

Jon Niermann, *Chairman*
Emily Lindley, *Commissioner*
Bobby Janecka, *Commissioner*
Toby Baker, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

September 19, 2022

MICHAEL TAYLOR
PRESIDENT
AEGIS HEDGING SOLUTIONS LLC
1235 NORTH LOOP WEST, SUITE 920
HOUSTON, TEXAS 77008
Via email

Subject: ERC Creditability Review
ERC Certificate(s): 3913 and 3914
Project Number: 417382

Dear Michael Taylor:

This letter is in response to the Application for Creditability Review of Emission Credits submitted on August 5, 2022, requesting review of the volatile organic compounds (VOC) emission reduction credits (ERCs) in certificate(s) 3913 AND 3914.

The Texas Commission on Environmental Quality (TCEQ) has determined that as of September 15, 2022, there have been no regulatory changes that decrease the certified amount of ERCs available in certificate(s) 3913 and 3914. Changes to the representations made in the original ERC application or future regulatory actions could affect the amount of credits available for use in the certificate.

Additional information regarding this project and the site's portfolio is available online at https://www2.tceq.texas.gov/airperm/index.cfm?fuseaction=ebt_dpa.start. If you have questions concerning this project or the EBT program, please contact Matthew Hager at Matthew.Hager@tceq.texas.gov, or write to the TCEQ, Office of Air, Air Permits Division, MC-163, P.O. Box 13087, Austin, Texas 78711-3087.

Sincerely,

A handwritten signature in black ink, appearing to read "Samuel Short", followed by a long horizontal line.

Samuel Short, Deputy Director
Air Permits Division
Office of Air

cc: Director, Harris County, Pollution Control Services, Pasadena
Director, Environmental Health, Brazoria County Health Department, Angleton

Emission Reduction Credit (ERC) Creditability Technical Review

Project Number:	417382	Project Manager:	Matthew Hager
Customer Reference No.:	N/A	Company Name:	Aegis Hedging Solutions LLC
Regulated Entity Reference No.:	N/A	Site Name:	Broker Account - Aegis Hedging Solutions LLC
Portfolio Number:	P3807	County:	N/A

Project Overview

Aegis Hedging Solutions LLC submitted a Creditability Review of Emissions Credits application on August 5, 2022 for the review of ERC certificates 3913 and 3914.

ERC Creditability

Certificate 3913, 0.6 tpy VOC

The 0.6 tpy VOC credits on Certificate 3913 were originally certified in ERC Generation Project 414961 in originator certificate 3685. Project 414961 was a full site shutdown, and the credits were generated from four units: EPN 2 (amine scrubber), EPN 4 (glycol dehydrator), EPN 6 (loading), and EPN 8 (fugitives). The emission reduction date is based on the date of well plugging, 12/3/2019, and the credits qualified for the oil and gas incentive in 30 TAC §101.303(d)(1)(C), making them available for 72 months.

The credits on originator certificate 3685 were last re-reviewed in project 416470

Table 1 below lists the regulations that were evaluated in this project. There have been no new regulatory provisions that would have affected the facilities since project 416470 and the submission of this creditability review project. Therefore, certificate number 3913 still retains the certified amount of 0.6 tpy and the full amount is available.

Table 1: Regulatory Review

FIN/EPN	Citations and Regulations	Verified	Last Revision Date
EPN 2 EPN 4 EPN 6 EPN 8	PBR No. 90048	The site was authorized by Permit by Rule No. 90048. The site complied with the emission limits set forth in the permit, as well as all applicable state and federal emission limitations and standards. The permit was voided on 10/15/2020.	10/15/2020
EPN 2 EPN 4 EPN 6 EPN 8	30 TAC §106.352	Oil and Gas Handling and Production Facilities. This facility complied with the standard/limits that apply to this rule (i.e. the VOC limit is 25 tpy and this facility has less than 10 tpy).	11/22/2012
EPN 2 EPN 4 EPN 6 EPN 8	40 CFR Part 60, Subpart OOOO §60.5360	Standards of Performance for Crude Oil and Natural Gas Facilities for Which Construction, Modification, or Reconstruction Commenced After August 23, 2011, and on or Before September 18, 2015. No facilities were constructed, reconstructed, or modified after 2011 or 2015; no facilities are subject to this subpart.	9/14/2020
EPN 2 EPN 4	40 CFR Part 60,	Standards of Performance for Crude Oil and Natural Gas Facilities for	

