



Mike DeWine, Governor
Jon Husted, Lt. Governor
Laurie A. Stevenson, Director

January 29, 2020

CERTIFIED MAIL

Daniel Wentworth
Chief Operating Officer
Blue Racer Midstream, LLC
5949 Sherry Lane
Dallas, Texas 75225

Re: Final Findings and Orders for air pollution
violations

Dear Daniel Wentworth,

Transmitted herewith are the Final Findings and Orders ("Orders") of the Director of Ohio EPA concerning the above-referenced matter.

Please note that the effective date of the Orders is the date that the Orders were entered into the Ohio EPA Director's journal, which is the date that is stamped on the first page of the Orders.

Sincerely,

A handwritten signature in black ink, appearing to read "James Kavalec", is written over a diagonal line that extends from the word "Sincerely," down towards the typed name below.

James Kavalec, Manager
Compliance/Enforcement Section
Division of Air Pollution Control

ec: Lee Tullis, DAPC
John Paulian, DAPC
John Rochotte, SEDO-DAPC
Sean Stephenson, DAPC
Drew Bergman/Kim Rhoads, Legal Office

**BEFORE THE
OHIO ENVIRONMENTAL PROTECTION AGENCY**

In the Matter of:

**Blue Racer Midstream, LLC
5949 Sherry Lane
Dallas, Texas 75225**

:
:
:

**Director's Final Findings
and Orders**

I certify this to be a true and accurate copy of the
original documents as filed in the records of the Ohio
Environmental Protection Agency.

PREAMBLE

It is agreed by the parties hereto as follows:

By  Date: 1/29/2020

I. JURISDICTION

These Director's Final Findings and Orders ("Orders") are issued to Blue Racer Midstream, LLC ("Respondent") pursuant to the authority vested in the Director of the Ohio Environmental Protection Agency ("Ohio EPA") under Ohio Revised Code ("ORC") §§ 3704.03 and 3745.01.

II. PARTIES BOUND

These Orders shall apply to and be binding upon Respondent and successors in interest liable under Ohio law. No change in ownership of Respondent or any of the facilities (as hereinafter defined) shall in any way alter Respondent's obligations under these Orders.

III. DEFINITIONS

Unless otherwise stated, all terms used in these Orders shall have the same meaning as defined in ORC Chapter 3704 and the rules promulgated thereunder.

IV. FINDINGS

The Director of Ohio EPA makes the following findings:

1. Respondent, with a headquarters office located at 5949 Sherry Lane Road, Dallas, Texas, owns and operates the following midstream gas and oil processing facilities in Ohio. These facilities are classified as non-Title V.

#	Facility (ID)	Address	County
1	Noble Co Field Station #1 (0661005031)	OH-146 and CR-51 Summerfield, Ohio 43788	Noble
2	Noble Co Field Station #2 (0661005032)	OH-724 and OH-45 Summerfield, Ohio 43788	Noble
3	Guernsey Facility (0679005011)	County Highway 5, Port Washington, Ohio 43837	Tuscarawas

2. The dehydration processes at Facilities #1 and #2 are identified as emissions unit ("EU") P009 and for the Guernsey Facility EU P001, which are the subject of these Orders.

3. Permit to Install and Operate ("PTIO") P0116267 for Facility #1 and P0116427 for Facility #2 were both issued by Ohio EPA on May 27, 2014. Permit P0115349 for the Guernsey facility was issued on October 28, 2013.

4. PTIO P0116267 and P0116427 require that volatile organic compound ("VOC") emissions from EU P009 at Facility #1 and #2 to meet capture efficiency of 100% and destruction efficiency of 98%.

5. Ohio Administrative Code ("OAC") Rule 3745-31-02(A)(1)(b) requires that no person shall allow the installation or modification and subsequent operation of any new source that is not part of a facility and that is not required to obtain a Title V permit under OAC Chapter 3745-77 without first obtaining a PTIO.

6. OAC Rule 3745-31-02(A)(1)(c) requires that no person shall allow the operation of any air contaminant source not defined as a new source under OAC Rule 3745-31-01, that is not part of a facility and that is not required to obtain a Title V permit under OAC Chapter 3745-77, without first obtaining authority to operate through issuance of a PTIO.

