>	9			
<b>Rule Cite(s)</b>	30 Tex. Admin. Code §§ 101.201(c) and 122.143(4), FOP No. 04062, GTC and STC No. 2.F., and Tex. Health & Safety Code § 382.085(b)			
<b>Violation Description</b>	Failed to submit a final record for a reportable emissions event no later than two weeks after the end of the emissions event. Specifically, the final record for Incident No. 398331 was due by October 20, 2022, but was not submitted until April 4, 2023.			
		<b>Base Penalty</b>	\$25,000	
>> Environmental, Property and Human Health Matrix				
OR	<b>Release</b>	<b>Harm</b>		
		Major	Moderate	Minor
	Actual			
	Potential			
				<b>Percent</b> 0.0%
>> Programmatic Matrix				
	Falsification	Major	Moderate	Minor
				x
				<b>Percent</b> 1.0%
<b>Matrix Notes</b>	Less than 30% of the rule requirements were not met.			
		<b>Adjustment</b>	\$24,750	
			\$250	
>> Violation Events				
	Number of Violation Events	1	166	Number of violation days
	daily			
	weekly			
	monthly			
	quarterly			
	semiannual			
	annual			
	single event	x		
				<b>Violation Base Penalty</b> \$250
	One single event is recommended.			
>> Good Faith Efforts to Comply				
		10.0%	Reduction	\$25
		Before NOE/NOV	NOE/NOV to EDPRP/Settlement Offer	
	Extraordinary			
	Ordinary		x	
	N/A			
	Notes	The Respondent completed the corrective measures by January 24, 2024, after the NOE dated December 15, 2023.		
		<b>Violation Subtotal</b>	\$225	
>> Economic Benefit (EB) for this violation				
	<b>Statutory Limit Test</b>			
	<b>Estimated EB Amount</b>	\$6	<b>Violation Final Penalty Total</b>	\$325
	<b>This violation Final Assessed Penalty (adjusted for limits)</b>			\$325

# Economic Benefit Worksheet

**Respondent** Scout Energy Management LLC  
**Case ID No.** 64924  
**Reg. Ent. Reference No.** RN100226943  
**Media** Air  
**Violation No.** 9

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Costs Saved	EB Amount
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## Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	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)	\$250	20-Oct-2022	4-Apr-2023	0.45	\$6	n/a	\$6

### Notes for DELAYED costs

Estimated cost to submit the final record for Incident No. 398331. The Date Required is the date the final record was due and the Final Date is the date the final record was submitted.

See the Economic Benefit in Violation No. 3 for implementing a flaring summary spreadsheet to track the daily flaring volumes and durations and to notify the Air Team of exceedances in order to ensure that the final records for reportable emissions events are submitted in a timely manner.

## Avoided Costs

### ANNUALIZE 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				0.00	\$0	\$0	\$0
ONE-TIME avoided costs				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

### Notes for AVOIDED costs

Approx. Cost of Compliance

\$250

**TOTAL**

\$6

<b>Screening Date</b> 12-Oct-2023 <b>Respondent</b> Scout Energy Management LLC <b>Case ID No.</b> 64924 <b>Reg. Ent. Reference No.</b> RN100226943 <b>Media</b> Air <b>Enf. Coordinator</b> Caleb Martin	<b>Docket No.</b> 2023-1472-AIR-E	<b>PCW</b> <i>Policy Revision 5 (January 28, 2021)</i> <i>PCW Revision February 11, 2021</i>
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<b>Violation Number</b>	10	
<b>Rule Cite(s)</b>		30 Tex. Admin. Code §§ 101.20(3), 116.115(c), and 122.143(4), NSR Permit Nos. 20711 and PSDTX798M1, SC No. 2, FOP No. O4062, GTC and STC No. 12, and Tex. Health & Safety Code § 382.085(b)
<b>Violation Description</b>		Failed to prevent unauthorized emissions. Specifically, the Respondent released 14,299.30 lbs of CO, 1,667.73 lbs of NOx, 8,357.32 lbs of natural gas VOC, and 3.03 lbs of SO2 from Flare-2, EPN FL-2, during an emissions event (Incident No. 408050) that occurred on July 19, 2023 and lasted 19 hours and 40 minutes.

**Base Penalty** \$25,000

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

<b>OR</b>		<b>Harm</b>			
	<b>Release</b>	Major	Moderate	Minor	
	Actual	<span style="border: 1px solid black; padding: 2px 10px;"></span>	<span style="border: 1px solid black; padding: 2px 10px;">x</span>	<span style="border: 1px solid black; padding: 2px 10px;"></span>	<b>Percent</b> <span style="border: 1px solid black; padding: 2px 20px;">50.0%</span>
	Potential	<span style="border: 1px solid black; padding: 2px 10px;"></span>	<span style="border: 1px solid black; padding: 2px 10px;"></span>	<span style="border: 1px solid black; padding: 2px 10px;"></span>	

**>> Programmatic Matrix**

	Falsification	Major	Moderate	Minor	
	<span style="border: 1px solid black; padding: 2px 10px;"></span>	<span style="border: 1px solid black; padding: 2px 10px;"></span>	<span style="border: 1px solid black; padding: 2px 10px;"></span>	<span style="border: 1px solid black; padding: 2px 10px;"></span>	<b>Percent</b> <span style="border: 1px solid black; padding: 2px 20px;">0.0%</span>

Matrix Notes	Human health or the environment has been exposed to significant amounts of pollutants that did not exceed levels that are protective of human health or environmental receptors as a result of this violation.
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**Adjustment** \$12,500

\$12,500

**Violation Events**

Number of Violation Events	<span style="border: 1px solid black; padding: 2px 10px;">1</span>		<span style="border: 1px solid black; padding: 2px 10px;">1</span>	Number of violation days
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	daily	<span style="border: 1px solid black; padding: 2px 10px;"></span>	<b>Violation Base Penalty</b> <span style="border: 1px solid black; padding: 2px 20px;">\$12,500</span>
	weekly	<span style="border: 1px solid black; padding: 2px 10px;">x</span>	
	monthly	<span style="border: 1px solid black; padding: 2px 10px;"></span>	
	quarterly	<span style="border: 1px solid black; padding: 2px 10px;"></span>	
	semiannual	<span style="border: 1px solid black; padding: 2px 10px;"></span>	
	annual	<span style="border: 1px solid black; padding: 2px 10px;"></span>	
	single event	<span style="border: 1px solid black; padding: 2px 10px;"></span>	

One weekly event is recommended.

**Good Faith Efforts to Comply**

	<b>0.0%</b>	
	Before NOE/NOV	NOE/NOV to EDPRP/Settlement Offer
Extraordinary	<span style="border: 1px solid black; padding: 2px 10px;"></span>	<span style="border: 1px solid black; padding: 2px 10px;"></span>
Ordinary	<span style="border: 1px solid black; padding: 2px 10px;"></span>	<span style="border: 1px solid black; padding: 2px 10px;"></span>
N/A	<span style="border: 1px solid black; padding: 2px 10px;">x</span>	<span style="border: 1px solid black; padding: 2px 10px;"></span>

Notes	The Respondent does not meet the good faith criteria for this violation.
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**Violation Subtotal** \$12,500

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

	<b>Statutory Limit Test</b>
<b>Estimated EB Amount</b> <span style="border: 1px solid black; padding: 2px 20px;">\$0</span>	<b>Violation Final Penalty Total</b> <span style="border: 1px solid black; padding: 2px 20px;">\$17,500</span>
<b>This violation Final Assessed Penalty (adjusted for limits)</b> <span style="border: 1px solid black; padding: 2px 20px;">\$17,500</span>	

# Economic Benefit Worksheet

**Respondent** Scout Energy Management LLC  
**Case ID No.** 64924  
**Reg. Ent. Reference No.** RN100226943  
**Media** Air  
**Violation No.** 10

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Costs Saved	EB Amount
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## Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	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 the Economic Benefit in Violation No. 4.

