

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION 8

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FILED
EPA REGION VIII
HEARING CLERK

IN THE MATTER OF:)
)
Amplify Energy Corporation)
Bairoil CO2 Plant)
101 Primrose Avenue)
Bairoil, Wyoming 82322)
)
Respondent)
_____)

**ADMINISTRATIVE COMPLIANCE ORDER
ON CONSENT**

CAA-08-2017-0002

PRELIMINARY STATEMENT

This Administrative Compliance Order On Consent (Order) is entered into voluntarily by the United States Environmental Protection Agency (the EPA) and by the Respondent, Amplify Energy Corporation (Respondent) and is issued under the authority vested in the Administrator of the EPA by section 113(a)(3) and (4) of the Clean Air Act (CAA or Act), 42 U.S.C. § 7413(a)(3) and (4).

1. The Assistant Regional Administrator for Region 8's Office of Enforcement, Compliance and Environmental Justice is delegated the authority to issue this Order under section 113(a) of the Act.
2. This Order requires Respondent to comply with the requirements of section 112(r) of the CAA, 42 U.S.C. § 7412(r), and the regulations promulgated thereunder and codified at 40 C.F.R. part 68. All activities specified and ordered below shall be initiated and completed as soon as possible even though maximum time periods or specific dates for their completion may be detailed herein. With the exception of extension or deadlines for submittals or performance, the terms of this Order shall not be modified except by a subsequent written agreement between the EPA and Respondent.
3. By entering into this Order, Respondent (1) consents and agrees not to contest the EPA's authority or jurisdiction to issue or enforce this Order, (2) agrees to undertake all actions required by the terms and conditions of this Order, and (3) consents to be bound by the requirements set forth herein.

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STATUTORY AND REGULATORY BACKGROUND

4. On November 15, 1990, the President signed into law the CAA Amendments of 1990. The Amendments added section 112(r) to the CAA, 42 U.S.C. § 7412(r), which requires the Administrator of the EPA to, among other things, promulgate regulations to prevent accidental releases of certain regulated substances.
5. Section 112(r)(7) of the CAA, 42 U.S.C. § 7412(r)(7), provides that the owners and operators of stationary sources are required to develop and implement a risk management plan (RMP) that includes a hazard assessment, a prevention program and an emergency response program.
6. 40 C.F.R. part 68 sets forth the requirements of a risk management program that must be established and implemented at a stationary source that has more than a threshold quantity of a regulated substance in a process.
7. Section 302(e) of the CAA, 42 U.S.C. § 7602(e), defines the term “person” to include in relevant part, an individual, corporation, or partnership.

FINDINGS

8. Respondent is a corporation authorized to do business in the state of Wyoming and is therefore a “person” as that term is defined under the section 112(r) of the CAA, 42 U.S.C. § 7412(r).
9. Respondent is the owner and/or operator of the Bairoil CO2 Plant, a stationary source, located at 101 Primrose Avenue, Bairoil, Wyoming 82322 (the Facility).
10. The Facility uses, handles, and/or stores more than a threshold quantity of a flammable mixture and anhydrous ammonia, both regulated substances, as specified at 40 C.F.R. §§ 68.115 and 68.130.
11. Pursuant to CAA section 112(r)(7), 42 U.S.C. § 7412(r)(7), Respondent is required to prepare and implement a risk management program to detect and prevent or minimize accidental releases of such substances.

12. The EPA conducted an inspection of the Facility on April 27, 2016, to assess compliance with section 112(r) of the CAA, 42 U.S.C. § 7412(r), and 40 C.F.R. part 68.

13. During the inspection, the EPA representative observed alleged violations of section 112(r) of the CAA, 42 U.S.C. § 7412(r), and 40 C.F.R. part 68. The alleged violations are described in paragraphs 14-34, below.

14. 40 C.F.R. § 68.65(c)(1)(iii) provides that the process safety information shall include information pertaining to the technology of the process including the maximum intended inventory. Respondent did not include regulated substances within process piping in the maximum intended inventory. This is a violation of 40 C.F.R. § 68.65(c)(1)(iii).

15. 40 C.F.R. § 68.65(d)(1)(iv) provides that the process safety information shall include information pertaining to the equipment in the process including relief system design and design basis. Respondent did not provide relief system design and design basis. This is a violation of 40 C.F.R. § 68.65(d)(1)(iv).