FIN/EPN	Citations and Regulations	Verified	Last Revision Date
EPN 6 EPN 8	Subpart OOOOa §60.5360a	which Construction, Modification or Reconstruction Commenced After September 18, 2015. No facilities were constructed, reconstructed, or modified after 2011 or 2015.	9/14/2020
EPN 4	40 CFR Part 63, Subpart HH §63.765	National Emission Standards for Hazardous Air Pollutants From Oil and Natural Gas Production Facilities. This facility had a dehydrator with controls in place to achieve compliance with this standard. The dehydrator control efficiency is represented at 98%.	8/16/2012
Storage tanks associated with EPN 6	30 TAC §115.112(a)(3)	Storage of Volatile Organic Compounds. The facility complied with this rule using the appropriate tank vapor controls that are in place via flare.	7/21/2021
EPN 8	30 TAC §115.177	Fugitive Emission Component Requirements This regulation is applicable to the fugitive emissions at the site as the well produced more than 15-barrel equivalents per day. The rule does not contain any direct emission limits for the fugitives in question that would impact the emissions used to generate these credits.	7/21/2021

Certificate 3914, 2.1 tpy VOC

The 2.1 tpy VOC credits on Certificate 3914 were originally certified in ERC Generation Project 414959 in originator certificate 3707. The credits were generated from a reduction in emissions due to installation of control equipment (flare) on one water and one oil tank. Emissions for both units are now routed through EPN VENT, which is limited to 0.1002 tpy VOC. For the purposes of the ERC Generation project, the strategic limit for FIN WTRTNK was set to 0.09 tpy and 0.01 tpy for FIN OILTNK.

The credits on originator certificate 3707 were last re-reviewed in project 416471.

Table 2 below lists the regulations that were evaluated in this project. There have been no new regulatory provisions that would have affected the facilities since project 416471 and the submission of this creditability review project. Therefore, certificate number 3914 still retains the certified amount of 2.1 tpy and the full amount is available.

Table 2: Regulatory Review

FIN/EPN	Citations and Regulations	Verified	Last Revision Date
OILTNK, WTRTNK	30 TAC Chapter 115, Subchapter B, Division 2, §115.121	This rule applies to compressors and dehydrator units. These sources are not present at this facility.	7/21/2021
OILTNK, WTRTNK	30 TAC Chapter 115, Subchapter B, Division 7, §115.175	Per §115.175(b), the storage tanks at the site are exempt from the requirements of this rule because the potential and demonstrated emissions are both below 4.0 tpy VOC provided the facility was not subject to the requirements in §115.112(e). Based on further review of what is available in the generator project, the tanks appear to have complied with the applicable regulations under §115.112(e).	7/21/2021