## Avoided Costs

### ANNUALIZE 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				0.00	\$0	\$0	\$0
ONE-TIME avoided costs				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs

Approx. Cost of Compliance

\$0

**TOTAL**

\$0

<b>Screening Date</b> 12-Oct-2023 <b>Respondent</b> Scout Energy Management LLC <b>Case ID No.</b> 64924 <b>Reg. Ent. Reference No.</b> RN100226943 <b>Media</b> Air <b>Enf. Coordinator</b> Caleb Martin	<b>Docket No.</b> 2023-1472-AIR-E	<b>PCW</b> <i>Policy Revision 5 (January 28, 2021)</i> <i>PCW Revision February 11, 2021</i>					
<b>Violation Number</b> <span style="border: 1px solid black; padding: 2px;">11</span>							
<b>Rule Cite(s)</b> <span style="border: 1px solid black; padding: 5px;">30 Tex. Admin. Code §§ 101.201(a)(1)(B) and 122.143(4), FOP No. 04062, GTC and STC No. 2.F., and Tex. Health &amp; Safety Code § 382.085(b)</span>							
<b>Violation Description</b> <span style="border: 1px solid black; padding: 5px;">Failed to submit an initial notification for a reportable emissions event no later than 24 hours after the discovery of an emissions event. Specifically, the initial notification for Incident No. 408050 was due by July 20, 2023 at 9:20 a.m., but was not submitted until August 14, 2023 at 9:24 a.m.</span>							
<b>Base Penalty</b>		<span style="border: 1px solid black; padding: 2px;">\$25,000</span>					
<b>&gt;&gt; Environmental, Property and Human Health Matrix</b>							
<b>OR</b>	<b>Release</b>	Major	Moderate	Minor	<b>Percent</b>		
	Actual	<span style="border: 1px solid black; display: inline-block; width: 50px; height: 15px;"></span>	<span style="border: 1px solid black; display: inline-block; width: 50px; height: 15px;"></span>	<span style="border: 1px solid black; display: inline-block; width: 50px; height: 15px;"></span>			<span style="border: 1px solid black; padding: 2px;">0.0%</span>
	Potential	<span style="border: 1px solid black; display: inline-block; width: 50px; height: 15px;"></span>	<span style="border: 1px solid black; display: inline-block; width: 50px; height: 15px;"></span>	<span style="border: 1px solid black; display: inline-block; width: 50px; height: 15px;"></span>			
<b>&gt;&gt; Programmatic Matrix</b>							
	Falsification	Major	Moderate	Minor			
	<span style="border: 1px solid black; display: inline-block; width: 50px; height: 15px;"></span>	<span style="border: 1px solid black; display: inline-block; width: 50px; height: 15px;"></span>	<span style="border: 1px solid black; display: inline-block; width: 50px; height: 15px;"></span>	x		<span style="border: 1px solid black; padding: 2px;">1.0%</span>	
<b>Matrix Notes</b>	Less than 30% of the rule requirements were not met.						
<b>Adjustment</b>						<span style="border: 1px solid black; padding: 2px;">\$24,750</span>	
						<span style="border: 1px solid black; padding: 2px;">\$250</span>	
<b>Violation Events</b>							
Number of Violation Events		<span style="border: 1px solid black; padding: 2px;">1</span>	<span style="border: 1px solid black; padding: 2px;">25</span> Number of violation days				
	daily	<span style="border: 1px solid black; display: inline-block; width: 50px; height: 15px;"></span>					
	weekly	<span style="border: 1px solid black; display: inline-block; width: 50px; height: 15px;"></span>					
	monthly	<span style="border: 1px solid black; display: inline-block; width: 50px; height: 15px;"></span>					
	quarterly	<span style="border: 1px solid black; display: inline-block; width: 50px; height: 15px;"></span>					
	semiannual	<span style="border: 1px solid black; display: inline-block; width: 50px; height: 15px;"></span>					
	annual	<span style="border: 1px solid black; display: inline-block; width: 50px; height: 15px;"></span>					
	single event	x					
<b>Violation Base Penalty</b>		<span style="border: 1px solid black; padding: 2px;">\$250</span>					
One single event is recommended.							
<b>Good Faith Efforts to Comply</b>		<span style="border: 1px solid black; padding: 2px;">10.0%</span>		<b>Reduction</b>			
		Before NOE/NOV    NOE/NOV to EDPRP/Settlement Offer					
	Extraordinary	<span style="border: 1px solid black; display: inline-block; width: 50px; height: 15px;"></span>	<span style="border: 1px solid black; display: inline-block; width: 50px; height: 15px;"></span>				
	Ordinary	<span style="border: 1px solid black; display: inline-block; width: 50px; height: 15px;"></span>	x				
	N/A	<span style="border: 1px solid black; display: inline-block; width: 50px; height: 15px;"></span>	<span style="border: 1px solid black; display: inline-block; width: 50px; height: 15px;"></span>				
	Notes	The Respondent completed the corrective measures by January 24, 2024, after the NOE dated January 17, 2024.					
<b>Violation Subtotal</b>						<span style="border: 1px solid black; padding: 2px;">\$225</span>	
<b>Economic Benefit (EB) for this violation</b>				<b>Statutory Limit Test</b>			
<b>Estimated EB Amount</b>		<span style="border: 1px solid black; padding: 2px;">\$1</span>		<b>Violation Final Penalty Total</b>		<span style="border: 1px solid black; padding: 2px;">\$325</span>	
<b>This violation Final Assessed Penalty (adjusted for limits)</b>						<span style="border: 1px solid black; padding: 2px;">\$325</span>	

# Economic Benefit Worksheet

**Respondent** Scout Energy Management LLC  
**Case ID No.** 64924  
**Reg. Ent. Reference No.** RN100226943  
**Media** Air  
**Violation No.** 11

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Costs Saved	EB Amount
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## Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	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)	\$250	20-Jul-2023	14-Aug-2023	0.07	\$1	n/a	\$1

### Notes for DELAYED costs

Estimated cost to submit the initial notification for Incident No. 408050. The Date Required is the date the initial notification was due and the Final Date is the date the initial notification was submitted.

See the Economic Benefit in Violation No. 2 for implementing a flaring summary spreadsheet to track the daily flaring volumes and durations and to notify the Air Team of exceedances in order to ensure that the initial notifications for reportable emissions events are submitted in a timely manner.

## Avoided Costs

### ANNUALIZE 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				0.00	\$0	\$0	\$0
ONE-TIME avoided costs				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

### Notes for AVOIDED costs

Approx. Cost of Compliance

\$250

**TOTAL**

\$1

<b>Screening Date</b> 12-Oct-2023 <b>Respondent</b> Scout Energy Management LLC <b>Case ID No.</b> 64924 <b>Reg. Ent. Reference No.</b> RN100226943 <b>Media</b> Air <b>Enf. Coordinator</b> Caleb Martin	<b>Docket No.</b> 2023-1472-AIR-E	<b>PCW</b> <i>Policy Revision 5 (January 28, 2021)</i> <i>PCW Revision February 11, 2021</i>
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<b>Violation Number</b>	12	
<b>Rule Cite(s)</b>	30 Tex. Admin. Code §§ 101.201(c) and 122.143(4), FOP No. 04062, GTC and STC No. 2.F., and Tex. Health & Safety Code § 382.085(b)	
<b>Violation Description</b>	Failed to submit a final record for a reportable emissions event no later than two weeks after the end of the emissions event. Specifically, the final record for Incident No. 408050 was due by August 3, 2023, but was not submitted until August 14, 2023.	

