

Executive Summary – Enforcement Matter – Case No. 66539
SOUTHWEST SHIPYARD, L.P.
RN100248749
Docket No. 2024-1323-IWD-E

Order Type:

1660 Agreed Order

Findings Order Justification:

N/A

Media:

IWD

Small Business:

Yes

Location(s) Where Violation(s) Occurred:

Southwest Shipyard, 18310 Market Street, Channelview, Harris County

Type of Operation:

Marine vessel cleaning and repair facility

Other Significant Matters:

Additional Pending Enforcement Actions: No

Past-Due Penalties: No

Other: N/A

Interested Third-Parties: None

Texas Register Publication Date: July 25, 2025

Comments Received: No

Penalty Information

Total Penalty Assessed: \$22,750

Amount Deferred for Expedited Settlement: \$4,550

Total Paid to General Revenue: \$9,100

Total Due to General Revenue: \$0

Payment Plan: N/A

Supplemental Environmental Project (“SEP”) Conditional Offset: \$9,100

Name of SEP: Houston-Galveston Area Council (Third-Party Pre-Approved)

Compliance History Classifications:

Person/CN - Satisfactory

Site/RN - Satisfactory

Major Source: No

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 29, 2024

Date(s) of NOE(s): June 17, 2024

Executive Summary – Enforcement Matter – Case No. 66539
SOUTHWEST SHIPYARD, L.P.
RN100248749
Docket No. 2024-1323-IWD-E

Violation Information

Failed to comply with permitted effluent limitations for carbonaceous biochemical demand (5-day), total copper, total suspended solids, ammonia nitrogen, total nickel, total petroleum hydrocarbons, and *Enterococci* [30 TEX. ADMIN. CODE § 305.125(1), TEX. WATER CODE § 26.121(a)(1), and Texas Pollutant Discharge Elimination System ("TPDES") Permit No. WQ0002605000, Effluent Limitations and Monitoring Requirements No. 1 for Outfall 001].

Corrective Actions/Technical Requirements

Corrective Action(s) Completed:

N/A

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, within 130 days, submit written certification of compliance with the effluent limitations of TPDES Permit No. WQ0002605000, including specific corrective actions that were implemented at the Facility to achieve compliance and copies of the most current self-reported discharge monitoring reports, demonstrating at least three consecutive months of compliance with all permitted effluent limitations.

Contact Information

TCEQ Attorney: N/A

TCEQ Enforcement Coordinator: Alejandra Basave, Enforcement Division, Enforcement Team 1, MC R-13, (512) 239-4168; 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: Houston-Galveston Area Council, 3555 Timmons Lane, Suite 120, Houston, Texas 77027

Respondent: John Hilliard, Member, SOUTHWEST SHIPYARD, L.P., 18310 Market Street, Channelview, Texas 77530

Respondent's Attorney: Lauren Shah, Kelley Drye & Warren LLP, 515 Post Oak Boulevard, Suite 900, Houston, Texas 77027



Penalty Calculation Worksheet (PCW)

Policy Revision 5 (January 28, 2021)

PCW Revision February 11, 2021

DATES	Assigned	8-Jul-2024	Screening	6-Aug-2024	EPA Due	
	PCW	25-Mar-2025				

RESPONDENT/FACILITY INFORMATION

Respondent	SOUTHWEST SHIPYARD, L.P.				
Reg. Ent. Ref. No.	RN100248749				
Facility/Site Region	12-Houston	Major/Minor Source	Minor		

CASE INFORMATION

Enf./Case ID No.	66539	No. of Violations	2
Docket No.	2024-1323-IWD-E	Order Type	1660
Media Program(s)	Water Quality	Government/Non-Profit	No
Multi-Media		Enf. Coordinator	Alejandra Basave
		EC's Team	Enforcement Team 1
Admin. Penalty \$ Limit Minimum	\$0	Maximum	\$25,000

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties)	Subtotal 1	\$17,500
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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.

