



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

**Region 6
1445 Ross Avenue, Suite 1200
Dallas, Texas 75202 - 2733**

24 MAY 2017

CERTIFIED MAIL – RETURN RECEIPT REQUESTED: 7007 3020 0000 1522 8342

Jennifer Biever
Hogan Lovells US LLP
1601 Wewatta Street
Denver, CO 80202

RE: Administrative Compliance Order on Consent – Docket Number CAA-06-2016-3325

Ms. Biever,

Please find enclosed the above referenced finalized Administrative Compliance Order on Consent (AOC) regarding SEA Eagle Ford LLC (SEA Eagle)'s Quintanilla Kiel Facility in Tilden, Texas.

If you have any questions, please feel free to contact me at 214-665-8133. Thank you for your assistance with this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Candace Headen".

Candace Headen
Office of Regional Counsel
U.S. Environmental Protection Agency, Region 6
1445 Ross Avenue
Dallas, Texas 75202
(215) 665-8133

Enclosure

**UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION 6**

In the Matter of)	Docket No. CAA-06-2016-3325
)	
SEA EAGLE FORD LLC)	ADMINISTRATIVE
Quintanilla Keil Facility)	COMPLIANCE
Tilden, TX)	ORDER ON CONSENT

STATEMENT OF AUTHORITY

The following Administrative Compliance Order on Consent (“Consent Order”) is issued pursuant to the authority of Section 113(a)(3) of the Clean Air Act, 42 U.S.C. § 7413(a)(3) (hereinafter referred to as “the Act”). Section 113(a)(3) of the Act authorizes the Administrator of the United States Environmental Protection Agency (“EPA”) to issue an order requiring compliance to any person whom the Administrator finds to be in violation of the Act. The authority to issue this Consent Order has been delegated to the Regional Administrator of EPA, Region 6, and re-delegated to the Director of the Compliance Assurance and Enforcement Division, EPA, Region 6.

STATUTORY AND REGULATORY BACKGROUND

1. The Clean Air Act is designed to protect and enhance the quality of the nation’s air so as to promote the public health and welfare and the productive capacity of its population. Section 101(b)(1) of the Act, 42 U.S.C. § 7401(b)(1).
2. Section 109(a) of the Act, 42 U.S.C. § 7409(a), requires the Administrator of EPA to publish national ambient air quality standards (“NAAQS”) for certain pollutants. The NAAQS establish primary air quality standards to protect public health and secondary standards to protect public welfare.
3. To achieve the objectives of the NAAQS and the Act, Section 110(a) of the CAA, 42 U.S.C. § 7410(a), requires each State to adopt a state implementation plan (“SIP”) that provides for the

implementation, maintenance, and enforcement of the NAAQS, and submit it to the Administrator of the EPA for approval.

4. The State of Texas has adopted a SIP that has been approved by EPA. *See* 40 C.F.R. Part 52, Subpart SS. The Texas SIP authorizes the establishment of a permit by rule (“PBR”) program at 30 T.A.C. Chapter 106 – Permits by Rule. *See* 40 C.F.R. § 52.2270(c).
5. 30 T.A.C. § 106.4(c) provides a general requirement for facilities subject to a permit by rule: “[t]he emissions from the facility shall comply with all rules and regulations of the [Texas Commission on Environmental Quality] and with the intent of the Texas Clean Air Act (TCAA), including protection of health and property of the public, and all emissions control equipment shall be maintained in good condition and operated properly during operation of the facility.”
6. Subchapter O of Chapter 106 regulates permitting by rule for oil and gas facilities that produce more than a de minimus level of emissions, but too little for other permitting options. *See* 30 T.A.C. §§ 106.4(a) and 106.351-59. 30 T.A.C. § 106.352(l) applies “to new and modified facilities.” The section states, “[a]ny oil or gas production facility, carbon dioxide separation facility, or oil or gas pipeline facility consisting of one or more tanks, separators, dehydration units, free water knockouts, gunbarrels, heater treaters, natural gas liquid recovery units, or gas sweetening and other gas conditioning facilities . . . are permitted by rule,” for “those facilities named which handle gases and liquids associated with the production, conditioning, processing, and pipeline transfer of fluids found in geologic formations beneath the earth’s surface.” 30 T.A.C. § 106.352(l).
7. 30 T.A.C. § 106.352(l)(1) requires that “flares shall meet the requirements of § 106.492.”
8. 30 T.A.C. § 106.492(1)(B) states that every flare subject to this section “shall be equipped with a continuously burning pilot or other automatic ignition system that assures gas ignition”
9. EPA is authorized by Section 113 of the Act, 42 U.S.C. § 7413, to take action to ensure that air pollution sources comply with all federally applicable air pollution control requirements. These