<b>Base Penalty</b>	\$25,000
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**>> Environmental, Property and Human Health Matrix**

<b>OR</b>		<b>Harm</b>			
	<b>Release</b>	Major	Moderate	Minor	
	Actual	<input type="text"/>	<input type="text"/>	<input type="text"/>	
	Potential	<input type="text"/>	<input type="text"/>	<input type="text"/>	<b>Percent</b> <input type="text" value="0.0%"/>

**>> Programmatic Matrix**

	Falsification	Major	Moderate	Minor	
	<input type="text"/>	<input type="text"/>	<input type="text"/>	x	<b>Percent</b> <input type="text" value="1.0%"/>

Matrix Notes	Less than 30% of the rule requirements were not met.
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<b>Adjustment</b>	\$24,750
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	\$250
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**Violation Events**

Number of Violation Events	1	11	Number of violation days
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	daily	<input type="text"/>	weekly	<input type="text"/>	
	monthly	<input type="text"/>	quarterly	<input type="text"/>	
	semiannual	<input type="text"/>	annual	<input type="text"/>	
	single event	x	<input type="text"/>	<input type="text"/>	<b>Violation Base Penalty</b> <input type="text" value="\$250"/>

One single event is recommended.
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**Good Faith Efforts to Comply**

<b>10.0%</b>	<b>Reduction</b> <input type="text" value="\$25"/>
Before NOE/NOV    NOE/NOV to EDPRP/Settlement Offer	
Extraordinary	<input type="text"/>
Ordinary	x
N/A	<input type="text"/>
Notes	The Respondent completed the corrective measures by January 24, 2024, after the NOE dated January 17, 2024.

<b>Violation Subtotal</b>	\$225
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**Economic Benefit (EB) for this violation**

<b>Estimated EB Amount</b>	<input type="text" value="\$0"/>
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**Statutory Limit Test**

<b>Violation Final Penalty Total</b>	\$325
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<b>This violation Final Assessed Penalty (adjusted for limits)</b>	\$325
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# Economic Benefit Worksheet

**Respondent** Scout Energy Management LLC  
**Case ID No.** 64924  
**Reg. Ent. Reference No.** RN100226943  
**Media** Air  
**Violation No.** 12

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Costs Saved	EB Amount
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## Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	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)	\$250	3-Aug-2023	14-Aug-2023	0.03	\$0	n/a	\$0

### Notes for DELAYED costs

Estimated cost to submit the final record for Incident No. 408050. The Date Required is the date the final record was due and the Final Date is the date the final record was submitted.

See the Economic Benefit in Violation No. 3 for implementing a flaring summary spreadsheet to track the daily flaring volumes and durations and to notify the Air Team of exceedances in order to ensure that the final records for reportable emissions events are submitted in a timely manner.

## Avoided Costs

### ANNUALIZE 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				0.00	\$0	\$0	\$0
ONE-TIME avoided costs				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

### Notes for AVOIDED costs

Approx. Cost of Compliance

\$250

**TOTAL**

\$0



<b>Screening Date</b> 12-Oct-2023 <b>Respondent</b> Scout Energy Management LLC <b>Case ID No.</b> 64924 <b>Reg. Ent. Reference No.</b> RN100226943 <b>Media</b> Air <b>Enf. Coordinator</b> Caleb Martin	<b>Docket No.</b> 2023-1472-AIR-E	<b>PCW</b> <i>Policy Revision 5 (January 28, 2021)</i> <i>PCW Revision February 11, 2021</i>
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<b>Violation Number</b>	13	
<b>Rule Cite(s)</b>		30 Tex. Admin. Code §§ 101.201(b)(1)(D), (G), and (H) and 122.143(4), FOP No. O4062, GTC and STC No. 2.F., and Tex. Health & Safety Code § 382.085(b)
<b>Violation Description</b>		Failed to identify all required information on the final record for a reportable emissions event. Specifically, the Respondent did not identify that 1,667.73 lbs of NOx, 8,357.32 lbs of speciated VOC, and 3.03 lbs of SO2 were released from Flare-2, EPN FL-2; listed "Flare" under the "Process Unit or Area Common Name", "Facility Common Name", and "Emission Point Common Name" sections; and left the "Facility Identification Number" and "Emission Point Number" sections blank on the final record for Incident No. 408050.

<b>Base Penalty</b>	\$25,000
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**>> Environmental, Property and Human Health Matrix**

<b>OR</b>	<b>Harm</b>				
	<b>Release</b>	Major	Moderate	Minor	
	Actual				
	Potential				
					<b>Percent</b> 0.0%

**>> Programmatic Matrix**

	Falsification	Major	Moderate	Minor	
				x	
					<b>Percent</b> 1.0%

Matrix Notes	Less than 30% of the rule requirements were not met.
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<b>Adjustment</b>	\$24,750
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	\$250
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**Violation Events**

Number of Violation Events	1	128	Number of violation days
----------------------------	---	-----	--------------------------

	daily		
	weekly		
	monthly		
	quarterly		
	semiannual		
	annual		
	single event	x	
<b>Violation Base Penalty</b> \$250			

One single event is recommended.
----------------------------------

**Good Faith Efforts to Comply**

	<b>25.0%</b>	
	Before NOE/NOV	NOE/NOV to EDPRP/Settlement Offer
Extraordinary		
Ordinary	x	
N/A		
Notes	The Respondent completed the corrective measures on December 20, 2023, prior to the NOE dated January 17, 2024.	
<b>Violation Subtotal</b> \$188		

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

<b>Estimated EB Amount</b>	<b>Statutory Limit Test</b>
\$5	<b>Violation Final Penalty Total</b> \$288
<b>This violation Final Assessed Penalty (adjusted for limits)</b> \$288	

# Economic Benefit Worksheet

**Respondent** Scout Energy Management LLC  
**Case ID No.** 64924  
**Reg. Ent. Reference No.** RN100226943  
**Media** Air  
**Violation No.** 13

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Costs Saved	EB Amount
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## Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	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)	\$250	3-Aug-2023	20-Dec-2023	0.38	\$5	n/a	\$5

### Notes for DELAYED costs

Estimated cost to provide the correct estimated total quantities for the NOx, VOC, and SO2 that were released during Incident No. 408050 and provide the Area Common Name, Facility Common Name, Emission Point Common Name, Facility Identification Number, and Emission Point Number for the final record for Incident No. 408050. The Date Required is the date the final record was due and the Final Date is the date of compliance.

## Avoided Costs

### ANNUALIZE 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				0.00	\$0	\$0	\$0
ONE-TIME avoided costs				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

### Notes for AVOIDED costs

Approx. Cost of Compliance

\$250

**TOTAL**

\$5

<b>Screening Date</b> 12-Oct-2023 <b>Respondent</b> Scout Energy Management LLC <b>Case ID No.</b> 64924 <b>Reg. Ent. Reference No.</b> RN100226943 <b>Media</b> Air <b>Enf. Coordinator</b> Caleb Martin	<b>Docket No.</b> 2023-1472-AIR-E	<b>PCW</b> <i>Policy Revision 5 (January 28, 2021)</i> <i>PCW Revision February 11, 2021</i>
<b>Violation Number</b> <span style="border: 1px solid black; padding: 2px;">14</span>		
<b>Rule Cite(s)</b> 30 Tex. Admin. Code §§ 101.20(3), 116.115(c), and 122.143(4), NSR Permit Nos. 20711 and PSDTX798M1, SC No. 2, FOP No. O4062, GTC and STC No. 12, and Tex. Health & Safety Code § 382.085(b)		
<b>Violation Description</b> Failed to prevent unauthorized emissions. Specifically, the Respondent released 168,451.78 lbs of CO, 19,646.58 lbs of NOx, 98,452.74 lbs of natural gas VOC, and 223.45 lbs of SO2 from Flare-2, EPN FL-2, during an emissions event (Incident No. 382966) that began on January 4, 2022 and lasted 248 hours and 38 minutes.		
<b>Base Penalty</b>		\$25,000

