

**Executive Summary – Enforcement Matter – Case No. 64963**  
**KM Liquids Terminals LLC**  
**RN100237452**  
**Docket No. 2023-1523-AIR-E**

**Order Type:**

1660 Agreed Order

**Findings Order Justification:**

N/A

**Media:**

AIR

**Small Business:**

No

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

Galena Park Terminal, 906 Clinton Drive, Galena Park, Harris County

**Type of Operation:**

For-hire terminal that receives, stores, blends, and transfers petroleum products, fuel oils, and segregated chemicals owned by numerous external customers

**Other Significant Matters:**

Additional Pending Enforcement Actions: No

Past-Due Penalties: No

Other: N/A

Interested Third-Parties: None

**Texas Register Publication Date:** July 19, 2024

**Comments Received:** No

***Penalty Information***

**Total Penalty Assessed:** \$9,450

**Amount Deferred for Expedited Settlement:** \$1,890

**Total Paid to General Revenue:** \$3,780

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

Payment Plan: N/A

**Supplemental Environmental Project (“SEP”) Conditional Offset:** \$3,780

Name of SEP: Barbers Hill Independent School District (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:** March 27, 2023

**Date(s) of NOE(s):** October 20, 2023

**Executive Summary – Enforcement Matter – Case No. 64963  
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Docket No. 2023-1523-AIR-E**

***Violation Information***

Failed to prevent unauthorized emissions. Specifically, the Respondent released 68.07 pounds of volatile organic compounds from Tank 12-29, Emissions Point Number 12-29, during an emissions event (Incident No. 397193) that occurred on March 13, 2023 and lasted five hours and 15 minutes [30 TEX. ADMIN. CODE §§ 116.115(c) and 122.143(4), New Source Review Permit No. 2193, Special Conditions No. 1, Federal Operating Permit No. O988, General Terms and Conditions and Special Terms and Conditions No. 19, and TEX. HEALTH & SAFETY CODE § 382.085(b)].

***Corrective Actions/Technical Requirements***

**Corrective Action(s) Completed:**

By November 11, 2023, the Respondent performed an emergency inbound movement to Tank 12-29 to refloat the roof, implemented a new training topic focused on the KM Liquids Terminals Dual Verification Procedure, and conducted training for the Control Room personnel and Customer Service Representatives on the meaning of the automated stop gauge warnings in order to prevent the recurrence of emissions events due to the same or similar causes as Incident No. 397193.

**Technical Requirements:**

The Order will require the Respondent to implement and complete a SEP (see SEP Attachment A).

***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, Enforcement Division, MC 219, (512) 239-3565

**SEP Third-Party Administrator:** Carl R. Griffith & Associates, Inc., 2901 Turtle Creek Drive, Suite 445, Port Arthur, Texas 77642

**Respondent:** Marlin Collins, General Manager, KM Liquids Terminals LLC, 300 Beltway Green Boulevard, Pasadena, Texas 77503

**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>	23-Oct-2023			
	<b>PCW</b>	24-May-2024	<b>Screening</b>	25-Oct-2023	<b>EPA Due</b>

<b>RESPONDENT/FACILITY INFORMATION</b>	
<b>Respondent</b>	KM Liquids Terminals LLC
<b>Reg. Ent. Ref. No.</b>	RN100237452
<b>Facility/Site Region</b>	12-Houston
<b>Major/Minor Source</b>	Major

<b>CASE INFORMATION</b>			
<b>Enf./Case ID No.</b>	64963	<b>No. of Violations</b>	1
<b>Docket No.</b>	2023-1523-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>	\$7,500
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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>	36.0% Adjustment	<b>Subtotals 2, 3, &amp; 7</b>	\$2,700
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Notes: Enhancement for one NOV with same or similar violations and two agreed orders containing a denial of liability. Reduction for three Notices of Intent to conduct an audit and three Disclosures of Violations.

