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RETURN RECEIPT REQUESTED

March 5, 2024

Clara Cardoza
Hilcorp Energy Company
382 CR 3100
Aztec, NM, 87410
Sent by electronic mail to: ccardoza@hilcorp.com

Notice of Violation for Hilcorp Energy Company, HILC-1177-2201

Dear Clara Cardoza,

The New Mexico Environment Department (“NMED”) has identified Hilcorp Energy Company (Hilcorp) as having violated state and federal regulations for air quality. This Notice of Violation (NOV) is regarding the San Juan Gas Plant located 2 miles east of Bloomfield, AI# 1177, AIRS# 35-045-0062.

This NOV is sent pursuant to NMSA 1978, Section 74-2-5.1(A), which states that NMED’s “investigations shall be reduced to writing if any enforcement action is contemplated, and a copy shall be furnished to the owner or occupants of the premises before the action is filed.” In accordance with Section 74-2-5.1(C), the purpose of this NOV is to “encourage and make every reasonable effort to obtain voluntary cooperation by the owner or occupants to preserve, restore or improve air quality.”

Alleged Violations

During a Full Compliance Evaluation (FCE) which included an in-person inspection of the facility on July 21, 2022, and a review of records provided by Hilcorp for dates between September 1, 2021 and July 21, 2022, a Bureau inspector found evidence for the following violations:

- Violation 1 **Failure to operate a flare with no visible emissions.** In violation of Permit P124-R3 Specific Condition A206.B, which states that flares(s) shall comply with requirements of NSPS 40 CFR §60.18. NSPS 40 C.F.R. §60.18(c)(1) states that “Flares shall be designed for and operated with no visible emissions (...) except for periods not to exceed a total of 5 minutes during any 2 consecutive hours”. During a review of the Hilcorp provided records and excess emissions reports (EER) submitted to AQBCR, a Bureau inspector found that the facility failed to operate flare Unit 9 within these parameters 14 times between September 1, 2021, and July 21, 2022. See attachment A for details.

- Violation 2 **Failure to submit a correction for the serial number and capacity information for unit 10 on the facility’s permits within 60 days.** In violation of Permit 0613-M13 General Condition B110.C (2), which states that the permittee shall notify the bureau of “any necessary update

or correction no more than sixty (60) days after the operator knows or should have known of the condition necessitating the update or correction of the permit.” During the onsite inspection performed July 21, 2022, a bureau inspector found that the serial number and capacity on unit 10 did not match what is listed on either NSR permit 0613-M13 or TV permit P124-R3. The permits state that unit 10 has a serial number of “9/12/2154” and is rated for 469 hp. Attachment B shows the nameplate of unit 10, which lists a serial number of “81Z05003”, and a manufacturer rated capacity of 755hp. When the inspector requested documentation for unit 10, Hilcorp was unable to find any records that match this nameplate information.

Please note that the facility will appear on NMED’s Enforcement Watch as a result of this NOV (see: <https://www.env.nm.gov/enforcement-watch/>). Further, NMED may issue a press release to local media highlighting your facility as appearing on this webpage. Your facility will remain on the Enforcement Watch website as an active matter until this matter is fully resolved, including the payment of the assessed civil penalty.

You may obtain a copy of the AQB’s Civil Penalty Policy located on the Compliance and Enforcement website at: <https://www.env.nm.gov/air-quality/compliance-and-enforcement/>.

Requested Information

In the response to this NOV please provide this information for each violation:

1. A description of the cause of each violation;
2. Documentation of the steps taken to correct the violation to date; and
3. Documentation of steps taken or to be taken to prevent the recurrence of the violation.

With the documentation, please include specific, measurable, and time-bound changes made or to be made addressing any problems causing the violations.

Attachment C has been included at the end of the NOV and can be used as a checklist for organizing the response.

