

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION 6

FILED
2010 APR -1 AM 10:16
REGIONAL HEARING CLERK
EPA REGION VI

In the Matter of:

TGG Pipeline, Ltd.,
Texas,

Respondent.

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DOCKET NO. CWA-06-2010-2710

CONSENT AGREEMENT AND FINAL ORDER

I. PRELIMINARY STATEMENT

1. This Consent Agreement and Final Order ("CAFO") is issued under the authority vested in the United States Environmental Protection Agency ("EPA") pursuant to Section 309(g) of the Clean Water Act ("Act"), 33 U.S.C. § 1319(g). This CAFO is issued to simultaneously commence and conclude this proceeding to assess a Class II civil penalty in accordance with 40 C.F.R. §§ 22.13(b) and 22.18(b)(2)-(3), as described in the "Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties and the Revocation/Termination or Suspension of Permits" (Consolidated Rules).

2. The Parties agree that settlement of the relevant matters without litigation will save time and resources, that it is in the public's interest, and that the entry of this CAFO is the most appropriate means of resolving such matters. Compliance with all the terms and conditions of this CAFO resolves only those violations alleged herein.

3. Respondent admits the jurisdictional allegations herein for the purposes of this proceeding; however, Respondent neither admits nor denies the specific Findings of Fact and Conclusions of Law contained in this CAFO for the purposes of this proceeding.

4. This CAFO states a claim(s) upon which relief may be granted.

5. Respondent expressly waives any right to contest, for the purposes of this proceeding, the Findings of Fact or Conclusions of Law contained in this CAFO, and waives its right to appeal the Final Order set forth herein.

6. Before the taking of any testimony and without adjudication of any issue of law or fact, the parties agree to the terms of this CAFO and to its issuance. Respondent consents to the assessment and payment of a civil penalty in the amount and by the method stated below.

II. FINDINGS OF FACT AND CONCLUSIONS OF LAW

7. TGG Pipeline, Ltd. ("Respondent") is a domestic limited partnership under the laws of the State of Texas ("State"), located at 3770 F.M. 134, P.O. Box One, Jonesville, Texas, 75659, and as such, Respondent is a "person," as that term is defined at Section 502(5) of the Act, 33 U.S.C. § 1362(5), and 40 C.F.R. §§ 122.2 and 232.2.

8. From October 2, 2006 to October 14, 2009, Respondent was an indirect wholly owned subsidiary of Exco Resources, Inc., a corporation incorporated under the laws of Texas, located at 12377 Merit Drive # 1700, Dallas, Texas, 75251-2256.

9. On October 14, 2009, ownership of Respondent was transferred to TGGT Holdings, LLC, a limited liability company under the laws of Delaware. TGGT Holdings, LLC, is owned, in equal parts, by BG US Gathering Company, LLC and Exco Operating Company, LP.

10. Within the times relevant to the violations alleged herein ("relevant time period"), Respondent acquired a right of way of approximately fifty feet (thirty feet permanent, twenty feet temporary) to construct and maintain a twenty inch in diameter natural gas pipeline. The construction of the pipeline occurred in two phases: "Phase 1" included approximately twenty-seven miles of pipeline, which begins east of American Plant Road at a Prism Gas Systems Compressor Station, located southeast of Waskom, Harrison County, Texas (N 32 27' 58.52", W 94 05' 52.34"), and then extends in a west-southwesterly direction to a point located south of the

Sabine River, east of State Highway 42, and northeast of Tatum, Panola County, Texas (N 32 21' 29.03", W 94 27' 49.45"); and "Phase 2" included approximately twenty-five miles of pipeline, which begins south of the Sabine River, east of State Highway 43, and northeast of Tatum, Panola County, Texas, and then extends in a west-southwesterly direction to its termination point north of FM Road 3135, approximately 1.5 miles east of Henderson, Rusk County, Texas (N 32 10' 12.72", W 94 45' 11.07").

11. From on or about November 2007 to on or about August 2008, Respondent cleared and filled approximately forty acres of waters of the United States, including wetlands. During Phase 1 of the project, Respondent impacted approximately twenty-nine acres of waters of the United States. During Phase 2 of the project, Respondent impacted approximately eleven acres of waters of the United States.