<b>Culpability</b>	No	0.0% Enhancement	<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>	-\$750
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<b>Economic Benefit</b>	0.0% Enhancement*	<b>Subtotal 6</b>	\$0
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Total EB Amounts: \$832  
 Estimated Cost of Compliance: \$25,000  
 \*Capped at the Total EB \$ Amount

<b>SUM OF SUBTOTALS 1-7</b>	<b>Final Subtotal</b>	\$9,450
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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>	\$9,450
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<b>STATUTORY LIMIT ADJUSTMENT</b>	<b>Final Assessed Penalty</b>	\$9,450
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<b>DEFERRAL</b>	20.0%	Reduction	<b>Adjustment</b>	-\$1,890
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Reduces the Final Assessed Penalty by the indicated percentage.

Notes: Deferral offered for expedited settlement.

<b>PAYABLE PENALTY</b>	\$7,560
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Screening Date 25-Oct-2023

Docket No. 2023-1523-AIR-E

PCW

Respondent KM Liquids Terminals LLC

Policy Revision 5 (January 28, 2021)

Case ID No. 64963

PCW Revision February 11, 2021

Reg. Ent. Reference No. RN100237452

Media Air

Enf. Coordinator 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> )	1	5%
	Other written NOVs	0	0%
Orders	Any agreed final enforcement orders containing a denial of liability ( <i>number of orders meeting criteria</i> )	2	40%
	Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission	0	0%
Judgments and Consent Decrees	Any non-adjudicated final court judgments or consent decrees containing a denial of liability of this state or the federal government ( <i>number of judgments or consent decrees meeting criteria</i> )	0	0%
	Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government	0	0%
Convictions	Any criminal convictions of this state or the federal government ( <i>number of counts</i> )	0	0%
Emissions	Chronic excessive emissions events ( <i>number of events</i> )	0	0%
Audits	Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 ( <i>number of audits for which notices were submitted</i> )	3	-3%
	Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 ( <i>number of audits for which violations were disclosed</i> )	3	-6%
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)** 36%

#### >> Repeat Violator (Subtotal 3)

No

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

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

Satisfactory Performer

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

#### >> Compliance History Summary

**Compliance History Notes**

Enhancement for one NOV with same or similar violations and two agreed orders containing a denial of liability. Reduction for three Notices of Intent to conduct an audit and three Disclosures of Violations.

**Total Compliance History Adjustment Percentage (Subtotals 2, 3, & 7)** 36%

#### >> Final Compliance History Adjustment

**Final Adjustment Percentage \*capped at 100%** 36%

**Screening Date** 25-Oct-2023 **Docket No.** 2023-1523-AIR-E **PCW**  
**Respondent** KM Liquids Terminals LLC *Policy Revision 5 (January 28, 2021)*  
**Case ID No.** 64963 *PCW Revision February 11, 2021*  
**Reg. Ent. Reference No.** RN100237452  
**Media** Air  
**Enf. Coordinator** Caleb Martin

**Violation Number**

**Rule Cite(s)** 30 Tex. Admin. Code §§ 116.115(c) and 122.143(4), New Source Review Permit No. 2193, Special Conditions No. 1, Federal Operating Permit No. O988, General Terms and Conditions and Special Terms and Conditions No. 19, and Tex. Health & Safety Code § 382.085(b)

**Violation Description** Failed to prevent unauthorized emissions. Specifically, the Respondent released 68.07 pounds of volatile organic compounds from Tank 12-29, Emissions Point Number 12-29, during an emissions event (Incident No. 397193) that occurred on March 13, 2023 and lasted five hours and 15 minutes.

**Base Penalty**

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

OR	Release	Harm			Percent
		Major	Moderate	Minor	
Actual	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="X"/>	<input type="text" value="30.0%"/>
Potential	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	

**>> Programmatic Matrix**

	Falsification	Major	Moderate	Minor	Percent
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="0.0%"/>

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

**Adjustment**

**Violation Events**

Number of Violation Events   Number of violation days

daily	<input type="text"/>
weekly	<input type="text"/>
monthly	<input type="text" value="X"/>
quarterly	<input type="text"/>
semiannual	<input type="text"/>
annual	<input type="text"/>
single event	<input type="text"/>

**Violation Base Penalty**

One monthly event is recommended.