7. ORC § 3704.05(C) prohibits any person who is a holder of a permit issued by the Director of Ohio EPA pursuant to ORC § 3704.03 from violating any of its terms and conditions.

8. ORC § 3704.05(G) prohibits a person from violating any order, rule, or determination of the Director that was issued, adopted, or made under ORC Chapter 3704.

9. On December 3, 2018, Ohio EPA Southeast District Office ("SEDO") received a written Voluntary Audit Disclosure ("VAD") from Respondent, dated November 27, 2018, concerning Facilities #1 and #2. Respondent voluntarily discovered and disclosed that flash gas from the TEG dehydration systems at Facilities #1 and #2 was not always being controlled at 98% by combustion in the dehydration reboiler, perhaps

since the commissioning of these facilities in 2014. The flash gas instead was being sent to the atmosphere when the dehydration reboiler was not requiring fuel in the burner. This resulted in 50% of the flash gas emissions being released to the atmosphere instead of being captured or used as fuel in the reboiler.

10. On December 13, 2018, SEDO sent notice of violation ("NOV") letters to Respondent for failure to install the dehydration units at Facilities #1 and #2 in accordance with PTIO P0116267 and P0116427, respectively, because the dehydration units as built were not able to achieve 100% capture efficiency and 98% destruction efficiency. Facility #2 was also cited for operating an atmospheric tank without a permit. Respondent was requested to submit a compliance plan including the actions Respondent intends to take to address the violations.

11. On January 31, 2019, SEDO received Respondent's reply to the December 13, 2018 NOV. Respondent indicated engineering design and equipment modifications had begun at Facilities #1 and #2 for the flash gas emissions to be routed to the vapor recovery unit and a vapor combustor, respectively, to achieve 100% capture and 98% control, as required by the Facilities' permits. These modifications were completed at Facility #1 on February 22, 2019 and at Facility #2 on March 1, 2019.

12. Emissions of VOC from the dehydration unit at Facility #1 were estimated to be 12.24, 27.59, and 21.96 ton per year ("tpy") during 2015, 2016 and 2017, respectively.

13. Emissions of VOC from the dehydration unit at Facility #2 were estimated to be 11.04, 7.0, and 10.22 tpy during 2015, 2016 and 2017, respectively.

14. Emissions of VOC from the atmospheric tank at Facility #2 were estimated to be 8.08, 8.94, and 9.01 tpy during 2015, 2016 and 2017, respectively.

15. Modifications of the dehydration units at Facilities #1 and #2 were completed on February 22, 2019 and March 1, 2019, respectively. SEDO received the permit modification applications for these EUs on March 1, 2019.

16. From May 27, 2014 to February 22, 2019, Respondent had operated the dehydration units at Facility #1 without capturing 100% of the VOC emissions, in violation of the terms and conditions of PTIO P0116267, and ORC § 3704.05(C).

17. From May 27, 2014 to March 1, 2019 Respondent had operated the dehydration unit at Facility #2 without capturing 100% of the VOC emissions, in violation of the terms and conditions of PTIO P0116427, and ORC § 3704.05(C).

18. Respondent installed and operated an EU at Facility #2 without first obtaining a PTIO, in violation of OAC Rule 3745-31-02(A)(1)(b), OAC Rule 3745-31-02(A)(1)(c), and ORC § 3704.05(G).

19. On May 15, 2019, Respondent notified SEDO that an additional facility, which was not identified in the VAD, the Guernsey Facility, had been routing excess flash gas from the TEG dehydration system to atmosphere, possibly since the commissioning of the facility in 2014. From January 1, 2014 to December 4, 2019, Respondent had operated the dehydration unit without capturing 100% of the VOC emissions, in violations of the terms and conditions of PTIO P0115349, and ORC § 3704.05(C). On December 4, 2019, Respondent installed a vapor combustor to address the issues.

20. Ohio Revised Code section 3745.72(A) provides, in part, that “the owner or operator of a facility or property who conducts an environmental audit of the facility or property and promptly and voluntarily discloses information contained in or derived from an audit report that is based on the audit and concerns an alleged violation of environmental laws to the director of the state agency that has jurisdiction over the alleged violation is immune from any administrative and civil penalties for the specific violation disclosed, except that where the disclosed violation has resulted in significant economic benefit to the owner or operator of the facility or property, there is no immunity for the economic benefit component of the administrative and civil penalties for that violation....”