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

<b>OR</b>		<b>Harm</b>			
	<b>Release</b>	Major	Moderate	Minor	
	Actual		x		<b>Percent</b> <span style="border: 1px solid black; padding: 2px;">50.0%</span>
Potential					

**>> Programmatic Matrix**

	Falsification	Major	Moderate	Minor	
					<b>Percent</b> <span style="border: 1px solid black; padding: 2px;">0.0%</span>

Matrix Notes	Based on the Air Quality Analysis Audit performed on the air dispersion modeling provided by the Respondent, human health or the environment has been exposed to significant amounts of pollutants that did not exceed levels that are protective of human health or environmental receptors as a result of this violation.
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<b>Adjustment</b>	\$12,500
	\$12,500

**Violation Events**

Number of Violation Events <span style="border: 1px solid black; padding: 2px;">2</span>	<span style="border: 1px solid black; padding: 2px;">11</span>	Number of violation days
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	daily		<b>Violation Base Penalty</b> <span style="border: 1px solid black; padding: 2px;">\$25,000</span>
	weekly	x	
	monthly		
	quarterly		
	semiannual		
	annual		
	single event		

Two weekly events are recommended.

**Good Faith Efforts to Comply**

	<b>25.0%</b>	
	Before NOE/NOV	NOE/NOV to EDPRP/Settlement Offer
Extraordinary		
Ordinary	x	
N/A		
Notes	The Respondent completed the corrective measures by February 2, 2022, prior to the NOE dated January 16, 2024.	
<b>Violation Subtotal</b>		\$18,750

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

<b>Estimated EB Amount</b>	\$60
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**Statutory Limit Test**

<b>Violation Final Penalty Total</b>	\$28,750
<b>This violation Final Assessed Penalty (adjusted for limits)</b>	\$28,750

# Economic Benefit Worksheet

**Respondent** Scout Energy Management LLC  
**Case ID No.** 64924  
**Reg. Ent. Reference No.** RN100226943  
**Media** Air  
**Violation No.** 14

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Costs Saved	EB Amount
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## Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	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)	\$15,000	4-Jan-2022	2-Feb-2022	0.08	\$60	n/a	\$60

### Notes for DELAYED costs

Estimated cost to lower the set points on the overhead scrubbers, add a liquid dump line from the overhead scrubber to the 3-phase separator, and automate the Digital Control System programming to divert process gas from entering the glycol contactor upon low temperature differential between the lean glycol and process gas in order to prevent the recurrence of emissions events due to the same or similar causes as Incident No. 382966. The Date Required is the date the emissions event began and the Final Date is the date of compliance.

## Avoided Costs

### ANNUALIZE 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				0.00	\$0	\$0	\$0
ONE-TIME avoided costs				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

### Notes for AVOIDED costs

Approx. Cost of Compliance

\$15,000

**TOTAL**

\$60

<b>Screening Date</b> 12-Oct-2023 <b>Respondent</b> Scout Energy Management LLC <b>Case ID No.</b> 64924 <b>Reg. Ent. Reference No.</b> RN100226943 <b>Media</b> Air <b>Enf. Coordinator</b> Caleb Martin	<b>Docket No.</b> 2023-1472-AIR-E	<b>PCW</b> <i>Policy Revision 5 (January 28, 2021)</i> <i>PCW Revision February 11, 2021</i>
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<b>Violation Number</b>	15	
<b>Rule Cite(s)</b>		30 Tex. Admin. Code §§ 101.201(a)(1)(B) and 122.143(4), FOP No. 04062, GTC and STC No. 2.F., and Tex. Health & Safety Code § 382.085(b)
<b>Violation Description</b>		Failed to submit an initial notification for a reportable emissions event no later than 24 hours after the discovery of an emissions event. Specifically, the initial notification for Incident No. 382966 was due by January 5, 2022 at 12:00 a.m., but was not submitted until July 12, 2022 at 9:43 a.m.

<b>Base Penalty</b>	\$25,000
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**>> Environmental, Property and Human Health Matrix**

<b>OR</b>		<b>Harm</b>			
	<b>Release</b>	Major	Moderate	Minor	
	Actual				<b>Percent</b> 0.0%
	Potential				

**>> Programmatic Matrix**

	Falsification	Major	Moderate	Minor	
				x	<b>Percent</b> 1.0%
Matrix Notes	Less than 30% of the rule requirements were met.				

<b>Adjustment</b>	\$24,750
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	\$250
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**Violation Events**

Number of Violation Events	1	188	Number of violation days
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	daily		<b>Violation Base Penalty</b> \$250
	weekly		
	monthly		
	quarterly		
	semiannual		
	annual		
	single event	x	

One single event is recommended.	
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**Good Faith Efforts to Comply**

	<b>10.0%</b>	
	Before NOE/NOV	NOE/NOV to EDPRP/Settlement Offer
Extraordinary		
Ordinary		x
N/A		
Notes	The Respondent completed the corrective measures by January 24, 2024, after the NOE dated January 16, 2024.	

<b>Violation Subtotal</b>	\$225
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**Economic Benefit (EB) for this violation**

<b>Estimated EB Amount</b>	\$6	
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**Statutory Limit Test**

<b>Violation Final Penalty Total</b>	\$325
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<b>This violation Final Assessed Penalty (adjusted for limits)</b>	\$325
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## Economic Benefit Worksheet

**Respondent** Scout Energy Management LLC  
**Case ID No.** 64924  
**Reg. Ent. Reference No.** RN100226943  
**Media** Air  
**Violation No.** 15

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Costs Saved	EB Amount
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### Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	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)	\$250	5-Jan-2022	12-Jul-2022	0.52	\$6	n/a	\$6

#### Notes for DELAYED costs

Estimated cost to submit the initial notification for Incident No. 382966. The Date Required is the date the initial notification was due and the Final Date is the date the initial notification was submitted.

See the Economic Benefit in Violation No. 2 for implementing a flaring summary spreadsheet to track the daily flaring volumes and durations and to notify the Air Team of exceedances in order to ensure that the initial notifications for reportable emissions events are submitted in a timely manner.

### Avoided Costs

#### ANNUALIZE 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				0.00	\$0	\$0	\$0
ONE-TIME avoided costs				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