**Good Faith Efforts to Comply**

Reduction

	Before NOE/NOV	NOE/NOV to EDRP/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 November 11, 2023, after the Notice of Enforcement dated October 20, 2023.

**Violation Subtotal**

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

**Statutory Limit Test**

**Estimated EB Amount**

**Violation Final Penalty Total**

**This violation Final Assessed Penalty (adjusted for limits)**

# Economic Benefit Worksheet

**Respondent** KM Liquids Terminals LLC  
**Case ID No.** 64963  
**Reg. Ent. Reference No.** RN100237452  
**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)	\$25,000	13-Mar-2023	11-Nov-2023	0.67	\$832	n/a	\$832

#### Notes for DELAYED costs

Estimated cost to perform an emergency inbound movement to Tank 12-29 to refloat the roof, implement a new training topic focused on the KM Liquids Terminals Dual Verification Procedure, and conduct training for the Control Room personnel and Customer Service Representatives on the meaning of the automated stop gauge warnings in order to prevent the recurrence of emissions events due to the same or similar causes as Incident No. 397193. 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

\$25,000

**TOTAL**

\$832

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# Compliance History Report

Compliance History Report for CN603254707, RN100237452, Rating Year 2023 which includes Compliance History (CH) components from September 1, 2018, through August 31, 2023.

**Customer, Respondent, or Owner/Operator:** CN603254707, KM Liquids Terminals LLC **Classification:** SATISFACTORY **Rating:** 1.72  
**Regulated Entity:** RN100237452, GALENA PARK TERMINAL **Classification:** SATISFACTORY **Rating:** 0.13  
**Complexity Points:** 38 **Repeat Violator:** NO  
**CH Group:** 14 - Other  
**Location:** 906 CLINTON DRIVE, GALENA PARK, HARRIS COUNTY, TEXAS  
**TCEQ Region:** REGION 12 - HOUSTON

## ID Number(s):

**AIR OPERATING PERMITS** ACCOUNT NUMBER HG0262H  
**AIR OPERATING PERMITS** PERMIT 3875  
**AIR OPERATING PERMITS** ACCOUNT NUMBER HG0356U  
**AIR NEW SOURCE PERMITS** REGISTRATION 45172  
**AIR NEW SOURCE PERMITS** PERMIT 2193  
**AIR NEW SOURCE PERMITS** REGISTRATION 75915  
**AIR NEW SOURCE PERMITS** REGISTRATION 103819  
**AIR NEW SOURCE PERMITS** REGISTRATION 135547  
**AIR NEW SOURCE PERMITS** EPA PERMIT N232  
**AIR NEW SOURCE PERMITS** REGISTRATION 167373  
**AIR NEW SOURCE PERMITS** REGISTRATION 163735  
**AIR NEW SOURCE PERMITS** REGISTRATION 147711  
**AIR NEW SOURCE PERMITS** REGISTRATION 160551  
**AIR NEW SOURCE PERMITS** REGISTRATION 160153  
**AIR NEW SOURCE PERMITS** REGISTRATION 175843  
**AIR NEW SOURCE PERMITS** ACCOUNT NUMBER HG0356U  
**AIR NEW SOURCE PERMITS** PERMIT 110945  
**UNDERGROUND INJECTION CONTROL** PERMIT 5X2600543  
**WASTEWATER** EPA ID TX0005819  
**AIR EMISSIONS INVENTORY** ACCOUNT NUMBER HG0262H  
**INDUSTRIAL AND HAZARDOUS WASTE** PERMIT 50054  
**INDUSTRIAL AND HAZARDOUS WASTE** SOLID WASTE REGISTRATION # (SWR) 30573  
**TAX RELIEF** ID NUMBER 19595  
**TAX RELIEF** ID NUMBER 20340  
**TAX RELIEF** ID NUMBER 19596  
**TAX RELIEF** ID NUMBER 19578  
**AIR OPERATING PERMITS** PERMIT 988  
**AIR OPERATING PERMITS** PERMIT 3764  
**AIR NEW SOURCE PERMITS** REGISTRATION 12956  
**AIR NEW SOURCE PERMITS** ACCOUNT NUMBER HG0262H  
**AIR NEW SOURCE PERMITS** REGISTRATION 53795  
**AIR NEW SOURCE PERMITS** AFS NUM 4820100091  
**AIR NEW SOURCE PERMITS** REGISTRATION 105646  
**AIR NEW SOURCE PERMITS** REGISTRATION 123635  
**AIR NEW SOURCE PERMITS** REGISTRATION 130986  
**AIR NEW SOURCE PERMITS** REGISTRATION 164731  
**AIR NEW SOURCE PERMITS** REGISTRATION 142501  
**AIR NEW SOURCE PERMITS** REGISTRATION 149340  
**AIR NEW SOURCE PERMITS** REGISTRATION 158353  
**AIR NEW SOURCE PERMITS** REGISTRATION 153981  
**AIR NEW SOURCE PERMITS** REGISTRATION 172351  
**AIR NEW SOURCE PERMITS** AFS NUM 4820100044  
**IHW CORRECTIVE ACTION** SOLID WASTE REGISTRATION # (SWR) 30573  
**UNDERGROUND INJECTION CONTROL** PERMIT 5X2600696  
**WASTEWATER** PERMIT TXG670089  
**POLLUTION PREVENTION PLANNING** ID NUMBER P00264  
**INDUSTRIAL AND HAZARDOUS WASTE** EPA ID TXD026481523  
**TAX RELIEF** ID NUMBER 19577  
**TAX RELIEF** ID NUMBER 20339  
**TAX RELIEF** ID NUMBER 20336  
**TAX RELIEF** ID NUMBER 20337