21. The Director acknowledges Respondent's voluntary investigations, disclosures and prompt corrective action. However, she finds that Respondent has derived significant economic benefit by failing to install dehydration units that could meet the permit requirements of 100% capture efficiency and 98% destruction efficiency of VOC emissions and thus is liable for the economic benefit gained.

22. The Director has given consideration to, and based her determination on, evidence relating to the technical feasibility and economic reasonableness of complying with the following Orders and their relation to benefits to the people of the State to be derived from such compliance.

V. ORDER

The Director hereby issues the following Order:

1. Respondent shall pay the amount of seventy-five thousand dollars (\$75,000) in settlement of Ohio EPA's claims for economic benefit pursuant to ORC section 3745.72(A). Within thirty (30) days after the effective date of these Orders, payment to Ohio EPA shall be made by an official check made payable to “Treasurer, State of Ohio” for seventy-five thousand dollars (\$75,000). The official check shall be submitted to Carol Butler, or her successor, together with a letter identifying the Respondent, to:

Ohio EPA
Office of Fiscal Administration
P.O. Box 1049
Columbus, Ohio 43216-1049

VI. TERMINATION

Respondent's obligations under these Orders shall terminate upon Ohio EPA's receipt of the official checks required by Section V of these Orders.

VII. OTHER CLAIMS

Nothing in these Orders shall constitute or be construed as a release from any claim, cause of action or demand in law or equity against any person, firm, partnership or corporation, not a party to these Orders, for any liability arising from, or related to, operations by Respondent.

VIII. OTHER APPLICABLE LAWS

All actions required to be taken pursuant to these Orders shall be undertaken in accordance with the requirements of all applicable local, state and federal laws and regulations. These Orders do not waive or compromise the applicability and enforcement of any other statutes or regulations applicable to Respondent.

IX. MODIFICATIONS

These Orders may be modified by agreement of the parties hereto. Modifications shall be in writing and shall be effective on the date entered in the journal of the Director of Ohio EPA.

X. NOTICE

All documents required to be submitted by Respondent pursuant to these Orders shall be addressed to:

Ohio EPA
Division of Air Pollution Control
P.O. Box 1049
Columbus, Ohio 43216-1049
Attention: Jim Kavalec, Enforcement Manager

or to such persons and addresses as may hereafter be otherwise specified in writing by Ohio EPA.

XI. RESERVATION OF RIGHTS

Ohio EPA and Respondent each reserve all rights, privileges and causes of action, except as specifically waived in Section XII of these Orders.

XII. WAIVER

In order to resolve disputed claims, without admission of fact, violation or liability, and in lieu of further enforcement action by Ohio EPA for only the violations specifically cited in these Orders, Respondent consents to the issuance of these Orders and agrees to comply with these Orders. Compliance with these Orders shall be a full accord and satisfaction for Respondent's liability for the violations specifically cited herein.

Respondent hereby waives the right to appeal the issuance, terms and conditions, and service of these Orders and Respondent hereby waives any and all rights Respondent may have to seek administrative or judicial review of these Orders either in law or equity.

Notwithstanding the preceding, Ohio EPA and Respondent agree that if these Orders are appealed by any other party to the Environmental Review Appeals Commission, or any court, Respondent retains the right to intervene and participate in such appeal. In such an event, Respondent shall continue to comply with these Orders notwithstanding such appeal and intervention unless these Orders are stayed, vacated or modified.

XIII. EFFECTIVE DATE

The effective date of these Orders is the date these Orders are entered into the Ohio EPA Director's journal.

XIV. SIGNATORY AUTHORITY

Each undersigned representative of a party to these Orders certifies that he or she is fully authorized to enter into these Orders and to legally bind such party to these Orders.

ORDERED AND AGREED:

Ohio Environmental Protection Agency



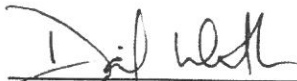
Laurie A. Stevenson
Director

1/28/20

Date

AGREED:

Blue Racer Midstream, LLC



Signature

1/23/2020

Date

Daniel Wentworth
Printed or Typed Name

Chief Operating Officer
Title