Compliance History	30.0%	Adjustment	Subtotals 2, 3, & 7	\$5,250
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Notes: Enhancement for two months of self reported effluent violations, and one agreed order with a denial of liability.

Culpability	No	0.0%	Enhancement	Subtotal 4	\$0
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Notes: The Respondent does not meet the culpability criteria.

Good Faith Effort to Comply Total Adjustments	Subtotal 5	\$0
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Economic Benefit	0.0%	Enhancement*	Subtotal 6	\$0
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Total EB Amounts: \$1,529
Estimated Cost of Compliance: \$20,000
*Capped at the Total EB \$ Amount

SUM OF SUBTOTALS 1-7	Final Subtotal	\$22,750
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OTHER FACTORS AS JUSTICE MAY REQUIRE	0.0%	Adjustment	\$0
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Reduces or enhances the Final Subtotal by the indicated percentage.

Notes:

Final Penalty Amount	\$22,750
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STATUTORY LIMIT ADJUSTMENT	Final Assessed Penalty	\$22,750
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DEFERRAL	20.0%	Reduction	Adjustment	-\$4,550
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Reduces the Final Assessed Penalty by the indicated percentage.

Notes:

Deferral offered for expedited settlement.

PAYABLE PENALTY	\$18,200
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Screening Date	6-Aug-2024	Docket No.	2024-1323-IWD-E	PCW
Respondent	SOUTHWEST SHIPYARD, L.P.			<i>Policy Revision 5 (January 28, 2021)</i>
Case ID No.	66539			<i>PCW Revision February 11, 2021</i>
Reg. Ent. Reference No.	RN100248749			
Media	Water Quality			
Enf. Coordinator	Alejandra Basave			

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>)	2	10%
	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) 30%

>> Repeat Violator (Subtotal 3)

No	Adjustment Percentage (Subtotal 3)	0%
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>> Compliance History Person Classification (Subtotal 7)

Satisfactory Performer	Adjustment Percentage (Subtotal 7)	0%
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>> Compliance History Summary

Compliance History Notes	Enhancement for two months of self reported effluent violations, and one agreed order with a denial of liability.
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Total Compliance History Adjustment Percentage (Subtotals 2, 3, & 7) 30%

>> Final Compliance History Adjustment

Final Adjustment Percentage *capped at 100% 30%

Screening Date 6-Aug-2024 Respondent SOUTHWEST SHIPYARD, L.P. Case ID No. 66539 Reg. Ent. Reference No. RN100248749 Media Water Quality Enf. Coordinator Alejandra Basave	Docket No. 2024-1323-IWD-E	PCW <i>Policy Revision 5 (January 28, 2021)</i> <i>PCW Revision February 11, 2021</i>
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Violation Number	1	Rule Cite(s)	
		30 Tex. Admin. Code § 305.125(1), Tex. Water Code § 26.121(a)(1), and Texas Pollutant Discharge Elimination System ("TPDES") Permit No. WQ0002605000, Effluent Limitations and Monitoring Requirements No. 1 for Outfall 001	
Violation Description		Failed to comply with permitted effluent limitations, as shown in the attached effluent violation table.	

Base Penalty	\$25,000
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>> Environmental, Property and Human Health Matrix

OR		Harm			
	Release	Major	Moderate	Minor	
	Actual		x		Percent 25.0%
	Potential				

>> Programmatic Matrix

Matrix Notes		Falsification	Major	Moderate	Minor	
						Percent 0.0%
A simplified model was used to evaluate total nickel and total copper to determine whether the discharged amounts of pollutants exceeded protective levels. Total suspended solids was also considered. Human health or the environment has been exposed to significant amounts of pollutants which do not exceed levels that are protective of human health or environmental receptors as a result of the violation.						

