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UNITED PARCEL SERVICE

~~Ms. Rachel Rodgers~~
~~Senior In-House Corporate Counsel~~Mr. Michael Fertitta
Senior Vice President and General Counsel
Hilcorp Energy Company
1111 Travis Street,
Houston, Texas 77002

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Re: Clean Air Act Administrative Compliance Order, EPA Docket No. CAA-04-2018-1639; and Information Request

Dear M~~s. Rachel Rodgers~~r. Fertitta:

Pursuant to Section 113(a)(3) of the Clean Air Act (the Act), 42 U.S.C. § 7413(a)(3), the United States Environmental Protection Agency is issuing the enclosed Administrative Compliance Order (Order) (Enclosure A), requiring Hilcorp Energy Company (Hilcorp) to comply with certain requirements of the New Source Performance Standards (NSPS) ~~Subpart OOOOa~~ of the Act and the regulations promulgated thereunder at 40 C.F.R. Part 60, Subpart OOOOa, ~~at~~ at ~~the~~the Annie Hill tank battery (Annie Hill facility) located in Chunchula, Mobile County, Alabama.

This Order is based on information in the EPA's possession ~~and~~ specifically alleges ~~indicating~~ that Hilcorp has violated 40 C.F.R. ~~CFR~~ Part 60, Subpart OOOOa, by~~of the NSPS of the Act by~~ failing to 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. Documentation of this information is presented in the enclosed electronic compact disk (Enclosure B, file number: MOV_0369). If Hilcorp fails to comply with this Order, EPA may undertake additional enforcement activities under Section 113 of the Act, or other statutory or regulatory authorities.

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Under Section 114(a) of the Act, 42 U.S.C. § 7414(a), the EPA has the authority to require Hilcorp to establish and maintain records, make reports, install monitoring equipment, sample emissions, submit compliance certifications and provide other information for the purpose of determining compliance or carrying out any provision of the Act, ~~or for other purposes.~~ Pursuant to Section 114(a) of the Act, the EPA requires Hilcorp to provide a report to the EPA Region 4 office **within 20 days** of the effective

date of the enclosed Order. The effective date is set forth in Section G of the enclosed Order. The report shallould include information describing the actions that were taken within 15 days of the date of the effective date of the Order, as prescribed by Paragraph 2518a of the Order, or the actions that had already been taken prior to the issuance
of the Order, including the specific actions required to repair or replace the components which led to the continuous releases of volatile organic compounds, and the measures implemented to prevent releases from occurring in the future.

In addition, pursuant to Section 114(a), the EPA is also hereby requiring Hilcorp to provide additional information, located located in the attached Information Request (identified as Enclosure D), regarding its Annie Hill facility located in Chunchula, Alabama. The EPA requires this information investigation to determine Hilcorp's compliance status with the Act, and the regulations promulgated thereunder. A copy of the video has been included in the compact disc (Enclosure B, file number: MOV_0375) andthat it to identifies show the piece of equipment the information request is pertains ing to. The EPA Administrator delegated this authority to the Director of the Air, Pesticides and Toxics Management Division, Region 4.

Please be aware, there are significant penalties for knowingly submitting false statements and information, including the potential sibility ofor fines or imprisonment pursuant to Section 113(c)(2) of the Act, and 18 U.S.C. §§ 1001 and 1341. The information should be sent to the following Region 4 address:

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

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HilcorpYou are is entitled to assert a claim of business confidentiality covering all or part of any required information, in the manner described at 40 C.F.R. § 2.203(b). Information subject to a claim of business confidentiality will be made available to the public only in accordance with the procedures set forth at 40 C.F.R. Part 2, Subpart B. Unless a confidentiality claim is asserted at the time the required information is provided, the EPA may make this information available to the public without further

notice to you. The substantive criteria used to determine whether business information is entitled to confidential treatment is contained in 40 C.F.R. § 2.208, and includes a satisfactory showing by ~~you~~Hilcorp that disclosure of the information is likely to cause substantial harm to the business' competitive position, among other things. See Enclosure C for confidential business information assertion and substantiation requirements, if there is a claim of business confidential information.

This request is exempt from the requirements of the Paperwork Reduction Act of 1980, 44 U.S.C. § 3501 et seq., because it seeks the collection of information by an agency from specific individuals or entities as part of an administrative action or investigation.

Pursuant to the Order, Hilcorp may request a conference with the EPA to discuss this matter. -The request must be submitted in writing within ten (10) days from the date Hilcorp is in receipt of the Order. Hilcorp has the option to request an in-person conference or to have one conducted via conference call and may also elect to have legal counsel present. If you have any questions concerning the Order or the information request, please contact Megan Arias at (404) 562-8968.

Sincerely,

~~Carol L. Kemker~~Beverly H. Banister
~~Acting~~ Director
Air, Pesticides and Toxics Management Division

~~Enclosures: A) Compliance Order~~
~~B) Compact Disk~~
~~C) Confidential Business Information~~
~~D) Information Request~~

cc: Mr. Ron Gore, ~~(with Enclosure A)~~
~~ADEM Contact name~~ Chief, Air Division, ADEM ~~(with Enclosure A)~~

Mr. Greg Singleton,
Field Operator, Hilcorp

Ms. Rachel Rodgers,
Senior In-House Corporate Counsel, Hilcorp

Mr. Matt Vicenik
Environmental Manager, Hilcorp
~~(with Enclosure A)~~

~~cc: Mr. Greg Singleton,~~
~~Field Operator, Hilcorp Energy Company~~

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ENCLOSURE A

Administrative Compliance Order

Docket No. CAA-04-2018-1639

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ENCLOSURE B

Compact Disc

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ENCLOSURE C

Confidential Business Information (CBI)
Assertion and Substantiation Requirements

A. Assertion Requirements

You may assert a business confidentiality claim covering part or all of the information you submit, other than-_emissions data and information or data that is otherwise publicly available, as described in 40 C.F.R. CFR § 2.203(b). If no business confidentiality claim accompanies the information when it is received by EPA, EPA may make the information available to the public without further notice. To make a confidentiality claim, submit the requested information and indicate that you are making a claim of confidentiality. Any document over which you make a claim of confidentiality should be marked by placing on or attaching to the information, at the time it is submitted to EPA, a cover sheet, stamped or typed legend, or other suitable form of notice employing language such as "trade secret" or "proprietary" or "business confidential" and a date if any when the information should no longer be treated as confidential. **You must be specific by page, paragraph, and sentence when identifying the information subject to your claim**. Allegedly confidential portions of otherwise non-confidential documents should be clearly identified. Information covered by such a claim will be disclosed by the EPA only to the extent permitted and by means of the procedures set forth by Section 114(c) of the Clean Air Act (the Act), and 40 C.F.R. Part 2, Subpart B. The EPA will construe the failure to furnish a confidentiality claim with your response to the attached letter as a waiver of that claim, and the information may be made available to the public without further notice to you.

Please segregate personnel, medical and similar files from your responses and include that information on separate sheet(s) marked as "Personal Privacy Information" given that disclosure of such information to the general public may constitute an invasion of privacy.

B. Substantiation Requirements

All confidentiality claims are subject to EPA verification and must be made in accordance with 40 C.F.R. Part 2, Subpart B. You bear the burden of substantiating your confidentiality claim and must satisfactorily show that disclosure of the information would be likely to cause substantial harm to your business' competitive position; that you have taken reasonable measures to protect the confidentiality of the information and that you intend to continue to do so; and that the information is not and has not been reasonably obtainable by legitimate means without your consent, among other things. Conclusory allegations will be given little or no weight.