16. 40 C.F.R. § 68.65(d)(1)(vi) provides that the process safety information shall include information pertaining to the equipment in the process including design codes and standards employed. The process safety information did not contain applicable design codes and standards employed for the ammonia system. This is a violation of 40 C.F.R. § 68.65(d)(1)(vi).

17. 40 C.F.R. § 68.65(d)(2) provides that the owner or operator shall document that equipment complies with recognized and generally accepted good engineering practices (RAGAGEP). Respondent did not document that ammonia system equipment complies with RAGAGEP. This is a violation of 40 C.F.R. § 68.65(d)(2).

18. 40 C.F.R. § 68.65(d)(2) provides that the owner or operator shall document that equipment complies with RAGAGEP. Ammonia pressure-relief-valve extensions above machine-room roof did not meet the height and direction of termination of discharge requirements in accordance with Section

15.5.1.3 and Section 15.5.1.5 of IIAR 2 2014, American National Standard for Safe Design of Closed-Circuit Ammonia Refrigeration Systems. This is a violation of 40 C.F.R. § 68.65(d)(2).

19. 40 C.F.R. § 68.65(d)(2) provides that the owner or operator shall document that equipment complies with RAGAGEP. Ammonia piping was not labeled in accordance with Section 5.14.5 of IIAR 2 2014 or per Section 4.0 of Bulletin 114–Guidelines for: Identification of Ammonia Refrigeration Piping and System Components (Date: 2014). This is a violation of 40 C.F.R. § 68.65(d)(2).

20. 40 C.F.R. § 68.65(d)(2) provides that the owner or operator shall document that equipment complies with RAGAGEP. Safety showers and eyewash stations within the ammonia machine room did not have a continuous water supply and there were no safety showers and eyewash stations outside of the ammonia machine room in accordance with Section 6.7 of IIAR 2 2014. This is a violation of 40 C.F.R. § 68.65(d)(2).

21. 40 C.F.R. § 68.65(d)(2) provides that the owner or operator shall document that equipment complies with RAGAGEP. During the EPA inspection it was observed that the entry/exit doors in the ammonia machine room were propped open impeding the ability of the doors to be self-closing and tight fitting in accordance with Section 6.10.2 of IIAR 2 2014. This is a violation of 40 C.F.R. § 68.65(d)(2).

22. 40 C.F.R. § 68.65(d)(2) provides that the owner or operator shall document that equipment complies with RAGAGEP. Ammonia signage at entry/exit doors did not have the required National Fire Protection Association 704 placards and restricted access signage in accordance with Section 6.15 of IIAR 2 2014. This is a violation of 40 C.F.R. § 68.65(d)(2).

23. 40 C.F.R. § 68.69(a)(3) provides that the owner or operator shall develop and implement written operating procedures that shall address the safety and health considerations specified in 40 C.F.R. § 68.69(a)(3). Respondent did not provide written operating procedures that address the safety

and health considerations specified in 40 C.F.R. § 68.69(a)(3). This is a violation of 40 C.F.R. § 68.69(a)(3).

24. 40 C.F.R. § 68.69(b) provides that operating procedures shall be readily accessible to employees who work in or maintain a process. Ammonia loading procedures were not readily accessible for the ammonia storage tank. This is a violation of 40 C.F.R. § 68.69(b).

25. 40 C.F.R. § 68.69(c) provides that the owner or operator shall certify annually that these operating procedures are current and accurate. For 2015, Respondent did not certify that the operating procedures were current and accurate. This is a violation of 40 C.F.R. § 68.69(c).

26. 40 C.F.R. § 68.71(b) provides that refresher training shall be provided at least every three years, and more often if necessary, to each employee involved in operating a process. The owner or operator, in consultation with the employees involved in operating the process, shall determine the appropriate frequency of refresher training. According to the Facility's training spreadsheet (entitled "Online Training Record, Bairoil, 2014 & 2015"): Maintenance Foreman did not complete "NORM Awareness Training for Upstream Oil and Gas Operations" by the due date of October 7, 2015; Maintenance Foreman did not complete "Personal Protective Equipment Training for Oil and Gas Personnel" by the due date of October 7, 2015; Operations Manager did not complete "Fire Safety Training" by the due date of February 29, 2016; Lease Operator did not complete "Fire Safety Training" by the due date of February 29, 2016; Lease Operator did not complete "Hazard Communication Training for the Oil and Gas Industry" by the due date of February 29, 2016; Senior Maintenance Mechanic did not complete "Fire Safety Training" by the due date of February 29, 2016; Plant Operator did not complete "Fire Safety Training" by the due date of February 29, 2016; and Foreman did not complete "Fire Safety Training" by the due date of March 31, 2016. This is a violation of 40 C.F.R. § 68.71(b).

