UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 4

In the Matter of: Hilcorp Energy Company Annie Hill Tank Battery Mobile County, Alabama Respondent.	Administrative Compliance Order Docket No. CAA-04-2018-1639

ADMINISTRATIVE COMPLIANCE ORDER

A. PRELIMINARY STATEMENT

1. This Administrative Order ("Order") is issued under the authority vested in the Administrator of the U.S. Environmental Protection Agency (EPA) by Section 113(a)(3) of the Clean Air Act ("CAA" or "Act"), 42 U.S.C. § 7413(a)(3).
2. On EPA's behalf, the Region 4 Director of the Air, Pesticides and Toxics Management Division has been delegated the authority to issue this Order under Section 113(a)(3) of the Act.
3. Respondent is Hilcorp Energy Company (Hilcorp), a corporation doing business in the state of Alabama. Respondent is a "person" as defined in Section 302(e) of the Act, 42 U.S.C. § 7602(e).

B. STATUTORY AND REGULATORY BACKGROUND

4. 40 C.F.R. Part 60, Subpart A, the General Provisions, apply to owners or operators of any stationary source which contains an "affected facility," defined at § 60.2, as "any apparatus to which a standard is applicable."
5. 40 C.F.R. Part 60 Subpart OOOOa is a New Source Performance Standard (NSPS), and was promulgated pursuant to Section 111 of the CAA, 42 U.S.C. § 7411. The NSPS regulates

specific categories of stationary sources and establish technology-based standards applicable to air pollutant emissions.

6. 40 C.F.R. Part 60, Subpart OOOOa, "Standards of Performance for Crude Oil and Natural Gas Facilities for which Construction, Modification or Reconstruction Commenced After September 18, 2015" apply to each "storage vessel," which is defined at § 60.5430a, as "a tank or other vessel that contains an accumulation of crude oil, condensate, intermediate hydrocarbon liquids, or produced water."
7. 40 C.F.R. § 60.5365a(e) states that OOOOa applies to a storage vessel with the potential for volatile organic compound (VOC) emissions equal to or greater than 6 tons per year (tpy).
8. The applicable part of Subpart OOOOa, includes § 60.5370a, which states: "at all times, including periods of startup, shutdown, and malfunction, owners and operators shall, to the extent practicable, maintain and operate any affected facility including associated air pollution control equipment in a manner consistent with good air pollution control practice for minimizing emissions. Determination of whether acceptable operating and maintenance procedures are being used will be based on information available to the Administrator, which may include, but is not limited to, … review of operating and maintenance procedures, and inspection of the source."
9. The Annie Hill facility is subject to 40 C.F.R. Part 60, Subpart OOOOa because it is a natural gas facility reconstructed after September 18, 2015, and has two "storage vessels" that store condensate, each of which has the potential for VOC emissions equal to or greater than 6 tpy for each storage vessel.

C. FINDINGS

10. Hilcorp Energy Company (Hilcorp or Respondent), is the owner and operator of a tank battery located in in Chunchula, Mobile County, Alabama (Annie Hill facility).

11. The Annie Hill facility extracts a mixture of natural gas, water, and oil from the ground at the facility, and then separates them, stores the condensate, and compresses the gas and reinjects it in the well site. The Annie Hill facility consists of a well-head, separator, heater treater, storage tanks, and a flare. After the gas is received and separated at the well site it is then sent to the Hilcorp Hatter's Pond facility.

12. On August 16, 2017, the EPA inspectors conducted an air compliance evaluation (Inspection) at the Annie Hill facility utilizing a Forward Looking Infrared Gas Finder Camera (FLIR)®.

13. The FLIR camera is an imaging technology that uses infrared radiation to detect various gases and hydrocarbons. The FLIR camera can visualize chemicals that absorb infrared radiation between 3.2 and 3.4 microns (μm). The chemicals methane, ethane, propane, butanes, and pentanes all have strong absorbance bands within the FLIR camera's detectable range, and such chemicals are made visible with the FLIR camera.

14. Pressure Relief Device (PRD). During the inspection, the EPA inspectors used the FLIR camera to detect continuous releases of regulated air pollutants, including methane, ethane, and VOCs including propane, butanes, and pentanes into the ambient air. The inspectors determined that the emissions were being released from the PRD that was connected to both condensate storage tanks (Tanks 2a-16-OST-CV and 2b-16-OST-CV).