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

**Date Compliance History Report Prepared:** April 22, 2024

**Agency Decision Requiring Compliance History:** Enforcement

**Component Period Selected:** April 22, 2019 to April 22, 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: 04/26/2019 ADMINORDER 2017-1561-AIR-E (1660 Order-Agreed Order With Denial)  
Classification: Moderate  
Citation: 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: 14 OP  
FOP, Special Terms and Conditions 1A OP  
NSR, Special Condition 1 PERMIT  
Description: Failure to comply with the annual maximum allowable emission rate (MAER) for VOC for Tank 120-24.  
Category A8,GC3  
Classification: Moderate  
Citation: 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: FOP, Special Terms and Conditions 1A OP  
NSR, Special Condition 1 PERMIT  
STC 14 OP  
Description: Failure to comply with the annual maximum allowable emission rate (MAER) for VOC for Tank 120-25.  
Category A8,GC3
- 2 Effective Date: 09/28/2020 ADMINORDER 2019-1430-AIR-E (1660 Order-Agreed Order With Denial)  
Classification: Moderate  
Citation: 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: Special Conditions 1 PERMIT  
Special Terms and Conditions 14 PERMIT  
Description: Failure to prevent the exceedance of the rolling 12-month volatile organic compound (VOC) Maximum Allowable Emission Rate (MAER) for Flare No. 101 [Emission Point Number (EPN) FL-101]. (Category A8, Criterion 2)

**B. Criminal convictions:**

N/A

**C. Chronic excessive emissions events:**

N/A

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

Item 1	November 14, 2019	(1576160)
Item 2	December 13, 2019	(1612848)
Item 3	December 16, 2019	(1612912)
Item 4	February 21, 2020	(1611049)
Item 5	August 05, 2020	(1472909)
Item 6	August 07, 2020	(1652915)
Item 7	August 12, 2020	(1637747)
Item 8	August 24, 2020	(1670187)
Item 9	November 04, 2020	(1685999)
Item 10	February 08, 2021	(1701595)
Item 11	March 01, 2021	(1677911)
Item 12	April 08, 2021	(1692266)
Item 13	May 21, 2021	(1722700)



Item 14	June 23, 2021	(1735429)
Item 15	May 27, 2022	(1805151)
Item 16	June 03, 2022	(1805153)
Item 17	July 26, 2022	(1832790)
Item 18	February 09, 2023	(1862094)
Item 19	July 11, 2023	(1902291)

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

A notice of violation represents a written allegation of a violation of a specific regulatory requirement from the commission to a regulated entity. A notice of violation is not a final enforcement action, nor proof that a violation has actually occurred.