#### Notes for AVOIDED costs

Approx. Cost of Compliance

\$250

**TOTAL**

\$6

<b>Screening Date</b> 12-Oct-2023 <b>Respondent</b> Scout Energy Management LLC <b>Case ID No.</b> 64924 <b>Reg. Ent. Reference No.</b> RN100226943 <b>Media</b> Air <b>Enf. Coordinator</b> Caleb Martin	<b>Docket No.</b> 2023-1472-AIR-E	<b>PCW</b> <i>Policy Revision 5 (January 28, 2021)</i> <i>PCW Revision February 11, 2021</i>			
<b>Violation Number</b> 16					
<b>Rule Cite(s)</b> 30 Tex. Admin. Code §§ 101.201(c) and 122.143(4), FOP No. 04062, GTC and STC No. 2.F., and Tex. Health & Safety Code § 382.085(b)					
<b>Violation Description</b> Failed to submit a final record for a reportable emissions event no later than two weeks after the end of the emissions event. Specifically, the final record for Incident No. 382966 was due by January 28, 2022, but was not submitted until July 12, 2022.					
<b>Base Penalty</b>		\$25,000			
<b>&gt;&gt; Environmental, Property and Human Health Matrix</b>					
OR	Harm				
	Release	Major	Moderate	Minor	
	Actual				<b>Percent</b> 0.0%
	Potential				
<b>&gt;&gt; Programmatic Matrix</b>					
	Falsification	Major	Moderate	Minor	<b>Percent</b> 1.0%
				x	
Matrix Notes	Less than 30% of the rule requirements were not met.				
<b>Adjustment</b>					\$24,750
					\$250
<b>Violation Events</b>					
Number of Violation Events		1	165		Number of violation days
	daily		<b>Violation Base Penalty</b> \$250		
	weekly				
	monthly				
	quarterly				
	semiannual				
	annual				
	single event	x			
One single event is recommended.					
<b>Good Faith Efforts to Comply</b>		10.0%		Reduction \$25	
	Before NOE/NOV    NOE/NOV to EDPRP/Settlement Offer				
	Extraordinary		<b>Violation Subtotal</b> \$225		
	Ordinary	x			
	N/A				
	Notes	The Respondent completed the corrective measures by January 24, 2024, after the NOE dated January 16, 2024.			
<b>Economic Benefit (EB) for this violation</b>		<b>Statutory Limit Test</b>			
<b>Estimated EB Amount</b>		\$6	<b>Violation Final Penalty Total</b>		\$325
<b>This violation Final Assessed Penalty (adjusted for limits)</b>					\$325

# Economic Benefit Worksheet

**Respondent** Scout Energy Management LLC  
**Case ID No.** 64924  
**Reg. Ent. Reference No.** RN100226943  
**Media** Air  
**Violation No.** 16

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Costs Saved	EB Amount
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## Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	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)	\$250	28-Jan-2022	12-Jul-2022	0.45	\$6	n/a	\$6

### Notes for DELAYED costs

Estimated cost to submit the final record for Incident No. 382966. The Date Required is the date the final record was due and the Final Date is the date the final record was submitted.

See the Economic Benefit in Violation No. 3 for implementing a flaring summary spreadsheet to track the daily flaring volumes and durations and to notify the Air Team of exceedances in order to ensure that the final records for reportable emissions events are submitted in a timely manner.

## Avoided Costs

### ANNUALIZE 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				0.00	\$0	\$0	\$0
ONE-TIME avoided costs				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

### Notes for AVOIDED costs

Approx. Cost of Compliance

\$250

**TOTAL**

\$6



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.



# Compliance History Report

Compliance History Report for CN605147479, RN100226943, Rating Year 2023 which includes Compliance History (CH) components from September 1, 2018, through August 31, 2023.

**Customer, Respondent, or Owner/Operator:** CN605147479, Scout Energy Management LLC **Classification:** SATISFACTORY **Rating:** 7.96

**Regulated Entity:** RN100226943, FAIN GAS PLANT **Classification:** SATISFACTORY **Rating:** 4.94

**Complexity Points:** 11

**Repeat Violator:** NO

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

**Location:** 32540 NORTH UNITED STATES HIGHWAY 287, MASTERSON, POTTER COUNTY, TEXAS

**TCEQ Region:** REGION 01 - AMARILLO

**ID Number(s):**

**AIR OPERATING PERMITS** ACCOUNT NUMBER PG0035M

**AIR NEW SOURCE PERMITS** PERMIT 20711

**AIR NEW SOURCE PERMITS** AFS NUM 4837500006

**AIR NEW SOURCE PERMITS** REGISTRATION 31910

**AIR NEW SOURCE PERMITS** REGISTRATION 37187

**AIR NEW SOURCE PERMITS** REGISTRATION 131291

**AIR NEW SOURCE PERMITS** REGISTRATION 166148

**AIR NEW SOURCE PERMITS** REGISTRATION 144911

**AIR NEW SOURCE PERMITS** REGISTRATION 152813

**AIR OPERATING PERMITS** PERMIT 4062

**AIR NEW SOURCE PERMITS** ACCOUNT NUMBER PG0035M

**AIR NEW SOURCE PERMITS** PERMIT 48853

**AIR NEW SOURCE PERMITS** REGISTRATION 36205

**AIR NEW SOURCE PERMITS** REGISTRATION 53476

**AIR NEW SOURCE PERMITS** REGISTRATION 112372

**AIR NEW SOURCE PERMITS** REGISTRATION 166149

**AIR NEW SOURCE PERMITS** EPA PERMIT PSDTX798M1

**AIR EMISSIONS INVENTORY** ACCOUNT NUMBER PG0035M

**Compliance History Period:** September 01, 2018 to August 31, 2023 **Rating Year:** 2023 **Rating Date:** 09/01/2023

**Date Compliance History Report Prepared:** July 12, 2024

**Agency Decision Requiring Compliance History:** Enforcement

**Component Period Selected:** July 12, 2019 to July 12, 2024

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

**Name:** Caleb Martin

**Phone:** (512) 239-2091

**Site and Owner/Operator History:**

- 1) Has the site been in existence and/or operation for the full five year compliance period? YES
- 2) Has there been a (known) change in ownership/operator of the site during the compliance period? NO

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

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

1 Effective Date: 10/25/2019 ADMINORDER 2018-0751-AIR-E (1660 Order-Agreed Order With Denial)

Classification: Moderate

Citation: 30 TAC Chapter 101, SubChapter A 101.20(3)

30 TAC Chapter 116, SubChapter B 116.115(b)(2)(F)

30 TAC Chapter 116, SubChapter B 116.115(c)

30 TAC Chapter 122, SubChapter B 122.143(4)

5C THSC Chapter 382 382.085(b)

Rqmt Prov: GTC OP

SC No. 11 OP

SC No. 2 PA

Description: Failed to comply with the maximum allowable emissions rates ("MAERs"). Specifically, the Respondent exceeded the volatile organic compounds ("VOC") annual MAER of 3.76 tons per year ("tpy") based on a rolling

365-day average for the rolling 365-day periods ending from March 8, 2016 through August 2, 2017; the nitrogen oxides ("NOx") annual MAER of 2.72 tpy based on a rolling 365-day average for the rolling 365-day periods ending from December 31, 2015 through August 2, 2017; and the carbon mono

Classification: Moderate

Citation: 30 TAC Chapter 101, SubChapter A 101.20(3)

30 TAC Chapter 116, SubChapter B 116.115(c)

30 TAC Chapter 122, SubChapter B 122.143(4)

5C THSC Chapter 382 382.085(b)

Rqmt Prov: GTC OP

SC No. 2 PA

STC No. 11 OP

Description: Failed to prevent unauthorized emissions. Specifically, the Respondent released 221,664.36 pounds ("lbs") of natural gas, 60.52 lbs of benzene, and 20,537.90 lbs of n-hexane from the Slug Catchers during an avoidable emissions event (Incident No. 248955) that occurred on December 18, 2016 and lasted 55 minutes. The emissions event occurred due to frozen valves that would not close, causing gas to back-flow into the slug catchers, and the increased pressure resulted in a release from the pressu

## B. Criminal convictions:

N/A

## C. Chronic excessive emissions events:

N/A

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

Item 1	August 30, 2019	(1358779)
Item 2	August 31, 2020	(1672115)
Item 4	January 19, 2023	(1853518)
Item 5	January 20, 2023	(1853524)
Item 6	January 25, 2023	(1853548)
Item 7	January 31, 2023	(1853551)
Item 8	February 03, 2023	(1853583)
Item 9	February 06, 2023	(1853557)
Item 10	February 13, 2023	(1853610)
Item 11	July 21, 2023	(1853636)
Item 12	July 24, 2023	(1853667)
Item 13	August 25, 2023	(1903336)
Item 14	January 22, 2024	(1938530)
Item 15	May 24, 2024	(1965444)