12. From on or about the November of 2007 to on or about August 2008, Respondent discharged, caused the discharge, directed or supervised the discharge, and/or agreed with other persons or business entities, to "discharge dredged material" and/or "discharge fill material," as defined by 40 C.F.R. § 232.2, from point sources, including heavy equipment, in, on and to approximately forty acres of wetlands, as those terms are defined by Section 502 of the Act, 33 U.S.C. § 1362, and 40 C.F.R. § 232.2. This work was done without authorization under a permit issued by the Corps of Engineers (Corps).

13. During the relevant time period, the approximately forty acres of wetlands impacted, as described in paragraph 9, *supra*, were "navigable waters" as defined by Section 502(7) of the Act, 33 U.S.C. § 1362(7), and 40 C.F.R. § 232.2.

14. The discharged dredged material and fill material are considered "pollutants" as that term is defined at Section 502(6) of the Act, 33 U.S.C. § 1362(6).

15. Each piece of equipment used for the discharge(s) acted as a "point source" as that term is defined at Section 502(14) of the Act, 33 U.S.C. § 1362(14).

16. Under Section 301(a) of the Act, 33 U.S.C. § 1311(a), it is unlawful for any person to discharge a pollutant from a point source to waters of the United States, except with the authorization of, and in compliance with, a permit issued under the Act.

17. Under Section 404 of the Act, 33 U.S.C. § 1344, the Secretary of the Army, acting through the Chief of Engineers for the Corps, is authorized to issue permits for the discharge of dredged or fill material into navigable waters of the United States.

18. During the relevant time period, Respondent did not have a permit issued by the Corps authorizing the discharges alleged herein.

19. Under Section 309(g)(1)(A) of the Act, 33 U.S.C. § 1319(g)(1)(A), the Administrator is authorized to assess a Class II civil penalty whenever, on the basis of any available information, the Administrator finds that a person violated Section 301 of the Act, 33 U.S.C. § 1311.

20. Under Section 309(g)(2)(B) of the Act, 33 U.S.C. § 1319(g)(2)(B), and 40 C.F.R. Part 19, Respondent is liable for a civil penalty of up to \$11,000 per day for each day that the violation continues, up to a maximum of \$157,500, for violations that occurred after March 15, 2004, to January 12, 2009, and up to \$16,000 per day for each day that the violation continues, up to a maximum of \$177,500, for violations that occurred after January 12, 2009.

21. EPA notified the State and provided the State an opportunity to consult with EPA regarding the proposed assessment of an administrative penalty against Respondent.

22. On December 18, 2009, EPA notified the public of the proposed CAFO through public notices in the Shreveport Times, the Longview News Journal, the Marshall News

Messenger, and the Panola County Newspaper, and afforded the public forty (40) days to comment on the proposed penalty in accordance with 40 C.F.R. § 22.45. At the expiration of the notice period, EPA had not received comments from the public.

III. TERMS OF SETTLEMENT

A. PENALTY PROVISIONS

23. Based on the foregoing Findings of Fact and Conclusions of Law, EPA Region 6, considering the relevant criteria pursuant to Section 309(g)(3) of the Act, 33 U.S.C. § 1319(g)(3), and acting pursuant to the authority of Section 309(g) of the Act, 33 U.S.C. § 1319(g), hereby orders that Respondent shall pay to the United States a civil penalty in the amount of ninety-nine thousand dollars (\$99,000.00), to settle the violations as alleged in this CAFO, in accordance with 40 C.F.R. § 22.18(c).