27. 40 C.F.R. § 68.73(d)(1) provides that inspections and tests shall be performed on process equipment. External inspections, including corrosion under insulation (CUI) inspections, had not been performed on the process piping at the Facility according to Section 6.4 of API 570, Piping Inspection Code: Inspection, Repair, Alteration, and Rerating of In-service Piping Systems. This is a violation of 40 C.F.R. § 68.73(d)(1).

28. 40 C.F.R. § 68.73(d)(3) provides that the frequency of inspections and tests of process equipment shall be consistent with applicable manufacturers' recommendations and good engineering practices. Internal inspections had not been performed at least every 10 years on the fractional distillation tower, the propane pressure vessels, the Natural Gas Liquids (NGL) pressure vessels, the amine unit, and the scrubbers. Inspections on these pressure vessels had not been performed in accordance with Section 6.4 and Section 6.5 of API 510, Pressure Vessel Inspection Code: In-Service Inspection, Rating, Repair, and Alteration. This is a violation of 40 C.F.R. § 68.73(d)(3).

29. 40 C.F.R. § 68.73(d)(3) provides that the frequency of inspections and tests of process equipment shall be consistent with applicable manufacturers' recommendations and good engineering practices. Respondent did not document hose inspections and replacement dates for the NGL loadout stations. This is a violation of 40 C.F.R. § 68.73(d)(3).

30. 40 C.F.R. § 68.75(a) provides that the owner or operator shall establish and implement written procedures to manage changes to process chemicals, technology, equipment, and procedures; and, changes to stationary sources that affect a covered process. A management of change (MOC) was not completed before the Facility increased capacity in October of 2015 (Compressor #6 was changed from standby status to full-time status in order to realize the increased capacity). This is a violation of 40 C.F.R. § 68.75(a).

31. 40 C.F.R. § 68.75(d) provides that if a management of change results in a change in the process safety information, such information shall be updated accordingly. Respondent did not provide electrical classification documentation which accurately reflected the current state of the Facility. This is a violation of 40 C.F.R. § 68.75(d).

32. 40 C.F.R. § 68.79(a) provides that the owner or operator shall certify that they have evaluated compliance with the provisions of this subpart at least every three years to verify that procedures and practices developed under this subpart are adequate and are being followed. Respondent completed compliance audits on November 13, 2009, and on October 29, 2013. This exceeds the three-year requirement. This is a violation of 40 C.F.R. § 68.79(a).

33. 40 C.F.R. § 68.95(a)(2) provides that the owner or operator shall develop and implement an emergency response program which shall include procedures for the use of emergency response equipment and for its inspection, testing, and maintenance. Inspections had not been performed on the Facility's Type A suits per RAGAGEP. This is a violation of 40 C.F.R. § 68.95(a)(2).

34. 40 C.F.R. § 68.190(b)(5) provides that the owner or operator of a stationary source shall revise and update the Risk Management Plan (RMP) submitted within six months of a change that requires a revised Process Hazard Analysis (PHA) or hazard review. When the Facility increased capacity in 2015, a PHA was conducted by Respondent. However, the online RMP at the time of the EPA inspection was not updated and contained incorrect information including owner/operator, parent company, points of contact, and potentially offsite consequence analysis information. This is a violation of 40 C.F.R. § 68.190(b)(5).

COMPLIANCE ORDER

35. Based upon the foregoing Findings by the EPA, it is hereby ordered and agreed that Respondent shall comply with the requirements of section 112(r) of the CAA, 42 U.S.C. § 7412(r), and the

regulations promulgated thereunder and codified at 40 C.F.R. part 68. Specifically, the EPA and Respondent agree that Respondent shall, as expeditiously as possible, but in no event later than June 30, 2018, correct the violations alleged in paragraphs 14-34.

36. Within 15 days of completion of all actions identified in paragraph 35, Respondent shall provide the EPA with a notification that the actions have been completed.