- 1 Date: 05/31/2023 (1881722)
- Self Report? NO Classification: Minor
- Citation: 30 TAC Chapter 122, SubChapter B 122.145(2)(A)  
5C THSC Chapter 382 382.085(b)  
FOP 988 Special Terms and Conditions 1A OP
- Description: Failure to report all instances of deviations. (Category B3)
- Self Report? NO Classification: Moderate
- Citation: 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)  
FOP 988 Special Term and Condition 19 OP  
NSR 2193 SC 32 PERMIT
- Description: Failure to prevent open ended lines OELs due to missing plugs for EPN FUG. (Category C10)
- Self Report? NO Classification: Moderate
- Citation: 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)  
FOP 988 Special Terms and Conditions 19 OP  
NSR 2193 54 PERMIT
- Description: Failure to maintain records for EPNs: SD-4-VCU & VCU-BD3. (Category B3)

**F. Environmental audits:**

Notice of Intent Date: 02/19/2019 (1551687)

Disclosure Date: 07/19/2019

Viol. Minor

Classification:

Citation: 30 TAC Chapter 116, SubChapter B 116.111(a)(2)(C)

Rqmt Prov: PERMIT Special Condition 17.A

Description: Failed to evaluate and apply Best Available Control Technology (BACT) to all facilities subject to TCAA. Specifically, Tank tk-108, constructed in 2018 and first filled in January 2019, stores material which contains VOC. Additionally, tank tk-108 has an uninsulated outer surface, was not white in color, and was not designed to be submerged fill or filled from the bottom.

Viol. Major

Classification:

Citation: 30 TAC Chapter 116, SubChapter B 116.110(b)

30 TAC Chapter 290, SubChapter F 290.110(a)

Description: Failed to obtain a permit to construct or amend an existing permit prior to commencing real work on a new potential source. Specifically, Tank tk-108, constructed in 2018 and first filled in January 2019, did not have authorization for construction, nor the air emissions from the tank at the time of installation.

Notice of Intent Date: 05/31/2019 (1575151)

Disclosure Date: 08/15/2019

Viol. Moderate

Classification:

Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)

Rqmt Prov: PERMIT Special Condition No. 1

Description: Failed to limit PM and SO2 emissions from VCU-1A to the annual emissions limit since January 1, 2017. Specifically, the current permit limits for PM and SO2 are 0.14 tpy and 0.01 tpy. The current rolling 12 month PM and SO2 emissions are 0.20 tpy and 0.02 tpy.

Disclosure Date: 11/07/2019

Viol. Minor

Classification:

Citation: 30 TAC Chapter 115, SubChapter D 115.354(3)

30 TAC Chapter 116, SubChapter B 116.115(c)

30 TAC Chapter 122, SubChapter B 122.143(4)

Rqmt Prov: PERMIT SC No. 32.E  
OP STC No. 1  
OP STC No. 19

Description: Failed to perform Audio, Visual, and Olfactory (AVO) rounds in two zones out of 11 total zones in the weeks of August 25, 2019 through August 31, 2019 and September 1, 2019 through September 7, 2019.

Disclosure Date: 11/18/2019

Viol. Moderate

Classification:

Citation: 30 TAC Chapter 101, SubChapter A 101.20(1)  
30 TAC Chapter 116, SubChapter B 116.115(c)  
40 CFR Chapter 60, SubChapter C, PT 60, SubPT Kb 60.112b(a)(1)(i)  
40 CFR Chapter 60, SubChapter C, PT 60, SubPT Kb 60.112b(a)(1)(iv)

Rqmt Prov: PERMIT SC No. 2  
PERMIT SC No. 24

Description: Failed to land Tanks 150-116, 150-117, 150-118, 150-119, 150-120, 150-121, 100-25, 100-26, and 100-27 with control on multiple occasions due to inaccurate strapping information.