24. Payment shall be made by one of the following methods within thirty (30) days of the effective date of this CAFO:

- a. By mailing a bank check, a cashier's check or certified check, payable to "Treasurer of the United States," to:

U.S. Environmental Protection Agency
Fines and Penalties
Cincinnati Finance Center
P.O. Box 979077
St. Louis, MO 63197-9000

- b. By wire transfer to:

Federal Reserve Bank of New York
ABA = 021030004
Account = 68010727
SWIFT Address = FRNYUS33
33 Liberty Street
New York, NY 10045
Field Tag 4200 of the Fedwire message should read:
"D 68010727 Environmental Protection Agency"

c. By overnight mail (Express, FedEx, DHL, etc.) to:

U.S. Bank
1005 Convention Plaza
SL-MO-C2-GL
St. Louis, MO 63101
Phone: 314-418-4087

d. By credit card payments to <https://www.pay.gov/paygov/>
(enter 'sfo 1.1' in the search field)

When paying by check, the case name and docket number (In the Matter of TGG Pipeline, Ltd., Docket No. CWA-06-2010-2710) should be clearly marked on the check to ensure credit for payment.

25. Respondent shall send simultaneous notice of payment, including a copy of the check or other proof of payment, to each of the following:

- (a) Lorena Vaughn
Regional Hearing Clerk (6RC-D)
U.S. EPA, Region 6
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733
- (b) Donna Mullins
Wetlands Section (6WQ-EM)
Water Quality Protection Division
U.S. EPA, Region 6
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733
- (c) Agustin F. Carbo
Office of Regional Counsel (6RC-M)
U.S. EPA, Region 6
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733

Respondent's adherence to these procedures will ensure proper credit when payment is received by EPA.

26. Respondent agrees not to claim, or attempt to claim, a federal income tax deduction or credit covering all or any part of the civil penalty paid to the United States Treasurer.

27. Pursuant to 31 U.S.C. § 3717 and 40 C.F.R. § 13.11, unless otherwise prohibited by law, EPA will assess interest and late payment penalties on outstanding debts owed to the United States and a charge to cover the costs of processing and handling a delinquent claim. Interest on the civil penalty assessed in this CAFO will begin to accrue thirty (30) days after the effective date of the CAFO and will be recovered by EPA on any amount of the civil penalty that is not paid by the respective due date. Interest will be assessed at the rate of the United States Treasury tax and loan rate in accordance with 40 C.F.R. § 13.11(a). Moreover, the costs of the Agency's administrative handling of overdue debts will be charged and assessed monthly throughout the period the debt is overdue. *See* 40 C.F.R. § 13.11(b).

28. EPA will also assess a \$15.00 administrative handling charge for administrative costs on unpaid penalties for the first thirty (30) day period after the payment is due and an additional \$15.00 for each subsequent thirty (30) day period that the penalty remains unpaid. In addition, a penalty charge of up to six percent per year will be assessed monthly on any portion of the debt which remains delinquent more than ninety (90) days. *See* 40 C.F.R. § 13.11(c). Should a penalty charge on the debt be required, it shall accrue from the first day payment is delinquent. *See* 31 C.F.R. § 901.9(d). Other penalties for failure to make a payment may also apply.

29. Pursuant to Section 309(g)(9) of the Act, 33 U.S.C. § 1319(g)(9), any person who fails to pay on a timely basis a civil penalty ordered or assessed under this section shall be required to pay, in addition to such penalty and interest, the United States' enforcement expenses, including but not limited to, attorney's fees and costs incurred by the United States for collection proceedings and a quarterly nonpayment penalty for each quarter during which such failure to pay persists. Such nonpayment penalty shall be twenty (20) percent of the aggregate amount of such person's outstanding penalties and nonpayment penalties accrued as of the beginning of each quarter.

30. Failure by Respondent to pay the penalty assessed according to the terms of this CAFO, in full, by its due date, may subject Respondent to a civil action to collect the assessed penalty and any accrued interest and penalties.

31. In the event a collection action is necessary, Respondent shall pay - in addition to any applicable penalty, fees, and interest described herein - all reasonable costs and expenses, including legal expenses and court costs, incurred by the United States for enforcement and collection proceedings for nonpayment of the amounts agreed hereunder, pursuant to Section 309(g)(9) of the Act, 33 U.S.C. 1319(g)(9). In any such collection action, the validity, amount, and appropriateness of the penalty, and the terms of this CAFO, shall not be subject to review.