37. The notification of completion required by paragraph 36 of this Order shall contain the following certification signed by an officer of Respondent:

I certify under penalty of law that I have examined and am familiar with the information submitted in this document and all attachments and that, based upon my inquiry of those individuals immediately responsible for obtaining the information, the 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. (Signature and date)

38. All submissions and correspondence shall be mailed or emailed to the following address:

U.S. EPA, Region 8
1595 Wynkoop Street
Denver, CO 80202-1129
Attn: Steven A. Ramirez, ENF-AT-TP
(Email address: ramirez.stevena@epa.gov)

OTHER TERMS AND CONDITIONS

39. Respondent admits the jurisdictional allegations contained in this Order.

40. Respondent neither admits nor denies the findings in the Findings section of this Order.

GENERAL PROVISIONS

41. Any violation of this Order may result in a civil judicial action for an injunction or civil penalties of up to \$95,284 per day per violation, or both, as provided in section 113(b)(2) of the Act, 42 U.S.C. § 7413(b)(2), as well as criminal sanctions as provided in section 113(c) of the Act,

42 U.S.C. § 7413(c). The EPA may use any information submitted under this Order in an administrative, civil judicial, or criminal action.

42. Nothing in this Order shall relieve Respondent of the duty to comply with all applicable provisions of the Act or other federal, state or local laws or statutes, nor shall it restrict the EPA's authority to seek compliance with any applicable laws or regulations, nor shall it be construed to be a ruling on, or determination of, any issue related to any federal, state, or local permit.

43. Nothing herein shall be construed to limit the power of the EPA to undertake any action against Respondent or any person in response to conditions that may present imminent and substantial endangerment to the public health, welfare, or the environment.

44. The provisions of this Order shall apply to and be binding upon Respondent and its officers, directors, employees, agents, trustees, servants, authorized representatives, successors, and assigns. From the effective date of this Order until the termination date as set out in paragraph 50 below, Respondent must give written notice and a copy of this Order to any successors in interest prior to any transfer of ownership or control of any portion of or interest in the Facility. Simultaneously with such notice, Respondent shall provide written notice of such transfer, assignment, or delegation to the EPA. In the event of any such transfer, assignment, or delegation, Respondent shall not be released from the obligations or liabilities of this Order unless the EPA has provided written approval of the release of said obligations or liabilities.

45. To the extent this Order requires Respondent to submit any information to the EPA, Respondent 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. part 2, subpart B. The EPA will disclose information submitted under a confidentiality claim only as provided in 40 C.F.R. part 2, subpart B. If Respondent



does not assert a confidentiality claim, the EPA may make the submitted information available to the public without further notice to Respondent.

46. Each undersigned representative certifies that he or she is authorized to enter into the terms and conditions of this Order to execute and bind legally Respondent and Complainant to this document.

47. Deadlines for submittals or performance may be extended by the EPA, at its sole discretion, without further amendment to this Order. The EPA will provide Respondent written confirmation and documentation of any such extensions of time.

EFFECTIVE DATE AND OPPORTUNITY FOR A CONFERENCE

48. Pursuant to section 113(a)(4) of the Act, an Order does not take effect until the person to whom it has been issued has had an opportunity to confer with the EPA concerning the alleged violations. By signing this Order, Respondent acknowledges and agrees that it has been provided an opportunity to confer with the EPA prior to issuance of this Order. Accordingly, this Order will take effect immediately upon signature by the latter of Respondent or the EPA.

JUDICIAL REVIEW

49. Respondent waives any and all remedies, claims for relief and otherwise available rights to judicial or administrative review that Respondent may have with respect to any issue of fact or law set forth in this Order, including any right of judicial review under section 307(b)(1) of the Clean Air Act, 42 U.S.C. § 7607(b)(1).


TERMINATION

50. This Order shall terminate on the date of a determination by the EPA that Respondent has achieved compliance with all terms of this Order.

UNITED STATES ENVIRONMENTAL PROTECTION
AGENCY, REGION 8,
Office of Enforcement, Compliance and
Environmental Justice

Complainant


Date: 9/7/17

By: 
Kimberly S. Opekar
Acting Assistant Regional Administrator
Office of Enforcement, Compliance and
Environmental Justice

Amplify Energy Corporation

Respondent

Date: 8/24/2017

By: 
SANDY ANDREW
Operations Manager
Title