Disclosure Date: 01/23/2020

Viol. Minor

Classification:

Citation: 30 TAC Chapter 101, SubChapter A 101.20(1)  
30 TAC Chapter 115, SubChapter B 115.114(a)(1)  
30 TAC Chapter 116, SubChapter B 116.115(c)  
30 TAC Chapter 122, SubChapter B 122.143(4)  
40 CFR Chapter 60, SubChapter C, PT 60, SubPT Kb 60.113b(a)(2)

Rqmt Prov: PERMIT Special Conditions No. 2  
PERMIT Special Conditions No. 20.C  
OP STC No. 1  
OP STC No. 5

Description: Failed to perform a visual inspection of the internal floating roof and primary seal of the following tanks within 12 months of the previous inspection: 100-15 (1/13/16), 100-7 (2/15/16), 100-18 (6/28/16), 100-6 (8/29/16), 100-24 (6/29/16), 100-26 (9/26/16), 80-11 (2/4/16), and 150-117 (4/28/16).

Viol. Minor

Classification:

Citation: 30 TAC Chapter 101, SubChapter A 101.20(1)  
30 TAC Chapter 115, SubChapter B 115.114(a)(1)  
30 TAC Chapter 116, SubChapter B 116.115(c)  
30 TAC Chapter 122, SubChapter B 122.143(4)  
40 CFR Chapter 60, SubChapter C, PT 60, SubPT Kb 60.113b(a)(2)

Rqmt Prov: PERMIT Special Conditions No. 2  
PERMIT Special Conditions No. 20.C  
OP STC No. 1  
OP STC No. 5

Description: Failed to perform a visual inspection of the internal floating roof and primary seal of the following tanks within 12 months of the previous inspection: 12-24 (5/25/17), 12-26 and 12-27 (7/26/17), 25-5 (10/27/17), 25-2 (7/7/17), 25-7 (9/20/17), 25-16 (5/8/17), 100-10 (2/17/17), 100-11 (9/25/17), 125-1 (4/19/17), 150-110 (9/21/17), 150-113 (9/25/17), 150-114 (5/17/17), and 150-115 (2/23/17).

Viol. Minor

Classification:

Citation: 30 TAC Chapter 101, SubChapter A 101.20(1)  
30 TAC Chapter 115, SubChapter B 115.114(a)(1)  
30 TAC Chapter 116, SubChapter B 116.115(c)  
30 TAC Chapter 122, SubChapter B 122.143(4)  
40 CFR Chapter 60, SubChapter C, PT 60, SubPT Kb 60.113b(a)(2)

Rqmt Prov: PERMIT Special Conditions No. 2  
PERMIT Special Conditions No. 20.C  
OP STC No. 1  
OP STC No. 5

Description: Failed to perform a visual inspection of the internal floating roof and primary seal of the following tanks within 12 months of the previous inspection: 100-2 (1/15/18), 100-5 (1/29/18), 100-15 (2/20/18), 12-3 (2/13/18), 150-107 (2/15/18), 100-25 (5/10/18), and 100-26 and 100-27 (4/18/18).

Viol. Minor

**Classification:**

Citation: 30 TAC Chapter 101, SubChapter A 101.20(1)  
30 TAC Chapter 115, SubChapter B 115.114(a)(1)  
30 TAC Chapter 116, SubChapter B 116.115(c)  
30 TAC Chapter 122, SubChapter B 122.143(4)  
40 CFR Chapter 60, SubChapter C, PT 60, SubPT Kb 60.113b(a)(2)

Rqmt Prov: PERMIT Special Conditions No. 2  
PERMIT Special Conditions No. 20.C  
OP STC No. 1  
OP STC No. 5

Description: Failed to maintain sufficient records to document the 2016 annual visual seal inspections performed on internal floating roof tanks 12-1, 12-17, 12-26, 12-27, 25-4, 25-29, 150-105, 150-107, 150-112, and 150-115.