Adjustment	\$18,750
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	\$6,250
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Violation Events

Number of Violation Events	1	31	Number of violation days
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	daily		Violation Base Penalty \$6,250
	weekly		
	monthly	x	
	quarterly		
	semiannual		
	annual		
	single event		

One monthly event is recommended for the month of December 2023.

Good Faith Efforts to Comply

0.0%	Reduction
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	\$6,250
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Economic Benefit (EB) for this violation

Estimated EB Amount	\$1,529	Statutory Limit Test
		Violation Final Penalty Total
		\$8,125
This violation Final Assessed Penalty (adjusted for limits)		\$8,125

Economic Benefit Worksheet

Respondent SOUTHWEST SHIPYARD, L.P.
Case ID No. 66539
Reg. Ent. Reference No. RN100248749
Media Water Quality
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
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	31-Mar-2024	10-Oct-2025	1.53	\$1,529	n/a	\$1,529
Notes for DELAYED costs	Estimated other cost to determine the cause of noncompliance, make the necessary repairs/adjustments to the facility, and achieve compliance with the permitted effluent limitations. The Date Required is the end date of the first month of noncompliance, 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	\$20,000			TOTAL		\$1,529	

Screening Date 6-Aug-2024 Respondent SOUTHWEST SHIPYARD, L.P. Case ID No. 66539 Reg. Ent. Reference No. RN100248749 Media Water Quality Enf. Coordinator Alejandra Basave	Docket No. 2024-1323-IWD-E Base Penalty \$25,000	PCW <i>Policy Revision 5 (January 28, 2021)</i> <i>PCW Revision February 11, 2021</i>
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Violation Number	2	Rule Cite(s)	
		30 Tex. Admin. Code § 305.125(1), Tex. Water Code § 26.121(a)(1), and TPDES Permit No. WQ0002605000, Effluent Limitations and Monitoring Requirements No. 1 for Outfall 001	
Violation Description		Failed to comply with permitted effluent limitations, as shown in the attached effluent violation table.	

>> Environmental, Property and Human Health Matrix

OR	Release	Harm			Percent
		Major	Moderate	Minor	
	Actual			x	
	Potential				

15.0%

>> Programmatic Matrix

Matrix Notes	Falsification	Major	Moderate	Minor	Percent

0.0%

A simplified model was used to evaluate ammonia nitrogen to determine whether the discharged amounts of pollutants exceeded protective levels. Carbonaceous biochemical oxygen demand (5-day), Enterococci, total nickel, total copper, and total petroleum hydrocarbons were also considered. Human health or the environment has been exposed to insignificant amounts of pollutants which do not exceed levels that are protective of human health or environmental receptors as a result of the violation.

Adjustment \$21,250

\$3,750

Violation Events

Number of Violation Events	3	92	Number of violation days
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daily						
weekly						
monthly						
quarterly	x					
semiannual						
annual						
single event						

Violation Base Penalty \$11,250

Three quarterly events are recommended for the quarters containing the months of March, August, and November 2023.

Good Faith Efforts to Comply

	0.0%	
	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 \$11,250

Economic Benefit (EB) for this violation

Estimated EB Amount	Statutory Limit Test
\$0	Violation Final Penalty Total \$14,625
This violation Final Assessed Penalty (adjusted for limits)	
\$14,625	

Economic Benefit Worksheet

Respondent SOUTHWEST SHIPYARD, L.P.
Case ID No. 66539
Reg. Ent. Reference No. RN100248749
Media Water Quality
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				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 Economic Benefit Worksheet for Violation No. 1.						