## 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: 09/11/2023 (1853484)	
	Self Report? NO	Classification: Moderate
	Citation: 30 TAC Chapter 116, SubChapter B 116.115(b)(2)(F) 30 TAC Chapter 116, SubChapter B 116.115(c) 5C THSC Chapter 382 382.085(b) Special Condition 1 PERMIT	
	Description: Failure to prevent unauthorized emissions to the atmosphere during an emissions event that was discovered on November 13, 2019, TCEQ/STEERS Incident No. 382897. [B18.g(13)]	
	Self Report? NO	Classification: Minor
	Citation: 5C THSC Chapter 382 382.085(b)	
	Description: Failure to submit a notification for a reportable emissions event within 24 hours after the discovery of the event. [Category C3]	
	Self Report? NO	Classification: Minor
	Citation: 5C THSC Chapter 382 382.085(b)	
	Description: Failure to submit a final record for a reportable emissions event no later than two weeks after the end of the event. [Category C3]	
2	Date: 09/18/2023 (1853626)	
	Self Report? NO	Classification: Moderate
	Citation: 30 TAC Chapter 116, SubChapter B 116.115(b)(2)(F) 30 TAC Chapter 116, SubChapter B 116.115(c) 5C THSC Chapter 382 382.085(b)	

Description: Special Condition 1 PERMIT  
Failure to prevent unauthorized emissions to the atmosphere during an emissions event that was discovered on June 26, 2021, TCEQ/STEERS Incident No. 382958. [Category B18.g(13)]

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 101, SubChapter F 101.201(a)(1)  
5C THSC Chapter 382 382.085(b)

Description: Failure to submit a notification for a reportable emissions event within 24 hours after the discovery of the event. [Category C3]

Self Report? NO Classification: Minor

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

Description: Failure to submit a final record for a reportable emissions event no later than two weeks after the end of the event. [Category 3]

3 Date: 09/21/2023 (1853647)

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 116, SubChapter B 116.115(b)(2)(F)  
30 TAC Chapter 116, SubChapter B 116.115(c)  
5C THSC Chapter 382 382.085(b)  
Special Condition 1 PERMIT

Description: Failure to prevent unauthorized emissions to the atmosphere during an emissions event that was discovered on December 23, 2021, TCEQ/STEERS Incident No. 382963. [Category A12.i.(6)]

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 101, SubChapter F 101.201(a)(1)  
5C THSC Chapter 382 382.085(b)

Description: Failure to submit a notification for a reportable emissions event within 24 hours after the discovery of the event. [Category C3]

Self Report? NO Classification: Minor

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

Description: Failure to submit a final record for a reportable emissions event no later than two weeks after the end of the event. [Category C3]

4 Date: 02/27/2024 (1955768)

Self Report? NO Classification: Moderate

Citation: 20711 PERMIT  
30 TAC Chapter 116, SubChapter B 116.115(c)  
30 TAC Chapter 122, SubChapter B 122.143(4)  
5C THSC Chapter 382 382.085(b)

Description: Failure to comply with the limits outlined in the MAERT presented in Permit No. 20711. Specifically, Fain Gas Plant exceeded the emissions limits outlined by the MAERT. Unit FL-2 exceeded the allowable emissions rates for CO and VOC for the dates ranging from October 1, 2022, through December 11, 2022.

Self Report? NO Classification: Moderate

Citation: 20711 PERMIT  
30 TAC Chapter 116, SubChapter B 116.115(c)  
30 TAC Chapter 122, SubChapter B 122.143(4)  
5C THSC Chapter 382 382.085(b)

Description: Failure to comply with the Engine Unit Parameter limits outlined in Permit No. 20711. Specifically, Unit C-10 (IC-3) was below the fuel pressure limit of 20.4 to 41.3 psia, with a reading of 19.4, and was above the air/fuel ratio limits of 0.53 to 0.93 psia, with a reading of 1.00.

**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  
SCOUT ENERGY MANAGEMENT LLC  
RN100226943

§ BEFORE THE  
§ TEXAS COMMISSION ON  
§ ENVIRONMENTAL QUALITY  
§

## AGREED ORDER DOCKET NO. 2023-1472-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 Scout Energy Management LLC (the "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 natural gas liquids and sales gas production plant located at 32540 North United States Highway 287 in Masterson, Potter County, Texas (the "Plant"). The Plant consists or consisted of one or more sources as defined in TEX. HEALTH & SAFETY CODE § 382.003(12).
2. The Executive Director and the Respondent agree that the TCEQ has jurisdiction to enter this Order pursuant to TEX. WATER CODE §§ 7.002, 7.051, and 7.073, and that the Respondent is subject to TCEQ's jurisdiction. The TCEQ has jurisdiction in this matter pursuant to TEX. WATER CODE § 5.013 because it alleges violations of TEX. HEALTH & SAFETY CODE ch. 382 and the rules of the TCEQ.
3. The occurrence of any violation is in dispute and the entry of this Order shall not constitute an admission by the Respondent of any violation alleged in Section II ("Allegations"), nor of any statute or rule.
4. An administrative penalty in the amount of \$186,663 is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent paid \$93,332 of the penalty.

Pursuant to TEX. WATER CODE § 7.067, \$93,331 of the penalty shall be conditionally offset by the Respondent's timely and satisfactory completion of a Supplemental Environmental Project ("SEP") as defined in the attached SEP Agreement ("Attachment A", incorporated herein by reference). The Respondent's obligation to pay the conditionally offset portion of the penalty shall be discharged upon full compliance with all the terms and conditions of this Order, which includes the timely and satisfactory completion of all provisions of the SEP Agreement, as determined by the Executive Director.

5. 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). 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.

6. 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 Order.
7. This Order represents the complete and fully integrated agreement of the parties. The provisions of this Order are deemed severable and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Order unenforceable, the remaining provisions shall be valid and enforceable.
8. This Order shall terminate five years from its effective date or upon compliance with all the terms and conditions set forth in this Order, whichever is later.
9. The Executive Director recognizes that the Respondent implemented the following corrective measures at the Plant:
  - a. By May 10, 2020, installed differential pressure transmitters to the exchanger filters to notify Operations of any filter failures in order to prevent the recurrence of emissions events due to the same or similar causes as Incident No. 382872;
  - b. By February 2, 2022, lowered the set points on the overhead scrubbers, added a liquid dump line from the overhead scrubber to the 3-phase separator, and automated the Digital Control System programming to divert process gas from entering the glycol contactor upon low temperature differential between the lean glycol and process gas in order to prevent the recurrence of emissions events due to the same or similar causes as Incident No. 382966;
  - c. On July 11, 2022, submitted the initial notification and final record for Incident No. 382872;
  - d. On July 11, 2022, submitted the initial notification and final record for Incident No. 382917;
  - e. On July 12, 2022, submitted the initial notification and final record for Incident No. 382966;
  - f. On August 15, 2022, submitted an amendment application for New Source Review ("NSR") Permit Nos. 20711 and PSDTX798M1 to authorize the Alternate Operating Scenarios for third-party related flaring causes in order to prevent the recurrence of emissions events due to the same or similar causes as Incident Nos. 382917, 398331, and 408050;
  - g. On April 4, 2023, submitted the initial notification and final record for Incident No. 398331;
  - h. On August 14, 2023, submitted the initial notification and final record for Incident No. 408050;

- i. On December 20, 2023, provided the correct estimated total quantities for the nitrogen oxides ("NOx"), volatile organic compounds ("VOC"), and sulfur dioxide ("SO2") that were released during Incident No. 408050 and provided the Area Common Name, Facility Common Name, Emission Point Common Name, Facility Identification Number, and Emissions Point Number ("EPN") for the final record for Incident No. 408050; and
- j. By January 24, 2024, implemented a flaring summary spreadsheet to track the daily flaring volumes and durations and to notify the Air Team of exceedances in order to ensure that the initial notifications and final records for reportable emissions events are submitted in a timely manner.