FIN/EPN	Citations and Regulations	Verified	Last Revision Date
OILTNK, WTRTNK	30 TAC Chapter 106, Subchapter O, §106.352 (PBR)	This rule applies to Oil and Gas Production facilities. This facility complies with the standard/limits that apply to this rule. i.e. the VOC limit is 25 tpy and this facility has less than 10 tpy.	11/22/2012
OILTNK, WTRTNK	40 CFR Part 60, Subpart K, §60.110(b)	This subpart does not apply to storage vessels for petroleum or condensate stored, processed, and/or treated at a drilling and production facility prior to custody transfer.	4/4/1980
OILTNK, WTRTNK	40 CFR Part 60, Subpart Ka, §60.110a(a)	Each petroleum liquid storage vessel with a capacity of less than 1,589,873 liters (420,000 gallons) used for petroleum or condensate stored, processed, or treated prior to custody transfer is not an affected facility and, therefore, is exempt from the requirements of this subpart.	12/14/2000
OILTNK, WTRTNK	40 CFR Part 60, Subpart Kb, §60.110b(d)(4)	Each VOC storage tank is 400 bbl. This rule does not apply to this size of tank used to store VOC prior to custody transfer.	1/19/2021
OILTNK, WTRTNK	40 CFR Part 60, Subpart OOOO, §60.5365	No facilities have been constructed, reconstructed or modified after 2011 or before 2015.	9/14/2020
OILTNK, WTRTNK	40 CFR Part 60, Subpart OOOOa, §60.5365a	No facilities have been constructed, reconstructed or modified after 2015.	9/15/2020
OILTNK, WTRTNK	40 CFR Part 61, Subpart Y, §61.270(a)	Industrial grade/refined benzene is not being stored at this facility	10/14/2000
OILTNK, WTRTNK	40 CFR Part 61, Subpart FF, §61.340(a)	This facility is not a chemical manufacturing plant, coke by-product recovery plant or a petroleum refinery.	11/12/2002
OILTNK, WTRTNK	40 CFR Part 63, Subpart G, §63.110(a)	This facility is not a Synthetic Organic Chemical Manufacturing facility.	1/22/2001
OILTNK, WTRTNK	40 CFR Part 63, Subpart HH, §63.760(b)(2)	This facility does not have TEG Dehydration equipment present.	11/19/2020
OILTNK, WTRTNK	40 CFR Part 63, Subpart OO, §63.900	No other subpart applicable to these facilities is referencing this standard for air emission control.	7/1/1996
OILTNK, WTRTNK	40 CFR Part 63, Subpart WW, §63.1060	No other subpart applicable to these facilities is referencing this standard for air emission control.	6/29/1999
OILTNK, WTRTNK	40 CFR Part 63, Subpart HHH,	This facility is not a natural gas transmission or storage facility.	11/19/2020

FIN/EPN	Citations and Regulations	Verified	Last Revision Date
	§63.1270(a)		

Conclusion

As of the submission date of this project, the ERCs on certificate(s) 3913 and 3914 have not devalued.

09/19/2022 ----- EBTP IMS- PROJECT RECORD -----

PROJECT#: 417382 STATUS: C DISP CODE: _____
RECEIVED: 08/05/2022 PROJTYPE: BERR ISSUED DT: _____
SUP-DISP DATE: 09/19/2022

STAFF ASSIGNED TO PROJECT:

HAGER, MATTHEW

PROJECT TRANSACTIONS**COMPANY DATA**

COMPANY NAME: AEGIS HEDGING SOLUTIONS LLC
CUSTOMER REGISTRY ID:

PORTFOLIO DATA

NUMBER: P3807 NAME: AEGIS HEDGING SOLUTIONS LLC- BROKER - BKR1068

SITE DATA

ACCOUNT: BKR1068
REG ENTITY ID:
SITE NAME: BROKER ACCOUNT - AEGIS HEDGING SOLUTIONS LLC
COUNTY: NEAREST CITY:
LOCATION:

CONTACT DATA

NAME: MICHAEL TAYLOR TITLE: PRESIDENT
ROLE: AAR
STREET: 1235 North Loop West, SUITE 920
CITY/STATE, ZIP: HOUSTON, TX , 77008-
PHONE: 713-385-3321 -
EMAIL: MTAYLOR@EMISSIONADVISORS.COM

TRANSACTION DATA

TRANSACTION TYPE: ERC_RRVW
DATE ENTERED: 2022-08-08 00:00:00.0 DELETED DATE: EFFECTIVE YEAR:
CONTAMINATE: **VOC** TONS: **0** DOLLARS: **0**
ALLOWANCE **0** CERTIFICATE NO.: **0** COUNTY :

COMPANY DATA

COMPANY NAME: CARDIFF ENERGY MARKETING LLC
CUSTOMER REGISTRY ID:

PORTFOLIO DATA

NUMBER: P4062 NAME: CARDIFF ENERGY MARKETING LLC

SITE DATA

ACCOUNT: BKR1081
REG ENTITY ID:
SITE NAME: CARDIFF ENERGY MARKETING LLC
COUNTY: LIBERTY NEAREST CITY:
LOCATION:

CONTACT DATA

NAME: MICHAEL TAYLOR TITLE: MANAGER
ROLE: AAR
STREET: 1235 North Loop West, Suite 920
CITY/STATE, ZIP: Houston, TX , 77018-
PHONE: 713-385-3321 -
EMAIL: MTAYLOR@EMISSIONADVISORS.COM

TRANSACTION DATA

TRANSACTION TYPE: ERC_RET
DATE ENTERED: 2022-08-08 00:00:00.0 DELETED DATE: EFFECTIVE YEAR:
CONTAMINATE: **VOC** TONS: **0.60** DOLLARS: **0**
ALLOWANCE **0** CERTIFICATE NO.: **3913** COUNTY : **LIBERTY**

COMPANY DATA

COMPANY NAME: CARDIFF ENERGY MARKETING LLC
CUSTOMER REGISTRY ID:

PORTFOLIO DATA

NUMBER: P4062 NAME: CARDIFF ENERGY MARKETING LLC

SITE DATA

ACCOUNT: BKR1081
REG ENTITY ID:
SITE NAME: CARDIFF ENERGY MARKETING LLC
COUNTY: LIBERTY NEAREST CITY:
LOCATION:

CONTACT DATA

NAME: MICHAEL TAYLOR TITLE: MANAGER
ROLE: AAR
STREET: 1235 North Loop West, Suite 920
CITY/STATE, ZIP: Houston, TX , 77018-
PHONE: 713-385-3321 -
EMAIL: MTAYLOR@EMISSIONADVISORS.COM

TRANSACTION DATA

TRANSACTION TYPE: ERC_RET
DATE ENTERED: 2022-08-08 00:00:00.0 DELETED DATE: EFFECTIVE YEAR:
CONTAMINATE: **VOC** TONS: **2.10** DOLLARS: **0**
ALLOWANCE **0** CERTIFICATE NO.: **3914** COUNTY : **LIBERTY**

TRACKING ACTIVITIES

PROJECT SUBMITTED : 08/05/2022 PROJECT RECEIVED BY PM : 08/08/2022 TEAM LEAD REVIEW : 09/06/2022
SECTION MANAGER REVIEW : 09/13/2022

Portfolio Detail

Portfolio Number: P4062
Portfolio Name: CARDIFF ENERGY MARKETING LLC
Company Name: CARDIFF ENERGY MARKETING LLC

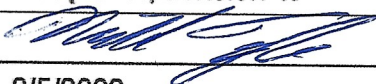
Sb7 Allowances for Pollutant VOC

Balance/Year	2018	2019	2020	2021	2022	2023	2024
Previous Year Deficit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Allowances Remaining from Previous Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Allocation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Current Traded In	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Current Traded Out	<u>-0</u>	<u>-0</u>	<u>-0</u>	<u>-0</u>	<u>-0</u>	<u>-0</u>	<u>-0</u>
Stream Traded In	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Stream Traded Out	<u>-0</u>	<u>-0</u>	<u>-0</u>	<u>-0</u>	<u>-0</u>	<u>-0</u>	<u>-0</u>
Total Reported Emissions	-0	-0	-0	-0	-0	-0	-0
Remaining Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

ERC

Certificate Num	Cont Code	Avail Tons	Transaction Type	Active/Inactive	Gen Date	Exp Date	County	Parent Cert Num
3913	VOC	0.60	ERC_BUY	12/30/3000	12/03/2019	12/03/2025	HARRIS	3685
3913	VOC	0.60	ERC_RET	12/30/3000	12/03/2019	12/03/2025	HARRIS	3685
3914	VOC	2.10	ERC_BUY	12/30/3000	06/12/2020	06/12/2025	BRAZORIA	3707
3914	VOC	2.10	ERC_RET	12/30/3000	06/12/2020	06/12/2025	BRAZORIA	3707