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

TOTAL

SOUTHWEST SHIPYARD, L.P.
Docket No. 2024-1323-IWD-E
TPDES Permit No. WQ0002605000
Case No. 66539

Effluent Violation Table

	BOD5 Daily Max. Conc.	<i>Enterococci</i> Daily Avg. Conc.	Total Petroleum Hydrocarbons Daily Avg. Conc.	Total Petroleum Hydrocarbons Daily Max. Conc.	Total Petroleum Hydrocarbons Daily Avg. Loading	Total Petroleum Hydrocarbons Daily Max. Loading
Monitoring Period	Limit = 20 mg/L	Limit = 35 CFU/100 mL	Limit = 15.0 mg/L	Limit = 15.0 mg/L	Limit = 25.0 lbs/day	Limit = 25.0 lbs/day
March 2023	23.1	52	c	c	c	c
August 2023	c	c	65	130	40.681875	81.36375

	Total Nickel Daily Avg. Conc.	Total Copper Daily Avg. Conc.	Total Copper Daily Max. Conc.	Ammonia Nitrogen Daily Avg. Conc.	Ammonia Nitrogen Daily Max. Conc.	Total Suspended Solids Daily Avg. Conc.	Total Suspended Solids Daily Max. Conc.
Monitoring Period	Limit = 0.146 mg/L	Limit = 0.0433 mg/L	Limit = 0.091 mg/L	Limit = 3.0 mg/L	Limit = 6.0 mg/L	Limit = 26 mg/L	Limit = 58 mg/L
March 2023	c	c	c	7.6225	25	c	c
November 2023	0.299	0.0667	c	c	c	c	c
December 2023	0.166	0.138	0.138	c	c	42.85	63.3

Avg. = average BOD5 = carbonaceous biochemical demand (5-Day) c = compliant
 CFU/100 mL = colony forming units per 100 millimeters Conc. = concentration
 lbs/day = pounds per day mg/L = milligrams per liter Max. = maximum



Compliance History Report

Compliance History Report for CN600135354, RN100248749, Rating Year 2024 which includes Compliance History (CH) components from September 1, 2019, through August 31, 2024.

Customer, Respondent, or Owner/Operator: CN600135354, Southwest Shipyard, L.P. **Classification:** SATISFACTORY **Rating:** 1.96

Regulated Entity: RN100248749, SOUTHWEST SHIPYARD **Classification:** SATISFACTORY **Rating:** 1.96

Complexity Points: 25 **Repeat Violator:** NO

CH Group: 14 - Other

Location: 18310 Market Street in Channelview, Harris County, Texas

TCEQ Region: REGION 12 - HOUSTON

ID Number(s):

AIR OPERATING PERMITS ACCOUNT NUMBER HG0686T

PUBLIC WATER SYSTEM/SUPPLY REGISTRATION
1012781

AIR NEW SOURCE PERMITS PERMIT 9442

AIR NEW SOURCE PERMITS REGISTRATION 34783

AIR NEW SOURCE PERMITS REGISTRATION 35353

AIR NEW SOURCE PERMITS ACCOUNT NUMBER
HG0686T

AIR NEW SOURCE PERMITS REGISTRATION 75783

AIR NEW SOURCE PERMITS REGISTRATION 55646

AIR NEW SOURCE PERMITS REGISTRATION 155161

PETROLEUM STORAGE TANK REGISTRATION
REGISTRATION 59001

WASTEWATER PERMIT 2E0000020

WASTEWATER EPA ID TX0092282

AIR EMISSIONS INVENTORY ACCOUNT NUMBER
HG0686T

INDUSTRIAL AND HAZARDOUS WASTE EPA ID
TXD000820274

TAX RELIEF ID NUMBER 22400

AIR OPERATING PERMITS PERMIT 1260

AIR NEW SOURCE PERMITS PERMIT 4759

AIR NEW SOURCE PERMITS REGISTRATION 23134

AIR NEW SOURCE PERMITS PERMIT 36241

AIR NEW SOURCE PERMITS PERMIT 43774

AIR NEW SOURCE PERMITS REGISTRATION 54007

AIR NEW SOURCE PERMITS AFS NUM 4820100826

AIR NEW SOURCE PERMITS REGISTRATION 162902

AIR NEW SOURCE PERMITS REGISTRATION 174952

STORMWATER PERMIT TXR05V732

WASTEWATER PERMIT WQ0002605000

INDUSTRIAL AND HAZARDOUS WASTE

NONPERMITTED ID NUMBER R12100248749

POLLUTION PREVENTION PLANNING ID NUMBER
P00646

INDUSTRIAL AND HAZARDOUS WASTE SOLID WASTE
REGISTRATION # (SWR) 31208

TAX RELIEF ID NUMBER 22948

Compliance History Period: September 01, 2019 to August 31, 2024 **Rating Year:** 2024 **Rating Date:** 09/01/2024