B. GENERAL PROVISIONS

32. This CAFO shall become effective upon filing with EPA's Regional Hearing Clerk.

33. Issuance of this CAFO does not relieve Respondent from responsibility to comply with all requirements of the Act and the requirements of any permits issued thereunder, as described in Section 309(g)(7) of the Act, 33 U.S.C. § 1319(g)(7), nor does it constitute a waiver by EPA of its right to enforce compliance with the requirements of Respondent's permits or other requirements of the Act by actions pursuant to Section 309 of the Act, 33 U.S.C. § 1319.


34. The provisions of this CAFO shall be binding upon Respondent, its officers or officials, managers, employees, and their successors or assigns, in their capacity on behalf of Respondent.

35. Each party agrees to bear its own costs and attorney's fees in this matter, except to the extent that Respondent may be responsible for reasonable costs and expenses of enforcement and collection proceedings for failure to comply with the terms of this CAFO. Furthermore, Respondent specifically waives its right to seek reimbursement of its costs and attorney's fees under the Equal Access to Justice Act, 5 U.S.C. § 504, as amended by the Small Business Regulatory Enforcement Fairness Act, 5 U.S.C. § 601, and any regulations promulgated pursuant to those Acts.

36. Each undersigned representative of the parties to this agreement certifies that he or she is fully authorized by the party represented to enter into the terms and conditions of this agreement and to execute and legally bind that party to it.

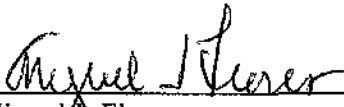
**THE UNDERSIGNED PARTIES CONSENT TO THE ENTRY OF THIS CONSENT
AGREEMENT AND FINAL ORDER**

FOR RESPONDENT:


Alan Matysiak
Senior Vice President

3/8/10
Date

FOR COMPLAINANT:


Miguel Flores
Director
Water Quality Protection Division

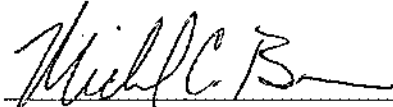
3/31/10
Date

FINAL ORDER

Pursuant to the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties, 40 C.F.R. Part 22, the foregoing Consent Agreement is hereby ratified. This Final Order shall not in any case affect the right of EPA or the United States to pursue appropriate injunctive or other equitable relief or criminal sanctions for any violations of law. This Final Order shall resolve only those causes of action alleged in the Complaint. Nothing in this Final Order shall be construed to waive, extinguish or otherwise affect Respondent's (or its officers, agents, servants, employees, successors, or assigns) obligation to comply with all applicable federal, state, and local statutes and regulations, including the regulations that were the subject of this action. Respondent is ordered to comply with the terms of settlement and the civil penalty payment instructions as set forth in the Consent Agreement. This CAFO shall become effective upon filing with the Regional Hearing Clerk, pursuant to 40 C.F.R. § 22.31(b).

Issuance Date: _____

April 1, 2010



Michael C. Barra
Regional Judicial Officer

CERTIFICATE OF SERVICE

I hereby certify that on the 1st day of April, 2010, the original of the foregoing Consent Agreement and Final Order (CAFO) was hand delivered to the Regional Hearing Clerk, U.S. EPA, Region 6 (6RC-D), 1445 Ross Avenue, Suite 1200, Dallas, Texas 75202-2733, and that a true and correct copy of the CAFO was delivered to the following by the method indicated:

U.S. POSTAL SERVICE CERTIFIED MAIL:

Mr. Alan Matysack
TGG Pipeline, Ltd
P.O. Box 180
Jonesville, TX 75659

U.S. POSTAL SERVICE FIRST-CLASS MAIL:

U.S. EPA
Cincinnati Finance Center MS 002
Attention: Michelle Angel
26 West MLK Dr.
Cincinnati, OH 45268-0001

Jeff Civins, Esq.
Haynes and Boone, LLP
600 Congress Avenue
Suite 1300
Austin, TX 78701-3285

HAND DELIVERED:

Mrs. Donna Mullins
Water Quality Protection Division (6WQ-EM)

Mr. Agustin F. Carbo-Lugo (6RC-M)
Assistant Regional Counsel
Office of Regional Counsel
U.S. EPA Region 6, 1445 Ross Avenue
Dallas, TX 75202-2733