Texas Commission on Environmental Quality
Form EC-2
Credibility Review for Emission Credits

I. Requestor Information			
Company Name: AEGIS Hedging Solutions, LLC			
Telephone Number: 713-385-3321			
Email Address: mtaylor@aegis-hedging.com			
Mailing Address: 1235 North Loop West, Suite 920			
City: Houston			
State: Texas			
II. Emission Credit Owner Information			
Company Name: Cardiff Energy Marketing, LLC			
Customer Reference Number (CN): CN N/A			
Site Name: N/A			
Regulated Entity Reference Number (RN): RN N/A			
Nonattainment Area: N/A			
III. Emission Credit Certificates To Be Reviewed			
Certificate Number	Expiration Date	TPY of VOC on Certificate	TPY of NOx on Certificate
3913	12/03/2025	0.6	
3914	06/12/2025	2.1	
IV. Requestor Signature			
I, Michael Taylor			
hereby certify that the information entered in this application is correct to the best creditability per 30 TAC Chapter 101, Subchapter H, Division 1.			
Signature: 			
Signature Date: 8/5/2022			
Title: Director, Emissions Trading			

Mail application to:

Texas Commission on Environmental Quality Emission Banking and Trading Program MC 163
PO BOX 13087
AUSTIN, TX 78711-3087

From: [Mike Taylor](#)
To: [Matthew Hager](#)
Cc: [Melissa Ruano](#)
Subject: Project 417382
Date: Thursday, September 1, 2022 5:45:01 PM

Matthew,

As discussed, during this review, my client would like to have review done on the January 1st, 2023 start of the Chapter 115 Oil and Natural Gas CTG rule. I am expecting ERCs to be “used” before then, but they would like to know what would happened if they didn’t.

I think you said this was part of your review anyway, but wanted to put in email as discussed.



Mike Taylor

Director, Emissions Trading

Direct: +1 832-413-5942

Mobile: +1 713-385-3321

1235 North Loop West, Suite 920

Houston, TX 77008

aegis-hedging.com

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Mike Taylor

Director, Emissions Trading

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From: [EBTTL](#)
To: [Matthew Hager](#)
Subject: FW: For Review and Approval by 9/15/2022: ERC Re-Review 417382
Date: Monday, September 19, 2022 2:03:14 PM

From: APDDIR <APDDIR@tceq.texas.gov>
Sent: Wednesday, September 14, 2022 8:07 AM
To: Beryl Thatcher <Beryl.Thatcher@Tceq.Texas.Gov>; APDDIR <APDDIR@tceq.texas.gov>
Cc: PSSMGR <PSSMGR@tceq.texas.gov>; EBTTL <EBTTL@tceq.texas.gov>; Emily Furlong <Emily.Furlong@tceq.texas.gov>
Subject: RE: For Review and Approval by 9/15/2022: ERC Re-Review 417382

Approved

Samuel Short
Deputy Director, Air Permits Division
Texas Commission on Environmental Quality
512 239-5363
Samuel.short@tceq.texas.gov



www.tceq.texas.gov/customersurvey

From: Beryl Thatcher <Beryl.Thatcher@Tceq.Texas.Gov>
Sent: Wednesday, September 14, 2022 7:46 AM
To: APDDIR <APDDIR@tceq.texas.gov>
Cc: PSSMGR <PSSMGR@tceq.texas.gov>; EBTTL <EBTTL@tceq.texas.gov>; Emily Furlong <Emily.Furlong@tceq.texas.gov>
Subject: FW: For Review and Approval by 9/15/2022: ERC Re-Review 417382

From: PSSMGR <PSSMGR@tceq.texas.gov>
Sent: Tuesday, September 13, 2022 3:24 PM
To: Beryl Thatcher <Beryl.Thatcher@Tceq.Texas.Gov>
Cc: EBTTL <EBTTL@tceq.texas.gov>; Emily Furlong <Emily.Furlong@tceq.texas.gov>
Subject: FW: For Review and Approval by 9/15/2022: ERC Re-Review 417382

Please see the attached documents for ERC Re-Review Project 417382