Date Compliance History Report Prepared: January 17, 2025

Agency Decision Requiring Compliance History: Enforcement

Component Period Selected: January 17, 2020 to January 17, 2025

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

Name: Alejandra Basave

Phone: (512) 239-4168

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: 02/21/2021 ADMINORDER 2020-0367-AIR-E (1660 Order-Agreed Order With Denial)
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)

Description: Failure to maintain the firebox exit temperature at or above the exit temperature established during the most recent satisfactory stack test for the Bekaert Clean Enclosed Burner ("CEB") Vapor Combustor.

See addendum for information regarding federal actions.

B. Criminal convictions:

N/A

C. Chronic excessive emissions events:

N/A

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

Item 1	January 20, 2020	(1635304)	Item 28	July 14, 2022	(1843531)
Item 2	January 21, 2020	(1597253)	Item 29	August 17, 2022	(1849695)
Item 3	April 20, 2020	(1654786)	Item 30	September 16, 2022	(1857462)
Item 4	July 20, 2020	(1674826)	Item 31	November 19, 2022	(1870727)
Item 5	August 19, 2020	(1681596)	Item 32	December 14, 2022	(1876582)
Item 6	September 15, 2020	(1672724)	Item 33	January 18, 2023	(1883393)
Item 7	October 16, 2020	(1694531)	Item 34	February 08, 2023	(1891208)
Item 8	November 19, 2020	(1716194)	Item 35	February 09, 2023	(1862117)
Item 9	January 20, 2021	(1716196)	Item 36	March 14, 2023	(1899778)
Item 10	February 19, 2021	(1729276)	Item 37	March 30, 2023	(1895123)
Item 11	March 15, 2021	(1729277)	Item 38	May 10, 2023	(1913734)
Item 12	July 19, 2021	(1752945)	Item 39	June 20, 2023	(1920342)
Item 13	July 20, 2021	(1738727)	Item 40	July 25, 2023	(1927327)
Item 14	August 09, 2021	(1758353)	Item 41	August 15, 2023	(1934270)
Item 15	September 15, 2021	(1767629)	Item 42	October 05, 2023	(1925462)
Item 16	October 12, 2021	(1778141)	Item 43	October 17, 2023	(1908909)
Item 17	November 18, 2021	(1784872)	Item 44	October 20, 2023	(1947249)
Item 18	December 17, 2021	(1791904)	Item 45	November 20, 2023	(1952937)
Item 19	January 13, 2022	(1799754)	Item 46	February 20, 2024	(1978363)
Item 20	February 15, 2022	(1830035)	Item 47	March 06, 2024	(1967136)
Item 21	February 28, 2022	(1765631)	Item 48	March 19, 2024	(1982520)
Item 22	March 20, 2022	(1830036)	Item 49	April 18, 2024	(1991459)
Item 23	April 20, 2022	(1821198)	Item 50	June 20, 2024	(2004879)
Item 24	April 26, 2022	(1762679)	Item 51	July 19, 2024	(2012445)
Item 25	April 29, 2022	(1762624)	Item 52	August 20, 2024	(2018015)
Item 26	May 19, 2022	(1830037)	Item 53	September 10, 2024	(2025050)
Item 27	June 17, 2022	(1836345)	Item 54	October 15, 2024	(2031161)
			Item 55	December 05, 2024	(2009561)