Before EPA makes a final determination regarding your claim of confidentiality, pursuant to 40 C.F.R. Part 2, Subpart B, EPA will send you a letter asking you to substantiate fully your CBI claim by answering 11 questions. Your comments in response to these questions will be used by the EPA to determine whether the information has been shown to meet the requirements so as to be entitled to confidential treatment. You must provide EPA with a response within the number of days set forth in the EPA request letter. Failure to submit your comments within that time will be regarded as a waiver of your confidentiality claim or claims, and EPA may release the information.

EPA will ask you to specify which portions of the information you consider confidential. You must be specific by page, paragraph, and sentence when identifying the information subject to your claim. Please note that if a page, document, group or class of documents claimed by you to be confidential contains a significant amount of information which the EPA determines is not confidential, your confidentiality claim regarding that page, document, group or class of documents may be denied. Any information not specifically identified as subject to a confidentiality claim may be disclosed without further notice to you. For each item or class of information that you identify as being confidential, EPA will ask you to answer the following questions, giving as much detail as possible, as conclusory allegations will be given little or no weight in EPA's determination:

1. For what period of time do you request that the information be maintained as confidential, e.g., until a certain date, until the occurrence of a specified event, or permanently? If the occurrence of a specific event will eliminate the need for confidentiality, please specify that event.

2. Information submitted to the EPA becomes stale over time. Why should the information you claim as confidential be protected for the time period specified in your answer to question #1?

3. What measures have you taken to protect the information claimed as confidential? Have you disclosed the information to anyone other than a governmental body or someone who is bound by an agreement not to disclose the information further? If so, why should the information be considered confidential?

4. Is the information contained in any publicly available material such as the Internet, publicly available databases, promotional publications, annual reports, or articles? If so, specify which.

5. Is there any means by which a member of the public could obtain access to the information? Is the information of a kind that you would customarily not release to the public?

6. Has any governmental body made a determination as to the confidentiality of the information? If so, please attach a copy of the determination.

7. For each item or category of information claimed as confidential, <u>explain with specificity</u> why release of the information is likely to cause substantial harm to your competitive position. Explain the specific nature of those harmful effects, why they should be viewed as substantial, and the causal relationship between disclosure and such harmful effects. How could your competitors make use of this information to your detriment?

8. Do you assert that the information is submitted on a voluntary or a mandatory basis? Please explain the reason for your assertion. If you assert that the information is voluntarily submitted information, please explain whether the information is the kind that would customarily not be released to the public.

9. Whether you assert the information as voluntary or involuntary, please address why disclosure

of the information would tend to lessen the availability to the EPA of similar information in the future.

10. If you believe any information to be (a) trade secret (s), please so state and explain the reason for your belief. Please attach copies of those pages containing such information with brackets around the text that you claim to be (a) trade secret (s).

11. Explain any other issue you deem relevant (including, if pertinent, reasons why you believe that the information you claim to be CBI is not emission data or effluent data).

Please note that 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.- "Emission data" means, with reference to any source of emission of any substance into the air- (A) information necessary to determine the identity, amount, frequency, concentration, or other characteristics (to the extent related to air quality) of any emission which has been emitted by the source (or of any pollutant resulting from any emission by the source), or any combination of the foregoing; (B) information necessary to determine the identity, amount, frequency, concentration, or other characteristics (to the extent related to air quality) of the emissions which, under an applicable standard or limitation, the source was authorized to emit (including, to the extent necessary for such purposes, a description of the manner and rate of operation of the source); and (C) a general description of the location and/or nature of the source to the extent necessary to identify the source and to distinguish it from other sources (including, to the extent necessary for such purposes, a description of the device, installation, or operation constituting the source). 40 C.F.R. §§ 2.301(a)(2)(i)(A), (B) and (C).

Information- designated confidential will be disclosed by EPA only to the extent allowed by, and by means of the procedures set forth in, 40 C.F.R. Part 2, Subpart B. If you fail to claim the information as confidential, it may be made available to the public without further notice to you

ENCLOSURE D

Information Request

For purposes of this information request, the definitions set forth in Section B shall apply and should be considered carefully by you in preparing your responses.