## II. ALLEGATIONS

1. During a record review for the Plant conducted from August 12, 2022, through September 11, 2023, an investigator documented that the Respondent:
  - a. Failed to prevent unauthorized emissions, in violation of 30 TEX. ADMIN. CODE §§ 101.20(3), 116.115(c), and 122.143(4), NSR Permit Nos. 20711 and PSDTX798M1, Special Conditions ("SC") No. 2, Federal Operating Permit ("FOP") No. O4062, General Terms and Conditions ("GTC") and Special Terms and Conditions ("STC") No. 12, and TEX. HEALTH & SAFETY CODE § 382.085(b). Specifically, the Respondent released 16,266.70 pounds ("lbs") of carbon monoxide ("CO"), 1,897.19 lbs of NOx, and 9,507.18 lbs of natural gas VOC from Flare-2, EPN FL-2, during an emissions event (Incident No. 382872) that occurred on October 23, 2019 and lasted 16 hours.
  - b. Failed to submit an initial notification for a reportable emissions event no later than 24 hours after the discovery of an emissions event, in violation of 30 TEX. ADMIN. CODE §§ 101.201(a)(1)(B) and 122.143(4), FOP No. O4062, GTC and STC No. 2.F., and TEX. HEALTH & SAFETY CODE § 382.085(b). Specifically, the initial notification for Incident No. 382872 was due by October 24, 2019 at 4:00 a.m., but was not submitted until July 11, 2022 at 9:49 a.m.
  - c. Failed to submit a final record for a reportable emissions event no later than two weeks after the end of the emissions event, in violation of 30 TEX. ADMIN. CODE §§ 101.201(c) and 122.143(4), FOP No. O4062, GTC and STC No. 2.F., and TEX. HEALTH & SAFETY CODE § 382.085(b). Specifically, the final record for Incident No. 382872 was due by November 7, 2019, but was not submitted until July 11, 2022.
2. During a record review for the Plant conducted from August 12, 2022, through November 7, 2022, an investigator documented that the Respondent:
  - a. Failed to prevent unauthorized emissions, in violation of 30 TEX. ADMIN. CODE §§ 101.20(3), 116.115(c), and 122.143(4), NSR Permit Nos. 20711 and PSDTX798M1, SC No. 2, FOP No. O4062, GTC and STC No. 12, and TEX. HEALTH & SAFETY CODE § 382.085(b). Specifically, the Respondent released 537,382.20 lbs of CO, 62,675.03 lbs of NOx, 314,076.52 lbs of natural gas VOC, and 30.50 lbs of SO2 from Flare-2, EPN FL-2, during an emissions event (Incident No. 382917) that began on January 22, 2020 and lasted 958 hours and 28 minutes.

- b. Failed to submit an initial notification for a reportable emissions event no later than 24 hours after the discovery of an emissions event, in violation of 30 TEX. ADMIN. CODE §§ 101.201(a)(1)(B) and 122.143(4), FOP No. O4062, GTC and STC No. 2.F., and TEX. HEALTH & SAFETY CODE § 382.085(b). Specifically, the initial notification for Incident No. 382917 was due by January 23, 2020 at 4:17 p.m., but was not submitted until July 11, 2022 at 2:57 p.m.
    - c. Failed to submit a final record for a reportable emissions event no later than two weeks after the end of the emissions event, in violation of 30 TEX. ADMIN. CODE §§ 101.201(c) and 122.143(4), FOP No. O4262, GTC and STC No. 2.F., and TEX. HEALTH & SAFETY CODE § 382.085(b). Specifically, the final record for Incident No. 382917 was due by March 16, 2020, but was not submitted until July 11, 2022.
3. During a record review for the Plant conducted from December 1, 2023, through December 4, 2023, an investigator documented that the Respondent:
  - a. Failed to prevent unauthorized emissions, in violation of 30 TEX. ADMIN. CODE §§ 101.20(3), 116.115(c), and 122.143(4), NSR Permit Nos. 20711 and PSDTX798M1, SC No. 2, FOP No. O4062, GTC and STC No. 12, and TEX. HEALTH & SAFETY CODE § 382.085(b). Specifically, the Respondent released 738,551.19 lbs of CO, 86,137.43 lbs of NOx, 23,531.47 lbs of natural gas VOC, and 53.41 lbs of SO2 from Flare-2, EPN FL-2, during an emissions event (Incident No. 398331) that began on October 4, 2022 and lasted 51 hours and two minutes.
  - b. Failed to submit an initial notification for a reportable emissions event no later than 24 hours after the discovery of an emissions event, in violation of 30 TEX. ADMIN. CODE §§ 101.201(a)(1)(B) and 122.143(4), FOP No. O4062, GTC and STC No. 2.F., and TEX. HEALTH & SAFETY CODE § 382.085(b). Specifically, the initial notification for Incident No. 398331 was due by October 5, 2022 at 6:00 p.m., but was not submitted until April 4, 2023 at 11:07 a.m.
  - c. Failed to submit a final record for a reportable emissions event no later than two weeks after the end of the emissions event, in violation of 30 TEX. ADMIN. CODE §§ 101.201(c) and 122.143(4), FOP No. O4062, GTC and STC No. 2.F., and TEX. HEALTH & SAFETY CODE § 382.085(b). Specifically, the final record for Incident No. 398331 was due by October 20, 2022, but was not submitted until April 4, 2023.
4. During a record review for the Plant conducted from December 19, 2023, through December 20, 2023, an investigator documented that the Respondent:
  - a. Failed to prevent unauthorized emissions, in violation of 30 TEX. ADMIN. CODE §§ 101.20(3), 116.115(c), and 122.143(4), NSR Permit Nos. 20711 and PSDTX798M1, SC No. 2, FOP No. O4062, GTC and STC No. 12, and TEX. HEALTH & SAFETY CODE § 382.085(b). Specifically, the Respondent released 14,299.30 lbs of CO, 1,667.73 lbs of NOx, 8,357.32 lbs of natural gas VOC, and 3.03 lbs of SO2 from Flare-2, EPN FL-2, during an emissions event (Incident No. 408050) that occurred on July 19, 2023 and lasted 19 hours and 40 minutes.
  - b. Failed to submit an initial notification for a reportable emissions event no later than 24 hours after the discovery of an emissions event, in violation of 30 TEX. ADMIN. CODE §§ 101.201(a)(1)(B) and 122.143(4), FOP No. O4062, GTC and STC No. 2.F., and TEX. HEALTH & SAFETY CODE § 382.085(b). Specifically, the initial



notification for Incident No. 408050 was due by July 20, 2023 at 9:20 a.m., but was not submitted until August 14, 2023 at 9:24 a.m.