include requirements promulgated by EPA and those contained in federally enforceable SIPs or permits.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

10. SEA Eagle Ford LLC ("SEA Eagle") is a "person" within the meaning of Section 113(a) of the Act, 42 U.S.C. § 7413(a), and as defined in Section 302(e) of the Act, 42 U.S.C. § 7602(e).
11. The Quintanilla Kiel 1h 2h 3h Facility ("Facility") is an unmanned oil and natural gas extraction facility located near Tilden, Texas. The Facility is owned and operated by SEA Eagle.
12. During all times relevant to this Consent Order, SEA Eagle owned and operated the Facility.
13. The Texas Commission on Environmental Quality ("TCEQ") issued the Facility Oil & Gas PBR 129156, effective April 14, 2015, with a regulated entity number of RN107932766.
14. At all times relevant to this Consent Order, SEA Eagle operated two unassisted flares – a high pressure flare ("HP Flare") and a low pressure flare ("LP Flare") – to control air emissions at the Facility.
15. On October 15, 2015, EPA conducted a flyover of a portion of the Eagle Ford Shale, which included the Facility.
16. Video captures from this flyover documented that both flares at the Facility were unlit with unburned waste gas emissions being released from each flare.
17. EPA contacted SEA Eagle on October 21, 2015, and scheduled a follow-up inspection for October 22, 2015. During the inspection, inspectors noted that both flares were lit, and identified no additional areas of concern at that time.
18. EPA had a number of follow-up questions after conducting the inspection, and SEA Eagle provided its response on November 13, 2015.
19. During a call on June 7, 2016, EPA and SEA Eagle discussed the information provided. EPA had additional follow-up questions after this call. SEA Eagle provided its response, which included maintenance records for the Facility's flares, on July 8, 2016.

20. EPA has conducted a comprehensive review of the information gathered during the flyover, inspection, and subsequently provided by SEA Eagle.
21. SEA Eagle explained that the Facility does have an automatic ignition system for the Facility's flares, but it was unable to relight the flares at the time of the October 15, 2015 flyover.
22. The earliest record SEA Eagle was able to provide EPA regarding the relighting of the flares was a maintenance record from October 20, 2015. This record indicated that maintenance personnel conducted repairs by cleaning the jets, removing fluid from the supply lines, and manually relighting the flares.
23. SEA Eagle informed EPA that it corrected the issue by relighting the flare on (date).
24. EPA finds that SEA Eagle violated 30 T.A.C. § 106.492(I)(B) (incorporated by reference in 30 T.A.C. §§ 106.4(c) and 106.352(I)(1)) by failing to equip the Facility with an automatic ignition system that assures gas ignition. In addition, maintenance records show the need to remove fluid from the supply lines and clean the jets, indicating that the emissions control equipment at the Facility was not maintained in good condition nor operated properly, as required by 30 T.A.C. § 106.4(c).
25. EPA further finds that SEA Eagle violated 30 T.A.C. § 106.4(c) by failing to maintain in good condition and properly operate the emissions control equipment at the Facility.
26. All parties to this Consent Order agree that an opportunity to confer has been satisfied in accordance with Section 113(a)(4) of the Act.
27. All parties to this Consent Order agree that in order to avoid protracted litigation, and in the best interest of all the parties and the environment, this Consent Order will be entered into on Consent.
28. Only for the purposes of this proceeding, including any subsequent proceeding by EPA to enforce this document, SEA Eagle admits the jurisdictional allegations contained herein; however, SEA Eagle neither admits nor denies the specific findings of fact and conclusions of law contained in this Consent Order.