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: 04/30/2024 (1997915)
Self Report? YES Classification: Moderate
Citation: 2D TWC Chapter 26, SubChapter A 26.121(a)
30 TAC Chapter 305, SubChapter F 305.125(1)
Description: Failure to meet the limit for one or more permit parameter
- 2 Date: 10/31/2024 (2037480)
Self Report? YES Classification: Moderate
Citation: 2D TWC Chapter 26, SubChapter A 26.121(a)
30 TAC Chapter 305, SubChapter F 305.125(1)
Description: Failure to meet the limit for one or more permit parameter

F. Environmental audits:

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
SOUTHWEST SHIPYARD, L.P.
RN100248749

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

AGREED ORDER DOCKET NO. 2024-1323-IWD-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 SOUTHWEST SHIPYARD, L.P. (the "Respondent") under the authority of TEX. WATER CODE chs. 7 and 26. The Executive Director of the TCEQ, through the Enforcement Division, and the Respondent, represented by Lauren Shah of the law firm of Kelley Drye & Warren LLP, together stipulate that:

1. The Respondent owns and operates a marine vessel cleaning and repair facility located at 18310 Market Street in Channelview, Harris County, Texas (the "Facility"). The Facility is near or adjacent to water in the state as defined in TEX. WATER CODE § 26.001(5).
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. WATER CODE ch. 26 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 \$22,750 is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent paid \$9,100 of the penalty and \$4,550 is deferred contingent upon the Respondent's timely and satisfactory compliance with all the terms of this Order. The deferred amount shall be waived only upon full compliance with all the terms and conditions contained in this Order. If the Respondent fails to timely and satisfactorily comply with any of the terms or requirements 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, \$9,100 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.

II. ALLEGATIONS

During a record review for the Facility conducted on March 29, 2024, an investigator documented that the Respondent failed to comply with permitted effluent limitations, in violation of 30 TEX. ADMIN. CODE § 305.125(1), TEX. WATER CODE § 26.121(a)(1), and Texas Pollutant Discharge Elimination System ("TPDES") Permit No. WQ0002605000, Effluent Limitations and Monitoring Requirements No. 1 for Outfall 001, as shown in the effluent violation table below:

Effluent Violation Table						
	BOD5 Daily Max. Conc.	<i>Enterococci</i> Daily Avg. Conc.	Total Petroleum Hydrocarbons Daily Avg. Conc.	Total Petroleum Hydrocarbons Daily Max. Conc.	Total Petroleum Hydrocarbons Daily Avg. Loading	Total Petroleum Hydrocarbons Daily Max. Loading
Monitoring Period	Limit = 20 mg/L	Limit = 35 CFU/100 mL	Limit = 15.0 mg/L	Limit = 15.0 mg/L	Limit = 25.0 lbs/day	Limit = 25.0 lbs/day
March 2023	23.1	52	c	c	c	c
August 2023	c	c	65	130	40.681875	81.36375

	Total Nickel Daily Avg. Conc.	Total Copper Daily Avg. Conc.	Total Copper Daily Max. Conc.	Ammonia Nitrogen Daily Avg. Conc.	Ammonia Nitrogen Daily Max. Conc.	Total Suspended Solids Daily Avg. Conc.	Total Suspended Solids Daily Max. Conc.
Monitoring Period	Limit = 0.146 mg/L	Limit = 0.0433 mg/L	Limit = 0.091 mg/L	Limit = 3.0 mg/L	Limit = 6.0 mg/L	Limit = 26 mg/L	Limit = 58 mg/L
March 2023	c	c	c	7.6225	25	c	c
November 2023	0.299	0.0667	c	c	c	c	c
December 2023	0.166	0.138	0.138	c	c	42.85	63.3

Avg. = average BOD5 = carbonaceous biochemical demand (5-Day) c = compliant
CFU/100 mL = colony forming units per 100 millimeters Conc. = concentration
lbs/day = pounds per day mg/L = milligrams per liter Max. = maximum