Viol. Minor

**Classification:**

Citation: 30 TAC Chapter 101, SubChapter A 101.20(1)  
30 TAC Chapter 115, SubChapter B 115.114(a)(1)  
30 TAC Chapter 116, SubChapter B 116.115(c)  
30 TAC Chapter 122, SubChapter B 122.143(4)  
40 CFR Chapter 60, SubChapter C, PT 60, SubPT Kb 60.113b(a)(2)

Rqmt Prov: PERMIT Special Conditions No. 2  
PERMIT Special Conditions No. 20.C  
OP STC No. 1  
OP STC No. 5

Description: Failed to maintain sufficient records to document physical (initial, 5, or 10 year) seal inspections performed on internal floating roof tanks 12-4, 12-26, 12-27, 25-4, 25-30, and 100-28.

Viol. Minor

**Classification:**

Citation: 30 TAC Chapter 101, SubChapter A 101.20(1)  
30 TAC Chapter 115, SubChapter B 115.114(a)(1)  
30 TAC Chapter 116, SubChapter B 116.115(c)  
30 TAC Chapter 122, SubChapter B 122.143(4)  
40 CFR Chapter 60, SubChapter C, PT 60, SubPT Kb 60.113b(a)(2)

Rqmt Prov: PERMIT Special Conditions No. 2  
PERMIT Special Conditions No. 20.C  
OP STC No. 1  
OP STC No. 5

Description: Failed to perform a visual inspection of the internal floating roof and primary seal of Tank 15-2 within 12 months of the previous inspection conducted on January 27, 2016 and failed to maintain sufficient records for the visual inspection conducted on June 30, 2017.

Notice of Intent Date: 10/29/2020 (1685763)  
No DOV Associated

Notice of Intent Date: 10/05/2022 (1853206)  
Disclosure Date: 01/25/2023

Viol. Moderate

**Classification:**

Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)  
30 TAC Chapter 122, SubChapter B 122.143(4)  
40 CFR Chapter 63, SubChapter C, PT 63, SubPT WW 63.1066(b)(1)

Rqmt Prov: PERMIT SC 2  
OP STC 1, 17, 19

Description: Failed to provide 30-day notification to TCEQ administrator of inspection for IFR Tanks because the air group was only tracking tank refills after emptying and degassing events triggered by maintenance and repairs (per 40 CFR Part 60 Subpart Kb requirements prior to the recent amendment by US EPA in 2021) and the air group was not aware of (1) some in-service tank inspections or (2) tank emptying and degassing events triggered by commercial opportunities.

**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  
KM LIQUIDS TERMINALS LLC  
RN100237452

§ BEFORE THE  
§ TEXAS COMMISSION ON  
§ ENVIRONMENTAL QUALITY

## AGREED ORDER DOCKET NO. 2023-1523-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 KM Liquids Terminals 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 for-hire terminal that receives, stores, blends, and transfers petroleum products, fuel oils, and segregated chemicals owned by numerous external customers located at 906 Clinton Drive in Galena Park, Harris County, Texas (the "Site"). The Site 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 \$9,450 is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent paid \$3,780 of the penalty and \$1,890 of the penalty is deferred contingent upon the Respondent's timely and satisfactory compliance with all the terms of this Order and shall be waived only upon full compliance with all the terms and conditions of this Order. If the Respondent fails to timely and satisfactorily comply with any of the terms and conditions contained in this Order, the Executive Director may demand payment of all or part of the deferred penalty amount.

Pursuant to TEX. WATER CODE § 7.067, \$3,780 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 ("Attachement 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 by November 11, 2023, the Respondent performed an emergency inbound movement to Tank 12-29 to refloat the roof, implemented a new training topic focused on the KM Liquids Terminals Dual Verification Procedure, and conducted training for the Control Room personnel and Customer Service Representatives on the meaning of the automated stop gauge warnings in order to prevent the recurrence of emissions events due to the same or similar causes as Incident No. 397193.