29. SEA Eagle waives any and all remedies, claims for relief and otherwise available rights to judicial or administrative review that SEA Eagle may have with respect to any issue of fact or law set forth in this Consent Order, including any right of judicial review under Section 307(b)(1) of the Clean Air Act, 42 U.S.C. § 7607(b)(1), except that SEA Eagle reserves the right to judicial and administrative review of any issue of law or fact, whether set forth in this Consent Order or not, in any subsequent penalty proceeding or assessment to address the underlying violations alleged in the Consent Order, but not in an action to enforce the Consent Order itself.

ORDER ON CONSENT

30. Section 113(a)(3) of the Act, 42 U.S.C. § 7413(a)(3), provides in part, that the Administrator may issue an Order requiring compliance with any requirement of a state implementation plan. After an investigation of relevant facts, taking into account SEA Eagle's compliance history, efforts made by SEA Eagle to comply with applicable regulations, and based upon the foregoing Findings of Fact and Conclusions of Law herein, pursuant to the authority vested in me under Section 113(a)(3) of the Act, 42 U.S.C. § 7413(a)(3), SEA Eagle has consented to and is hereby ordered to comply with the following requirements regarding the Facility located in Tilden, Texas:

Vapor Recovery Unit Installation

- a. Within one hundred and eighty (180) days of the Effective Date (defined below) of this Consent Order, SEA Eagle shall complete an engineering evaluation and installation of a vapor recovery unit ("VRU") installed by a third party at the Facility. SEA Eagle shall ensure the VRU is designed and operated to capture the mass content of methane and VOC in the gases flashed from the oil in the storage tanks by 95.0 percent by weight or greater. The control device must be operated following the manufacturer's written operating instructions, procedures and maintenance schedule to ensure good air pollution control practices for minimizing emissions.

- b. SEA Eagle shall notify EPA in writing of the installation of the VRU no later than sixty (60) days after the final system is installed. The notification shall include documentation of the specification details of the design and equipment installation, including the facility process instrumentation diagrams (PIDs), verifying that the VRU is adequately sized and installed for facility operations, associated manufacturer operation manuals with all recommendations, and/or certifications of operational effectiveness and maintenance for the systems installed, including all available supporting pictures.

31. Any information or correspondence submitted by SEA Eagle to EPA under this Consent Order shall be addressed to the following:

Darrin Larson, Chief
Air Permitting Enforcement Section (6EN-AA)
U.S. EPA, Region 6
1445 Ross Avenue
Dallas, TX 75202-2733
Phone: (214) 665-7115
Email: larson.darrin@epa.gov

32. To the extent this Consent Order requires SEA Eagle to submit any information to EPA, SEA Eagle may assert a business confidentiality claim covering part or all of that information, but only to the extent and only in the manner described in 40 C.F.R. § 2.203. The EPA will disclose information submitted under a confidentiality claim only as provided in 40 C.F.R. Part 2, Subpart B. *See* 41 Fed. Reg. 36,902 (Sept. 1, 1976). If SEA Eagle does not assert a confidentiality claim, the EPA may make the submitted information available to the public without further notice to SEA Eagle. Emission data provided under Section 114 of the Act, 42 U.S.C. § 7414, is not entitled to confidential treatment under 40 C.F.R. Part 2, Subpart B. "Emission" data is defined in 40 C.F.R. § 2.301.

GENERAL PROVISIONS

33. Pursuant to CAA Section 113(a)(4), this Consent Order shall be effective upon the Effective Date (defined below), shall not exceed a term of one year, and shall be nonrenewable.