- c. Failed to submit a final record for a reportable emissions event no later than two weeks after the end of the emissions event, in violation of 30 TEX. ADMIN. CODE §§ 101.201(c) and 122.143(4), FOP No. O4062, GTC and STC No. 2.F., and TEX. HEALTH & SAFETY CODE § 382.085(b). Specifically, the final record for Incident No. 408050 was due by August 3, 2023, but was not submitted until August 14, 2023.
  - d. Failed to identify all required information on the final record for a reportable emissions event, in violation of 30 TEX. ADMIN. CODE §§ 101.201(b)(1)(D), (G), and (H) and 122.143(4), FOP No. O4062, GTC and STC No. 2.F., and TEX. HEALTH & SAFETY CODE § 382.085(b). Specifically, the Respondent did not identify that 1,667.73 lbs of NO<sub>x</sub>, 8,357.32 lbs of speciated VOC, and 3.03 lbs of SO<sub>2</sub> were released from Flare-2, EPN FL-2; listed "Flare" under the "Process Unit or Area Common Name", "Facility Common Name", and "Emission Point Common Name" sections; and left the "Facility Identification Number" and "Emission Point Number" sections blank on the final record for Incident No. 408050.
5. During a record review for the Plant conducted from January 2, 2024, through January 3, 2024, an investigator documented that the Respondent:
- a. Failed to prevent unauthorized emissions, in violation of 30 TEX. ADMIN. CODE §§ 101.20(3), 116.115(c), and 122.143(4), NSR Permit Nos. 20711 and PSDTX798M1, SC No. 2, FOP No. O4062, GTC and STC No. 12, and TEX. HEALTH & SAFETY CODE § 382.085(b). Specifically, the Respondent released 168,451.78 lbs of CO, 19,646.58 lbs of NO<sub>x</sub>, 98,452.74 lbs of natural gas VOC, and 223.45 lbs of SO<sub>2</sub> from Flare-2, EPN FL-2, during an emissions event (Incident No. 382966) that began on January 4, 2022 and lasted 248 hours and 38 minutes.
  - b. Failed to submit an initial notification for a reportable emissions event no later than 24 hours after the discovery of an emissions event, in violation of 30 TEX. ADMIN. CODE §§ 101.201(a)(1)(B) and 122.143(4), FOP No. O4062, GTC and STC No. 2.F., and TEX. HEALTH & SAFETY CODE § 382.085(b). Specifically, the initial notification for Incident No. 382966 was due by January 5, 2022 at 12:00 a.m., but was not submitted until July 12, 2022 at 9:43 a.m.
  - c. Failed to submit a final record for a reportable emissions event no later than two weeks after the end of the emissions event, in violation of 30 TEX. ADMIN. CODE §§ 101.201(c) and 122.143(4), FOP No. O4062, GTC and STC No. 2.F., and TEX. HEALTH & SAFETY CODE § 382.085(b). Specifically, the final record for Incident No. 382966 was due by January 28, 2022, but was not submitted until July 12, 2022.

### III. DENIALS

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

#### IV. ORDERING PROVISIONS

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

1. The Respondent is assessed a penalty as set forth in Section I, Paragraph No. 4. The payment of this penalty and the Respondent's compliance with all of the requirements set forth in this 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. Penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: Scout Energy Management LLC, Docket No. 2023-1472-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 the SEP as set forth in Section I, Paragraph No. 4. The amount of \$93,331 of the assessed penalty is conditionally offset based on the Respondent's implementation and completion of the SEP pursuant to the terms of the SEP Agreement, as defined in Attachment A. Penalty payments for any portion of the SEP deemed by the Executive Director as not complete shall be paid within 30 days after the Executive Director demands payment.
3. The Respondent shall undertake the following technical requirements at the Plant:
  - a. Respond completely and adequately, as determined by the TCEQ, to all requests for information concerning the amendment application for NSR Permit Nos. 20711 and PSDTX798M1 by any deadline specified in writing.
  - b. Within 180 days after the effective date of this Order, submit written certification the amendment for NSR Permit Nos. 20711 and PSDTX798M1 has been obtained, and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance. The certification shall be signed by the Respondent and shall 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:

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

with a copy to:

Air Section Manager  
Amarillo Regional Office  
Texas Commission on Environmental Quality  
3918 Canyon Drive  
Amarillo, Texas 79109

4. All relief not expressly granted in this Order is denied.
5. The duties and provisions imposed by this Order shall apply to and be binding upon the Respondent. The Respondent is ordered to give notice of this Order to personnel who maintain day-to-day control over the Plant operations referenced in this Order.
6. The Executive Director may grant an extension of any deadline in this Order or in any plan, report, or other document submitted pursuant to this 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. Extension requests shall be sent to the Enforcement Division at the address listed above.
7. This 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 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 Order may be executed in separate and multiple counterparts, which together shall constitute a single instrument. Any page of this 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 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.

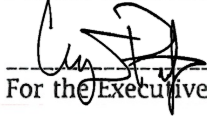
9. The effective date of this Order is the date it is signed by the Commission. A copy of this fully executed Order shall be provided to each of the parties.

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission

Date



10/14/2024

For the Executive Director

Date

I, the undersigned, have read and understand the attached Order. I am authorized to agree to the attached Order, 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 OAG 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 OAG 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

9.3.2024

Date

MIKE MERCER

Name (Printed or typed)  
Authorized Representative of  
Scout Energy Management LLC

SENIOR VICE PRESIDENT

Title

☐ If mailing address has changed, please check this box and provide the new address below:

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

**Attachment A**  
**Docket Number: 2023-1472-AIR-E**  
**SUPPLEMENTAL ENVIRONMENTAL PROJECT**

<b>Respondent:</b>	<b>Scout Energy Management LLC</b>
<b>Payable Penalty Amount:</b>	<b>\$186,663</b>
<b>SEP Offset Amount:</b>	<b>\$93,331</b>
<b>Type of SEP:</b>	<b>Contribution to a Third-Party Administrator SEP</b>
<b>Third-Party Administrator:</b>	<b>American Energy Institute</b>
<b>Project Name:</b>	<b><i>High Emission Vehicle Replacement Project</i></b>
<b>Location of SEP:</b>	<b>TCEQ Air Quality Control Region 211 - Amarillo-Lubbock - Preference for Potter County</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, **Texas Natural Gas Foundation**, for the *High Emission Vehicle Replacement Project* (the “Project”). The contribution will be used in accordance with the Supplemental Environmental Project between the Third-Party Administrator and the TCEQ, which details the terms and conditions of the Project.

Specifically, the SEP Offset Amount will be used to reimburse an eligible public entity for the total purchase price or five-year lease price of a standard base model alternative-fueled vehicle that will replace an eligible older, diesel-fueled vehicle that the public entity has decommissioned and removed from its fleet. Public entities eligible to receive assistance include state agencies, counties, municipalities, school districts, or other political subdivisions created under the constitution or any statute of this state.

Old, diesel-fueled vehicles emit large amounts of nitrogen oxides (“NOx”) and particulate matter (“PM”), as well as other harmful pollutants such as volatile organic compounds (“VOCs”) and carbon monoxide (“CO”). These pollutants contribute to serious public health problems. This Project shall reduce NOx, PM, VOCs, and CO emissions by replacing high-emission, diesel-fueled vehicles with low-emission, alternative-fueled vehicles. The SEP will be done in accordance with all federal, state, and local environmental laws and regulations.

All dollars contributed will be used solely 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 the Respondent has no prior commitment to make this contribution and that it is being contributed solely to settle this enforcement action. The Respondent shall not profit from this SEP.

b. Environmental Benefit

This Project will directly benefit air quality by reducing harmful exhaust emissions that contribute to the formation of ozone and may cause or exacerbate a number of respiratory diseases, including asthma. For example, replacing a model year 2002 heavy-duty diesel dump truck with a model year 2010 or newer dump truck powered by natural gas or propane may reduce passengers' exposure to NOx by 95% and PM by 99.9%. Moreover, replacing a model year 1989 diesel school bus with a model year 2010 or newer school bus powered by natural gas or propane may reduce passengers' exposure to NOx by 98%, VOCs by 83%; and PM by 99%.

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 Natural Gas Foundation SEP** and shall mail the contribution with a copy of the Agreed Order to:

American Energy Institute  
Attention: Heather Ball, Grant Coordinator  
2315 Newfield Lane  
Austin, Texas 78703

**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 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

Scout Energy Management LLC  
Docket No. 2023-1472-AIR-E  
Agreed Order - Attachment A

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 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.