## **II. ALLEGATIONS**

During a record review for the Site conducted on March 27, 2023, an investigator documented that the Respondent failed to prevent unauthorized emissions, in violation of 30 TEX. ADMIN. CODE §§ 116.115(c) and 122.143(4), New Source Review Permit No. 2193, Special Conditions No. 1, Federal Operating Permit No. O988, General Terms and Conditions and Special Terms and Conditions No. 19, and TEX. HEALTH & SAFETY CODE § 382.085(b). Specifically, the Respondent released 68.07 pounds of volatile organic compounds from Tank 12-29, Emissions Point Number 12-29, during an emissions event (Incident No. 397193) that occurred on March 13, 2023 and lasted five hours and 15 minutes.

## **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: KM Liquids Terminals LLC, Docket No. 2023-1523-AIR-E" to:

Financial Administration Division, Revenue Operations Section  
Attention: Cashier's Office, MC 214  
Texas Commission on Environmental Quality  
12100 Park 35 Circle  
Austin, Texas 78753

2. The Respondent shall implement and complete the SEP as set forth in Section I, Paragraph No. 4. The amount of \$3,780 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 date the Executive Director demands payment.
3. All relief not expressly granted in this Order is denied.
4. 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 Site operations referenced in this Order.
5. 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.
6. 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.
7. 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.
8. 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

  
-----  
For the Executive Director

-----  
7/25/2024  
-----  
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.

  
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Signature

-----  
5-24-24  
-----  
Date

MARILYN COLLINS  
-----  
Name (Printed or typed)  
Authorized Representative of  
KM Liquids Terminals LLC

-----  
General Manager  
-----  
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: 2023-1523-AIR-E**  
**SUPPLEMENTAL ENVIRONMENTAL PROJECT**

<b>Respondent:</b>	<b>KM Liquids Terminals LLC</b>
<b>Payable Penalty Amount:</b>	<b>\$7,560</b>
<b>SEP Offset Amount:</b>	<b>\$3,780</b>
<b>Type of SEP:</b>	<b>Contribution to a Third-Party Administrator SEP</b>
<b>Third-Party Administrator:</b>	<b>Barbers Hill Independent School District</b>
<b>Project Name:</b>	<b><i>Energy Efficiency Building Upgrade/Retrofit Project</i></b>
<b>Total Project Budget:</b>	<b>\$1,151,928</b>
<b>Location of SEP:</b>	<b>Chambers 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. The contribution will be to the **Barbers Hill Independent School District** for the *Energy Efficiency Building Upgrade/Retrofit Project* (the “Project”). The Project is to pay a contractor to install and monitor sub-meters. The contractor's work will include installing revenue grade electric sub-meters in the line feed of certain facilities; installing revenue grade current transformers; incorporating all engineering, software, and graphics to accomplish effective monitoring of the status of this equipment; and a one-year warranty including parts and labor for the new sub-meters. In addition to sub-metering, the contractor will monitor, calibrate, and repair existing meters and complete energy efficiency upgrades and/or retrofits based on needs identified in energy audits. The Project will be performed in accordance with all federal, state, and local environmental laws and regulations. The contribution will be used in accordance with the SEP Agreement between the Third-Party Administrator and the TCEQ.

All dollars contributed will be used solely for the direct cost of the Project, including but not limited to supplies, materials, and equipment. Any portion of this contribution that is not 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. Respondent shall not profit from this SEP.

## B. Environmental Benefit

The Project will result in reduced energy consumption by school district buildings and will contribute to the overall reduction of greenhouse gases. The sub-metering is expected to reduce energy consumption up to eight percent. The Project will reduce fuel and electricity usage for heating and cooling and day-to-day operations. These reductions will reduce emission of particulate matter, volatile organic carbon compounds, nitrogen oxides, and other pollutants associated with the combustion of fuel and generation of electricity. It will also contribute to a reduction in peak loads on the State electric power grid.

## 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 **Barbers Hill ISD SEP** and shall mail the contribution with a copy of the Agreed Order to:

John Johnson, Consultant  
Carl R. Griffith & Associates, Inc.  
2901 Turtle Creek Drive, Suite 445  
Port Arthur, Texas 77642

### 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 or email 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  
SEPReports@tceq.texas.gov

### 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

KM Liquids Terminals LLC  
Docket No. 2023-1523-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.