34. The provisions of this Consent Order shall apply to and be binding upon SEA Eagle, its officers, directors, agents, and employees solely in their capacity on behalf of Respondent.
35. The provisions of this Consent Order shall be transferable to any other party, upon sale or other disposition of the Facility. Upon such action, the provisions of this Consent Order shall then apply to and be binding upon any new owner/operator, its officers, directors, agents, employees, and any successor(s) in interest.
36. By signing this Consent Order, the undersigned representative of SEA Eagle certifies that he or she is fully authorized by the Respondent to execute and enter into the terms and conditions of this Consent Order and has the legal capacity to bind the Respondent to the terms and conditions of this Consent Order.
37. Pursuant to Section 114 of the Act, 42 U.S.C. § 7414, the Administrator or authorized representatives of EPA, upon presentation of his or her credentials, has the right of entry into, upon, and through the Facility, for the purpose of carrying out any inspections, taking photographs, and reviewing any records, and, subject to applicable safety requirements, observing tests, and conducting any tests, which are deemed by EPA to be necessary to ensure compliance with this Consent Order.
38. Nothing in this Consent Order shall be construed to affect EPA's authority under Section 114 of the Act, 42 U.S.C. § 7414.
39. Nothing in this Consent Order shall be construed to prevent or limit EPA's civil and criminal authorities, or that of other Federal, State, or local agencies or departments to obtain compliance, penalties, or injunctive relief under any applicable Federal, State, or local laws or regulations, including the power of the EPA to undertake any action against SEA Eagle or any person in response to conditions that may present an imminent and substantial endangerment to the public health, welfare, or the environment.
40. EPA does not waive any rights or remedies available to EPA for any violations by SEA Eagle of Federal laws, regulations, statutes, or permitting programs.

41. Nothing contained in this Consent Order shall affect the responsibility of SEA Eagle to comply with all other applicable Federal, State, or local laws or regulations, including Section 303 of the Act, 42 U.S.C. § 7603.
42. Any and all information required to be maintained or submitted pursuant to this Consent Order is not subject to the Paperwork Reduction Act of 1995, 44 U.S.C. §§3501 et seq., because it seeks to collect information from specific individuals or entities to assure compliance with this administrative action.
43. By signing this Consent Order, SEA Eagle acknowledges that this Consent Order will be available to the public and agrees that this Consent Order does not contain any confidential business information.
44. By signing this Consent Order, SEA Eagle certifies that the information it has supplied concerning this matter was at the time of submission, and is, truthful, accurate, and complete for each submission, response, and statement. SEA Eagle acknowledges that there are significant penalties for submitting false or misleading information, including the possibility of fines and imprisonment for knowing submission of such information, under 18 U.S.C. § 1001.

FAILURE TO COMPLY

45. Failure to comply with this Consent Order may result in a judicial action for appropriate injunctive relief as well as civil penalties pursuant to Section 113(b) of the Act, 42 U.S.C. § 7413(b) or, in appropriate cases, criminal penalties.

ENFORCEMENT

46. At any time after the issuance of the Order, EPA may take any or all of the following actions: issue a further order requiring compliance with the Texas State Implementation Plan and other provisions of the Act; issue an administrative penalty order; or bring a civil action in federal district court for an injunction and/or monetary penalties up to \$37,500 per day prior to

November 2, 2015, or \$44,539 after November 2, 2015 for each violation, as well as criminal sanctions as provided in Section 113(c) of the Act, 42 U.S.C. § 7413(c). *See* Sections 113(a), (b), (c), and (d) of the Act, 42 U.S.C. Sections 7413(a), (b), (c), and (d), and 40 C.F.R. Part 19.

47. Be advised that Section 113(e)(2) of the Act, U.S.C. Section 7413(e)(2), contains provisions that affect the burden of proof with respect to violations which continue to recur on or after the date of the issuance of this Consent Order. The EPA may use any information submitted under this Order in an administrative, civil judicial, or criminal action.
48. Subject to the five (5) year statute of limitations prescribed at 28 U.S.C. § 2462, be advised that issuance of this Consent Order does not preclude EPA from electing to pursue any other remedies or sanctions authorized by law which are available to address these violations

EFFECTIVE DATE

This Consent Order shall become effective upon the later of the two signatures below.

05/08/2017
Date

Grace Ford
Grace Ford
Chief Operating Officer
SEA Eagle Ford LLC

5/22/2017
Date

Cheryl T. Seager
Cheryl T. Seager
Director
Compliance Assurance and Enforcement Division