15. The continuous releases of VOCs from the PRD connected to the two storage tanks as described in paragraph 14, demonstrate that the Respondent failed to, at all times, including periods of startup, shutdown, and malfunction, to the extent practicable, maintain and operate

the affected facilities in a manner consistent with good air pollution control practice for minimizing emissions, and is in violation of 40 C.F.R. § 60.5370a.

16. Annie Hill facility's personnel were present during the inspection and witnessed the EPA inspectors using FLIR camera to detect continuous releases of VOC emissions and they also had the opportunity to view the FLIR videos.

E. ORDER

17. Respondent is ordered to conduct the compliance program described in this section of the Order.

18. Based upon the findings set forth above, Respondent IS HEREBY ORDERED, pursuant to Section 113(a)(3) of the Act, 42 U.S.C. § 7413(a)(3) as follows:

    a. Within 15 days of the Effective Date of this Order as set forth in Section G below, the Respondent shall take such steps as are necessary to prevent the releases of VOC emissions from Tanks 2a-16-OST-CV and 2b-16-OST-CV, to come into compliance with 40 C.F.R. § 60.5370a, by taking corrective actions including, maintaining, repairing or replacing the components that led to the releases that were documented during the above-referenced EPA inspection.

F. GENERAL PROVISIONS

19. Any violation of this Order may result in a civil administrative or judicial action for an injunction or civil penalties of up to $97,229 per day per violation, or both, as provided in Sections 113(b)(2) and 113(d)(1) of the Act, 42 U.S.C. §§ 7413(b)(2) and 7413(d)(1), and the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, as amended through 2018, (40 C.F.R. Part 19). 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.

20. 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.

21. 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 an imminent and substantial endangerment to the public health, welfare, or the environment.

22. 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 31, 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 Annie Hill 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.

23. Unless this Order states otherwise, whenever, under the terms of this Order, written notice or other document is required to be given, it shall be directed to the individual specified at the addresses below unless such individual or her successor gives notice of a change of address to the other party in writing:

Megan Arias
U.S. EPA Region 4
Air, Pesticides and Toxics Management Division
Air Enforcement and Toxics Branch
61 Forsyth Street, S.W.
Atlanta, Georgia 30303

and arias.megan@epa.gov

24. All notices and submissions shall be considered effective upon receipt.

25. 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.

G. EFFECTIVE DATE AND OPPORTUNITY FOR A CONFERENCE

26. Pursuant to Section 113(a)(4) of the Act, Respondent may request a conference with the EPA concerning the violation alleged in this Order to present evidence bearing on the finding of violation, on the nature of the violation, and on any efforts, it may have taken or it proposes to take to achieve compliance. Respondent may have legal counsel present at the conference.

27. Respondent's request for a conference must be in writing, and must be received by the EPA within ten (10) days of Respondent's receipt of this Order. If the requested conference is held, this Order shall become effective ten (10) days after the conference is held.

28. If Respondent does not request a meeting in accordance with the preceding paragraph, Respondent waives its right to a conference, and this Order shall become effective ten (10) days from its receipt.

29. Any request for a conference, or other inquiries concerning this Order, should be made in writing to:

Megan Arias
U.S. EPA Region 4
Air, Pesticides and Toxics Management Division
Air Enforcement and Toxics Branch
61 Forsyth Street
S.W.; Atlanta, Georgia 30303

and arias.megan@epa.gov.

H. JUDICIAL REVIEW

30. Respondent may seek federal judicial review of the Order pursuant to Section 307(b)(1) of the Clean Air Act, 42 U.S.C. § 7607(b)(1).

I. TERMINATION

31. This Order shall terminate on the earliest of one of the following dates (the "Termination Date") at which point Respondent shall operate in compliance with the Act:

a. One year after the Effective Date of this Order;

b. The Effective Date of any determination by the EPA that Respondent has achieved compliance with all terms of this Order; or

c. Immediately upon receipt by Respondent of notice from the EPA finding that an imminent and substantial endangerment to public health, welfare, or the environment has occurred.

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For the United States Environmental Protection Agency, Region 4:

_____
Date of Issuance

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Beverly H. Banister
Director
Air, Pesticides and Toxics Management Division

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