A. INSTRUCTIONS:

1. Please provide a separate narrative response to each question and subpart of a question set forth in this Information Request and precede each answer with the number of the question to which it corresponds.

2. If requested information or documents are not known or are not available to you at the time of your response to this Information Request, but later become known or available to you, you must supplement your response to the EPA. Moreover, should you find at any time after submission of your response that any portion is or becomes false, incomplete, or misrepresents the facts; you must provide the EPA with a corrected response as soon as possible.

3. Requested information can be submitted in electronic form if applicable.

4. Where specific information has not been memorialized in a document, but is nonetheless responsive to a Request, you must respond to the Request with a written response.

5. The information requested herein must be provided even though 3V may contend that it includes possible confidential information or trade secrets. You may, if you desire, assert a confidentiality claim covering part or all of the information requested, pursuant to Section 114(c) of the CAA, 42 U.S.C. § 7414(c), and 40 C.F.R. § 2.203(b), by attaching to such information at the time it is submitted, a cover sheet, stamped or typed legend, or other suitable form of notice employing language such as "trade secret," or "proprietary," or "company confidential." Information covered by such a claim will be disclosed by the EPA only to the extent, and only by means, of the procedures set forth in the statute and regulation identified above. If no such claim accompanies the information when it is received by the EPA, it may be made available to the public by the EPA without further notice to you. You should read the above cited regulations carefully before asserting a business confidentiality claim, since certain categories of information are not properly the subject of such a claim.

6. If information responsive to this Information Request is not in your possession, custody or control, then identify the person from whom such information may be obtained.

7. If you have reason to believe that there may be persons able to provide a more detailed or complete response to any Information Request or who may be able to provide additional responsive documents, identify such persons and the additional information or documents that they may have.

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B. DEFINITIONS

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1. The term "you" or "Hilcorp" shall include Hilcorp Energy Company, its parent corporation(s) and subsidiaries, the addressees of this Request, and the officers, managers, employees, contractors, trustees, partners, successors, assigns, and agents of the above corporations.

2. "Facility" means the plant (including all physical structures) owned and/or operated by Hilcorp, located at 12303 Roberts Road, Chunchula, Alabama.

3. The term "identify" means, with respect to a natural person, to set forth the person's name, present or last known business address and business telephone number, present or last known home address and home telephone number, and present or last known job title, position or business.

4. The term "identify" means, with respect to a corporation, partnership, business trust or other association or business entity (including a sole proprietorship), to set forth its full name, address, legal form (e.g., corporation, partnership, etc.), organization, if any, and a brief description of its business.

5. The term "identify" means, with respect to a document, to provide its customary business description, its date, its number, if any (invoice or purchase order number), the identity of the author, addressor, addressee(s) and/or recipient, and the substance or the subject matter.

6. The terms "and" and "or" shall be construed either disjunctively or conjunctively as necessary to bring within the scope of this Information Request any information which might otherwise be construed to be outside its scope.

7. The term "document" shall include writings of any kind, formal or informal, whether or not wholly or partially in handwriting (including by way of illustration and not by way of limitation), any invoice, receipt, endorsement, check, bank draft, canceled check, deposit slip, withdrawal slip, order, correspondence, record book, minutes, memorandum of telephone and other conversations including meetings, agreements and the like, diary, calendar, desk pad, scrapbook, notebook, bulletin, circular, form, pamphlet, statement, journal, postcard, letter, telegram, telex, report, notice, message, analysis, comparison, graph, chart, inter-office or intra-office communications, photostat or other copy of any documents, microfilm or other film record, photograph, sound recording on any type of device, punch card, disc or disc pack, tape or other type of memory generally associated with computers and data processing (together with the programming instructions and other written material necessary to use punch card, disc, disc pack, tape or the type of memory); including (a) every copy of each document which is not an exact duplicate of a document which is produced, (b) every copy which has any writing, figure, notation, annotation, or the like on it, drafts, (c) attachments to or enclosures with any document, and (d) every document referred to in any other document.

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8. The term "closed-vent system" is defined in 40 C.F.R. § 63.1020.

9. The term "equipment" is defined in 40 C.F.R. § 63.1020.

10. The term "first attempt at repair" is defined in 40 C.F.R. § 63.1020.

11. The term "miscellaneous organic chemical manufacturing process Unit" (MCPU) is defined in 40 C.F.R. § 63.2550.

12. The term "pressure relief device or valve" is defined in 40 C.F.R. § 63.1020.

13. The term "process unit" is defined in 40 C.F.R. § 63.1020.

14. All terms not defined herein shall have their ordinary meaning, unless such terms are defined in the Clean Air Act, in which case the statutory definitions shall apply.

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C. INFORMATION REQUEST:

You are hereby required, in accordance with Section 114(a) of the Act, 42 U.S.C. § 7414(a), to provide the following information for Annie Hill, the facility in Chunchula, Alabama. The following questions are related to the fuel gas scrubber that was detected by the FLIR camera to be releasing emissions during the EPA inspection on August 16, 2017. The video is attached in Enclosure B (MOV_0375) to provide a reference as to the location of the leak.

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1. Provide a flow or process diagram of the gas coming into the facility and through the fuel scrubber unit which, as reported by your facility, is no longer in operation. Please list the origination of the gas stream (i.e., the last unit it exited from the Hatter's Pond facility) and where it traveled within the Annie Hill facility.

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2. Provide a flow or process diagram of the existing, no longer operational facility, which would include the fuel scrubber when it was in operation.

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3. Provide an analysis or current safety data sheet of the contents of the gas stream flowing through the existing fuel gas scrubber unit. If there have been any changes to the contents of the gas stream since the inspection dated August 16, 2017, provide the previous and updated analysis.

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4. Provide a detail description of the capping process for the cut or open ended lines coming from the fuel gas scrubber.

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5. For the Hilcorp infrared camera video submitted to the EPA in the submittal, dated July 28, 2018, please provide a photograph of the location where the infrared imaging took place, with the fuel scrubber unit in the background showing the capped lines and the valves which were visible in the infrared camera video taken during the EPA and ADEM joint inspection.

conducted on August 16, 2017. Please provide the photograph with the intent of showing that the area filmed by Hilcorp is the same area that was filmed by the EPA during the inspection conducted on August 16, 2017. After viewing the attached video in Enclosure B, please indicate whether or not the infrared camera video Hilcorp sent to the EPA is viewing the same piece of equipment identified in Enclosure B file MOV_0375. In addition, please provide the make and model of the camera that took the video Hilcorp submitted to EPA.

6. If there have been any repairs and/or changes to the pieces of equipment that carry the gas stream from Hatter's Pond to the final destination of the gas at the Annie Hill facility, provide an explanation of what was repaired and/or changed, and identify where the repairs and/or changes took place and when.

7. If no repairs have been made to stop the air emissions leaking from the existing fuel gas scrubber unit as identified in Enclosure B, MOV_0375, please indicate whether or not there are still air emissions leaking from the existing fuel gas scrubber unit. If air emissions are found leaking from the existing fuel gas scrubber, please indicate whether repairs will be made, identify a schedule for those repairs, and identify actions to be taken to repair the leak(s). If no emissions are found leaking from the existing fuel gas scrubber, provide documentation that verifies Hilcorps determination that a leak does not exist [e.g., infrared camera (a camera that can identify hydrocarbons) video taken from the same vantage point as in the EPA video file name MOV_0375, measure the concentration of air emissions using a toxic vapor analyzer or equivalent device]. If an infrared camera is used that can detect hydrocarbons, the video should be at least two minutes in duration and in high sensitivity mode, auto mode, and normal mode. Each camera mode should have equal time. If measuring the concentration, refer to Method 21 for proper usage.

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