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: SOUTHWEST SHIPYARD, L.P., Docket No. 2024-1323-IWD-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 \$9,100 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. The Respondent shall, within 130 days after the effective date of this Order, submit written certification of compliance with the effluent limitations of TPDES Permit No. WQ0002605000, including specific corrective actions that were implemented at the Facility to achieve compliance and copies of the most current self-reported discharge monitoring reports, demonstrating at least three consecutive months of compliance with all permitted effluent limitations. The certification shall include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with the permitted effluent limitations. 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:

Water Section Manager
Houston Regional Office
Texas Commission on Environmental Quality
5425 Polk Street, Suite H
Houston, Texas 77023-1452

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 Facility 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


For the Executive Director

08/24/2025

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

6/17/2025

Date

Bernard Diaz

Executive Vice President HSE Operations

Name (Printed or typed)
Authorized Representative of
SOUTHWEST SHIPYARD, L.P.

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: 2024-1323-IWD-E
SUPPLEMENTAL ENVIRONMENTAL PROJECT

Respondent:	SOUTHWEST SHIPYARD, L.P.
Payable Penalty Amount:	\$18,200
SEP Offset Amount:	\$9,100
Type of SEP:	Contribution to a Third-Party Pre-Approved SEP
Third-Party Administrator:	Houston-Galveston Area Council
Project Name:	<i>Wastewater Treatment Assistance</i>
Location of SEP:	Austin, Brazoria, Chambers, Colorado, Fort Bend, Harris, Galveston, Grimes, Liberty, Matagorda, Montgomery, San Jacinto, Waller, Walker, and Wharton Counties

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 **Houston-Galveston Area Council** for the *Wastewater Treatment Assistance* project. The contribution will be used in accordance with the SEP between the Third-Party Administrator and the TCEQ (the “Project”). Specifically, the SEP Offset Amount will be used to provide assistance to low-income homeowners to repair or replace malfunctioning or failing onsite wastewater treatment systems. The Third-Party Administrator may also provide extension of first-time sewer service, pump out service, and water conservation equipment such as low-flow showerheads. The Third-Party Administrator shall review applications for eligibility for assistance at its own expense. The Third-Party Administrator shall seek bids from local onsite wastewater treatment system contractors to perform the work. The Third-Party Administrator shall ensure that all Project work is performed in compliance with local, state, and federal rules relating to onsite wastewater treatment systems. 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 in any manner from this SEP.

b. Environmental Benefit

Many of the onsite wastewater treatment systems currently in use in the Third-Party Administrator's region are substandard or in disrepair, resulting in the discharge of sewage into local neighborhoods, ditches, and waterways. These septic system failures coupled with proximity to the coast and numerous waterways increases the need to identify problem systems and replace or repair them to prevent further release of raw sewage into the environment.

Each failing septic system that is replaced will improve the water quality in waterways and watersheds by preventing raw sewage with high levels of bacteria, viruses, and protozoa from entering the environment. Sewage overflows may reach rivers, lakes, streams, or aquifer systems. In addition to potential spread of disease, sewage in the environment contributes excess nutrients, metals, and toxic pollutants that contaminate water quality, cause algae blooms, and kill fish and other organisms in aquatic habitats. Removal of sewage as a source of pollution will also protect ground, surface, and drinking water from contamination.

This Project has the potential to not only improve water quality but also improve the public health for a sector of the population that is least able to afford health care. Diseases that result from sewage contaminated water range from mild gastroenteritis (causing stomach cramps and diarrhea) to life threatening ailments such as cholera, dysentery, infectious hepatitis, and severe gastroenteritis. People can be exposed through sewage in drinking water sources, direct contact from water in lawns or streets, and inhalation and skin absorption.

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 **Houston-Galveston Area Council SEP** and shall mail the contribution with a copy of the Agreed Order to:

Houston-Galveston Area Council
Attention: Water Resources Program Manager
3555 Timmons Lane, Suite 120
Houston, Texas 77027

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 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.