Use these instructions to submit the response:

1. All correspondence pertaining to this NOV must be submitted under cover of a properly completed Reporting Submittal Form, emailed to the Enforcement Specialist (contact information below). A copy of the form can be found online at: <https://www.env.nm.gov/air-quality/compliance-and-enforcement/#>.
2. Submit requested information within thirty (30) days of receipt of this NOV.
3. Any documents claimed as Confidential Business Information (CBI) pursuant to 20.2.1.115 NMAC must be submitted in separate electronic files from non-CBI documents and identified as CBI.
4. If files cannot be submitted by electronic mail, contact the Enforcement Specialist to request a link to a file transfer platform, or submit records on a thumb drive mailed to the Air Quality

Company Name

ABQ Case No. HILC-1177-2201

Page 3 of 6

Bureau, 525 Camino de los Marquez, Suite 1, Santa Fe, NM 87505 to the attention of Kane Currans.

5. Please include any facts, information, or documentation to refute the alleged violations, with the requested information.

After receiving the response to this NOV, NMED will send a settlement offer or compliance order outlining the penalties and corrective actions associated with each of the violations. As NMED's review of the alleged violations is ongoing, NMED reserves the right to assert additional violations at the facility if new information becomes available.

If you have questions or believe any statement in this notice is erroneous, please contact Kane Currans, Enforcement Specialist, at (505) 629-8807 or kane.currans@env.nm.gov or Teresa McDill, Enforcement Manager, at (505) 629-8732 or teresa.mcdill@env.nm.gov. If you are represented by counsel, please contact Chris Vigil Assistant General Counsel, at (505) 469-4696 or ChristopherJ.Vigil@env.nm.gov.

Thank you for your prompt attention to this matter.

Sincerely,



Liz Bisbey-Kuehn
Bureau Chief
Air Quality Bureau

Cc: Chris Vigil, OGC
Cindy Hollenberg, AQB
Teresa McDill, AQB
Kane Currans, AQB

Attachment A

Harvest Four Corners, San Juan Gas Plant - Fugitive or Smoke Emissions Method
 22 observations

Date	Unit	Observation start time:	accumulated emmision time (Hr:Min)
9/19/2021	EU9	18:46	0:07
11/23/2021	EU9	11:36	0:08
11/23/2021	EU9	13:38	0:08
11/23/2021	EU9	15:38	0:08
1/18/2022	EU9	8:08	0:22
3/10/2022	EU9	8:47	0:08
5/15/2022	EU9	19:39	0:07
5/3/2022	EU9	9:09	0:06
5/3/2022	EU9	11:00	0:40
5/27/2022	EU9	6:59	0:07
6/16/2022	EU9	15:01	0:06
6/17/2022	EU9	11:09	0:09
7/2/2022	EU9	10:36	0:08
7/14/2022	EU9	12:47	0:08

Attachment B



Attachment C

This form must be completed and signed by the facility's Responsible Official (Title V) or other designee and returned within 30 days of the receipt of the Notice of Violation. Documentation for additional information (in addition to this form) must be submitted electronically to Enforcement Specialist Kane Currans at kane.currans@env.nm.gov or Enforcement Manager Teresa McDill at teresa.mcdill@env.nm.gov.

All submittals must be submitted using the Reporting Submittal Form. The Reporting Submittal Form and instructions can be located at: <https://www.env.nm.gov/air-quality/compliance-and-enforcement/#>.

I hereby verify that Hilcorp has initiated the required additional information response outlined in this Notice of Violation. The following information has been submitted or will be submitted by the dates indicated below for each violation. All required documentation will be submitted electronically within 30 days of the receipt of the Notice of Violation.

Date NOV received: _____

Alleged Violation 1

_____ *A description of the cause of the violation*

_____ *Documentation of the steps taken to correct the violation to date*

_____ *Documentation of steps taken (or to be taken) to prevent recurrence of this violation (include date if not yet completed)*

Alleged Violation 2

_____ *A description of the cause of the violation*

_____ *Documentation of the steps taken to correct the violation to date*

_____ *Documentation of steps taken (or to be taken) to prevent recurrence of this violation (include date if not yet completed)*

Signature

Date

Printed Name:

Title: