

EXECUTIVE SUMMARY - ENFORCEMENT MATTER
DOCKET NO.: 2006-1601-AIR-E **TCEQ ID:** RN101271419 **CASE NO.:** 31114
RESPONDENT NAME: Copano Processing, L.P.

ORDER TYPE:

<input checked="" type="checkbox"/> 1660 AGREED ORDER	<input type="checkbox"/> FINDINGS AGREED ORDER	<input type="checkbox"/> AMENDED ORDER	<input type="checkbox"/> IMMINENT AND SUBSTANTIAL ENDANGERMENT ORDER
<input type="checkbox"/> SHUTDOWN ORDER	<input type="checkbox"/> FINDINGS DEFAULT ORDER	<input type="checkbox"/> EMERGENCY ORDER	

CASE TYPE:

<input type="checkbox"/> AGRICULTURE	<input checked="" type="checkbox"/> AIR	<input type="checkbox"/> INDUSTRIAL AND HAZARDOUS WASTE	<input type="checkbox"/> MUNICIPAL SOLID WASTE
<input type="checkbox"/> OCCUPATIONAL CERTIFICATION	<input type="checkbox"/> PETROLEUM STORAGE TANKS	<input type="checkbox"/> PUBLIC WATER SUPPLY	<input type="checkbox"/> RADIOACTIVE WASTE
<input type="checkbox"/> MULTI-MEDIA (check all that apply)	<input type="checkbox"/> SEWAGE SLUDGE	<input type="checkbox"/> UNDERGROUND INJECTION CONTROL	<input type="checkbox"/> USED OIL
<input type="checkbox"/> USED OIL FILTER	<input type="checkbox"/> WATER QUALITY		

SITE WHERE VIOLATION(S) OCCURRED: Copano Processing Houston Central Gas Plant, 1650 County Road 255 South, Sheridan, Colorado County

TYPE OF OPERATION: Natural gas processing, dehydration, and fractionation facility

SMALL BUSINESS: Yes No

OTHER SIGNIFICANT MATTERS: There are no complaints. There is no record of additional pending enforcement actions regarding this facility location.

INTERESTED PARTIES: No one other than the ED and the Respondent has expressed an interest in this matter.

COMMENTS RECEIVED: The *Texas Register* comment period expired on January 22, 2007. No comments were received.

CONTACTS AND MAILING LIST:

TCEQ Attorney/SEP Coordinator: None

TCEQ Enforcement Coordinator: Mr. Daniel Siringi, Enforcement Division, Enforcement Section III, MC R-10, (409) 899-8799; Mr. Steven Lopez, Enforcement Division, MC 219, (512) 239-1896

TCEQ Field Investigator: Ms. Danielle Doss, Beaumont Regional Office, MC R-10, (713) 767-3500

Respondent: Mr. William Shutt, Manager, Copano Processing, L.P., 1650 County Road 255 South, Sheridan, Texas 77475

K. S. DeYoung, General Partner and Vice President, Governmental and Regulatory Affairs, Copano Processing GP, L.L.C., 2727 Allen Parkway, Suite 1200, Houston, Texas 77019

Respondent's Attorney: Not represented by counsel on this enforcement matter

VIOLATION SUMMARY CHART:

VIOLATION INFORMATION	PENALTY CONSIDERATIONS	CORRECTIVE ACTIONS TAKEN/REQUIRED
<p>Type of Investigation: <input type="checkbox"/> Complaint <input type="checkbox"/> Routine <input type="checkbox"/> Enforcement Follow-up <input checked="" type="checkbox"/> Records Review</p> <p>Date of Complaint Relating to this Case: None</p> <p>Date of Investigation Relating to this Case: August 16, 2006</p> <p>Date of NOE Relating to this Case: August 30, 2006 (NOE)</p> <p>Background Facts: This was a routine record review. One violation was documented.</p> <p>AIR:</p> <p>Failed to submit a semi-annual deviation report within 30 days for the period ending March 3, 2005 and to certify the report by a responsible official [30 TEX. ADMIN. CODE §§ 116.115(c), 122.143(4), 122.145(2)(B), Federal Operating Permit No. O-00871, General Terms and Conditions and TEX. HEALTH & SAFETY CODE § 382.085(b)].</p>	<p>Total Assessed: \$2,800</p> <p>Total Deferred: \$560 <input checked="" type="checkbox"/> Expedited Settlement <input type="checkbox"/> Financial Inability to Pay</p> <p>SEP Conditional Offset: \$0</p> <p>Total Paid to General Revenue: \$2,240</p> <p>Site Compliance History Classification: <input type="checkbox"/> High <input checked="" type="checkbox"/> Avg. <input type="checkbox"/> Poor</p> <p>Person Compliance History Classification: <input type="checkbox"/> High <input checked="" type="checkbox"/> Avg. <input type="checkbox"/> Poor</p> <p>Major Source: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Applicable Penalty Policy: September 2002</p>	<p>Corrective Actions Taken:</p> <p>The Executive Director recognizes that Copano submitted a semi-annual deviation report for the period ending March 3, 2005, as required by the Federal Operating Permit No. O-00871, on October 16, 2006 to the Beaumont Regional Office.</p>



Policy Revision 2 (September 2002)

Penalty Calculation Worksheet (PCW)

PCW Revision April 25, 2006

DATES	Assigned PCW	11-Sep-2006	Screening	11-Sep-2006	EPA Due	27-May-2007
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RESPONDENT/FACILITY INFORMATION	
Respondent	Copano Processing, L.P.
Reg. Ent. Ref. No.	RN101271419
Facility/Site Region	12-Houston
Major/Minor Source	Major Source

CASE INFORMATION			
Enf./Case ID No.	31114	No. of Violations	1
Docket No.	2006-1601-AIR-E	Order Type	1660
Media Program(s)	Air Quality	Enf. Coordinator	Daniel Siringi
Multi-Media		EC's Team	Enforcement Team 6
Admin. Penalty \$ Limit Minimum	\$0	Maximum	\$10,000

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties) **Subtotal 1**

ADJUSTMENTS (+/-) TO SUBTOTAL 1

Subtotals 2-7 are obtained by multiplying the Total Base Penalty (Subtotal 1) by the indicated percentage.

Compliance History **Subtotals 2, 3, & 7**

Notes Enhancement for two (2) NOV's with same or similar violation and one (1) NOV without same or similar violations in the past five years at this plant.

Culpability **Subtotal 4**

Notes The Respondent does not meet the culpability criteria.

Good Faith Effort to Comply **Subtotal 5**

	Before NOV	NOV to EDPRP/Settlement Offer
Extraordinary	<input type="text"/>	<input type="text"/>
Ordinary	<input type="text"/>	<input type="text"/>
N/A	x	(mark with a small x)

Notes The Respondent does not meet Good Faith Effort criteria.

Economic Benefit **Subtotal 6**

Total EB Amounts	<input type="text" value="\$15"/>	0% Enhancement*
Approx. Cost of Compliance	<input type="text" value="\$200"/>	<i>*Capped at the Total EB \$ Amount</i>

SUM OF SUBTOTALS 1-7 **Final Subtotal**

OTHER FACTORS AS JUSTICE MAY REQUIRE **Adjustment**

Reduces or enhances the Final Subtotal by the indicated percentage. (Enter number only; e.g. -30 for -30%.)

Notes

Final Penalty Amount

STATUTORY LIMIT ADJUSTMENT **Final Assessed Penalty**

DEFERRAL **Adjustment**

Reduces the Final Assessed Penalty by the indicted percentage. (Enter number only; e.g. 20 for 20% reduction.)

Notes

The deferral is offered for expedited settlement.

PAYABLE PENALTY

Screening Date 11-Sep-2006 **Docket No.** 2006-1601-AIR-E **PCW**
Respondent Copano Processing, L.P. *Policy Revision 2 (September 2002)*
Case ID No. 31114 *PCW Revision April 25, 2006*
Reg. Ent. Reference No. RN101271419
Media [Statute] Air Quality
Enf. Coordinator Daniel Siringi

Compliance History Worksheet

>> **Compliance History Site Enhancement (Subtotal 2)**

Component	Number of...	Enter Number Here	Adjust.
NOVs	Written NOVs with same or similar violations as those in the current enforcement action (<i>number of NOVs meeting criteria</i>)	2	10%
	Other written NOVs	1	2%
Orders	Any agreed final enforcement orders containing a denial of liability (<i>number of orders meeting criteria</i>)	0	0%
	Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission	0	0%
Judgments and Consent Decrees	Any non-adjudicated final court judgments or consent decrees containing a denial of liability of this state or the federal government (<i>number of judgements or consent decrees meeting criteria</i>)	0	0%
	Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government	0	0%
Convictions	Any criminal convictions of this state or the federal government (<i>number of counts</i>)	0	0%
Emissions	Chronic excessive emissions events (<i>number of events</i>)	0	0%
Audits	Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (<i>number of audits for which notices were</i>	0	0%
	Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (<i>number of audits for which violations were disclosed</i>)	0	0%
Other	<i>Please Enter Yes or No</i>		
	Environmental management systems in place for one year or more	No	0%
	Voluntary on-site compliance assessments conducted by the executive director under a special assistance program	No	0%
	Participation in a voluntary pollution reduction program	No	0%
	Early compliance with, or offer of a product that meets future state or federal government environmental requirements	No	0%

Adjustment Percentage (Subtotal 2) 12%

>> **Repeat Violator (Subtotal 3)**

No

Adjustment Percentage (Subtotal 3) 0%

>> **Compliance History Person Classification (Subtotal 7)**

Average Performer

Adjustment Percentage (Subtotal 7) 0%

>> **Compliance History Summary**

Compliance History Notes

Enhancement for two (2) NOVs with same or similar violation and one (1) NOV without same or similar violations in the past five years at this plant.

Total Adjustment Percentage (Subtotals 2, 3, & 7) 12%

Screening Date	11-Sep-2006	Docket No.	2006-1601-AIR-E	PCW
Respondent	Copano Processing, L.P.	Policy Revision 2 (September 2002)		
Case ID No.	31114	PCW Revision April 25, 2006		
Reg. Ent. Reference No.	RN101271419			
Media [Statute]	Air Quality			
Enf. Coordinator	Daniel Siringi			
Violation Number	1			
Primary Rule Cite(s)	30 Tex. Admin. Code §§ 122.143(4) and 122.145(2)(B)			
Secondary Rule Cite(s)	30 Tex. Admin. Code § 116.115(c), Federal Operating Permit No. O-00871, General Terms and Conditions and Tex. Health & Safety Code § 382.085(b)			
Violation Description	Failure to submit a semi-annual deviation report within 30 days for the period ending March 3, 2005 and to certify the report by a responsible official.			
Base Penalty				\$10,000

>> **Environmental, Property and Human Health Matrix**

Harm				
Release	Major	Moderate	Minor	
Actual				Percent <input style="width: 50px;" type="text"/>
Potential				

>> **Programmatic Matrix**

Falsification	Major	Moderate	Minor	
	x			Percent <input style="width: 50px;" type="text" value="25%"/>

Matrix Notes 100% of the rule requirement was not met.

Adjustment

Base Penalty Subtotal

Violation Events

Number of Violation Events Number of violation days

mark only one use a small x	daily	
	monthly	
	quarterly	
	semiannual	
	annual	
	single event	x

Violation Base Penalty

One single event is recommended.

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount

Violation Final Penalty Total

This violation Final Assessed Penalty (adjusted for limits)

Economic Benefit Worksheet

Respondent Copano Processing, L.P.
 Case ID No. 31114
 Reg. Ent. Reference No. RN101271419
 Media [Statute] Air Quality
 Violation No. 1

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Delayed Costs							
Equipment				0.0	\$0	\$0	\$0
Buildings				0.0	\$0	\$0	\$0
Other (as needed)				0.0	\$0	\$0	\$0
Engineering/construction				0.0	\$0	\$0	\$0
Land				0.0	\$0	n/a	\$0
Record Keeping System				0.0	\$0	n/a	\$0
Training/Sampling				0.0	\$0	n/a	\$0
Remediation/Disposal				0.0	\$0	n/a	\$0
Permit Costs	\$200	02-Apr-2005	16-Oct-2006	1.5	\$15	n/a	\$15
Other (as needed)				0.0	\$0	n/a	\$0

Notes for DELAYED costs: Estimated cost of preparing and submitting a deviation report with certification by a responsible official. Date required is the due date of the deviation report. Final date is the date of compliance.

Avoided Costs	ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)						
Disposal				0.0	\$0	\$0	\$0
Personnel				0.0	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.0	\$0	\$0	\$0
Supplies/equipment				0.0	\$0	\$0	\$0
Financial Assurance [2]				0.0	\$0	\$0	\$0
ONE-TIME avoided costs [3]				0.0	\$0	\$0	\$0
Other (as needed)				0.0	\$0	\$0	\$0

Notes for AVOIDED costs

Approx. Cost of Compliance

TOTAL

Compliance History

Customer/Respondent/Owner-Operator:	CN601465255 Copano Processing, L.P.	Classification: AVERAGE	Rating: 0.32																																																																		
Regulated Entity:	RN101271419 COPANO PROCESSING HOUSTON CENTRAL GAS PLT	Classification: AVERAGE	Site Rating: 0.32																																																																		
ID Number(s):	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>PUBLIC WATER SYSTEM/SUPPLY</td><td>REGISTRATION</td><td>0450051</td></tr> <tr><td>AIR NEW SOURCE PERMITS</td><td>PERMIT</td><td>51514</td></tr> <tr><td>AIR NEW SOURCE PERMITS</td><td>PERMIT</td><td>10089</td></tr> <tr><td>AIR NEW SOURCE PERMITS</td><td>PERMIT</td><td>17117</td></tr> <tr><td>AIR NEW SOURCE PERMITS</td><td>PERMIT</td><td>17154</td></tr> <tr><td>AIR NEW SOURCE PERMITS</td><td>PERMIT</td><td>50221</td></tr> <tr><td>AIR NEW SOURCE PERMITS</td><td>PERMIT</td><td>33867</td></tr> <tr><td>AIR NEW SOURCE PERMITS</td><td>REGISTRATION</td><td>76294</td></tr> <tr><td>AIR NEW SOURCE PERMITS</td><td>PERMIT</td><td>56613</td></tr> <tr><td>AIR NEW SOURCE PERMITS</td><td>EPA ID</td><td>PSDTX709M1</td></tr> <tr><td>AIR NEW SOURCE PERMITS</td><td>EPA ID</td><td>PSDTX706</td></tr> <tr><td>AIR NEW SOURCE PERMITS</td><td>ACCOUNT NUMBER</td><td>CR0020C</td></tr> <tr><td>AIR NEW SOURCE PERMITS</td><td>AFS NUM</td><td>0001</td></tr> <tr><td>AIR NEW SOURCE PERMITS</td><td>PERMIT</td><td>10089</td></tr> <tr><td>AIR NEW SOURCE PERMITS</td><td>PERMIT</td><td>17117</td></tr> <tr><td>AIR NEW SOURCE PERMITS</td><td>PERMIT</td><td>17154</td></tr> <tr><td>AIR NEW SOURCE PERMITS</td><td>PERMIT</td><td>33867</td></tr> <tr><td>AIR NEW SOURCE PERMITS</td><td>PERMIT</td><td>50221</td></tr> <tr><td>AIR OPERATING PERMITS</td><td>ACCOUNT NUMBER</td><td>CR0020C</td></tr> <tr><td>AIR OPERATING PERMITS</td><td>PERMIT</td><td>807</td></tr> <tr><td>AIR OPERATING PERMITS</td><td>PERMIT</td><td>871</td></tr> <tr><td>WATER LICENSING</td><td>LICENSE</td><td>0450051</td></tr> </table>			PUBLIC WATER SYSTEM/SUPPLY	REGISTRATION	0450051	AIR NEW SOURCE PERMITS	PERMIT	51514	AIR NEW SOURCE PERMITS	PERMIT	10089	AIR NEW SOURCE PERMITS	PERMIT	17117	AIR NEW SOURCE PERMITS	PERMIT	17154	AIR NEW SOURCE PERMITS	PERMIT	50221	AIR NEW SOURCE PERMITS	PERMIT	33867	AIR NEW SOURCE PERMITS	REGISTRATION	76294	AIR NEW SOURCE PERMITS	PERMIT	56613	AIR NEW SOURCE PERMITS	EPA ID	PSDTX709M1	AIR NEW SOURCE PERMITS	EPA ID	PSDTX706	AIR NEW SOURCE PERMITS	ACCOUNT NUMBER	CR0020C	AIR NEW SOURCE PERMITS	AFS NUM	0001	AIR NEW SOURCE PERMITS	PERMIT	10089	AIR NEW SOURCE PERMITS	PERMIT	17117	AIR NEW SOURCE PERMITS	PERMIT	17154	AIR NEW SOURCE PERMITS	PERMIT	33867	AIR NEW SOURCE PERMITS	PERMIT	50221	AIR OPERATING PERMITS	ACCOUNT NUMBER	CR0020C	AIR OPERATING PERMITS	PERMIT	807	AIR OPERATING PERMITS	PERMIT	871	WATER LICENSING	LICENSE	0450051
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Location:	1650 COUNTY RD 255 SOUTH, SHERIDAN, TX, 77475	Rating Date: September 01 05 Repeat Violator: NO																																																																			
TCEQ Region:	REGION 12 - HOUSTON																																																																				
Date Compliance History Prepared:	September 11, 2006																																																																				
Agency Decision Requiring Compliance History:	Enforcement																																																																				
Compliance Period:	September 01, 2001 to August 31, 2006																																																																				

TCEQ Staff Member to Contact for Additional Information Regarding this Compliance History

Name: Daniel Siringi Phone: 409-899-8799

Site Compliance History Components

- | | |
|--|------------|
| 1. Has the site been in existence and/or operation for the full five year compliance period? | Yes |
| 2. Has there been a (known) change in ownership of the site during the compliance period? | No |
| 3. If Yes, who is the current owner? | <u>N/A</u> |
| 4. If Yes, who was/were the prior owner(s)? | <u>N/A</u> |
| 5. When did the change(s) in ownership occur? | <u>N/A</u> |

Components (Multimedia) for the Site :

- A. Final Enforcement Orders, court judgements, and consent decrees of the state of Texas and the federal government.
N/A
- B. Any criminal convictions of the state of Texas and the federal government.
N/A
- C. Chronic excessive emissions events.
N/A
- D. The approval dates of investigations. (CCEDS Inv. Track. No.)
- | | | |
|---|------------|----------|
| 1 | 06/14/2002 | (2492) |
| 2 | 06/25/2002 | (2540) |
| 3 | 12/09/2004 | (336114) |
| 4 | 08/26/2003 | (151129) |
| 5 | 03/26/2004 | (263512) |
| 6 | 03/22/2004 | (251408) |

7 12/09/2004 (336117)
 8 09/13/2001 (99034)
 9 09/20/2001 (99035)
 10 01/07/2002 (99036)
 11 03/06/2002 (99037)
 12 04/02/2002 (99038)
 13 04/04/2002 (99039)
 14 03/23/2005 (373916)
 15 06/30/2003 (126863)
 16 06/10/2005 (373918)
 17 03/30/2004 (266961)
 18 08/20/2003 (150531)
 19 08/30/2006 (480123)
 20 07/21/2003 (10869)
 21 12/09/2004 (336169)
 22 05/05/2005 (379600)

E. Written notices of violations (NOV). (CCEDS Inv. Track. No.)

N/A

Date: 05/05/2005 (373918)
 Self Report? NO Classification: Moderate
 Citation: 30 TAC Chapter 122, SubChapter B 122.145(2)(C)
 Description: Failure to submit deviation report on time.
 Date: 07/22/2003 (10869)
 Self Report? NO Classification: Moderate
 Citation: 30 TAC Chapter 122, SubChapter B 122.146(2)
 Description: Failure to submit an annual compliance certification within 30 days after the end of the certification period.
 Date: 03/23/2005 (379600)
 Self Report? NO Classification: Moderate
 Citation: 30 TAC Chapter 290, SubChapter D 290.46(m)(4)
 Description: Failure to repair or replace the leaking valve located at well #3 near the pressure gauge.

F. Environmental audits.

N/A

G. Type of environmental management systems (EMSs).

N/A

H. Voluntary on-site compliance assessment dates.

N/A

I. Participation in a voluntary pollution reduction program.

N/A

J. Early compliance.

N/A

Sites Outside of Texas

N/A

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



**IN THE MATTER OF AN
ENFORCEMENT ACTION
CONCERNING
COPANO PROCESSING, L.P.
RN101271419**

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**BEFORE THE
TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY**

AGREED ORDER DOCKET NO. 2006-1601-AIR-E

I. JURISDICTION AND STIPULATIONS

At its _____ agenda, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding Copano Processing, L.P. ("Copano") under the authority of TEX. HEALTH & SAFETY CODE ch. 382 and TEX. WATER CODE ch. 7. The Executive Director of the TCEQ, through the Enforcement Division, and Copano appear before the Commission and together stipulate that:

1. Copano owns and operates a natural gas processing, dehydration, and fractionation plant at 1650 County Road 255 South in Sheridan, Colorado County, Texas (the "Plant").
2. The Plant consists of one or more sources as defined in TEX. HEALTH & SAFETY CODE § 382.003(12).
3. The Commission and Copano agree that the Commission has jurisdiction to enter this Agreed Order, and that Copano is subject to the Commission's jurisdiction.
4. Copano received notice of the violations alleged in Section II ("Allegations") on or about September 4, 2006.
5. The occurrence of any violation is in dispute and the entry of this Agreed Order shall not constitute an admission by Copano of any violation alleged in Section II ("Allegations"), nor of any statute or rule.
6. An administrative penalty in the amount of Two Thousand Eight Hundred Dollars (\$2,800) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). Copano has paid Two Thousand Two Hundred Forty Dollars (\$2,240) of the administrative penalty and Five Hundred Sixty Dollars (\$560) is deferred contingent upon Copano's timely and satisfactory compliance with all the terms of this Agreed Order. The deferred amount will be waived upon full compliance with the terms of this Agreed Order. If Copano fails to timely and satisfactorily comply

with all requirements of this Agreed Order, the Executive Director may require Copano to pay all or part of the deferred penalty.

7. Any notice and procedures which might otherwise be authorized or required in this action are waived in the interest of a more timely resolution of the matter.
8. The Executive Director of the TCEQ and Copano have agreed on a settlement of the matters alleged in this enforcement action, subject to the approval of the Commission.
9. The Executive Director recognizes that Copano submitted a semi-annual deviation report for the period ending March 3, 2005, as required by the Federal Operating Permit ("FOP") No. O-00871, on October 16, 2006 to the Beaumont Regional Office.
10. The Executive Director may, without further notice or hearing, refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings if the Executive Director determines that Copano has not complied with one or more of the terms or conditions in this Agreed Order.
11. This Agreed Order shall terminate five years from its effective date or upon compliance with all the terms and conditions set forth in this Agreed Order, whichever is later.
12. The provisions of this Agreed Order are deemed severable and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Agreed Order unenforceable, the remaining provisions shall be valid and enforceable.

II. ALLEGATIONS

As owner and operator of the Plant, Copano is alleged to have failed to submit semi-annual deviation report within 30 days for the period ending March 3, 2005 and to certify the report by a responsible official, in violation of 30 TEX. ADMIN. CODE §§ 116.115(c), 122.143(4), 122.145(2)(B), Federal Operating Permit No. O-00871, General Terms and Conditions and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during a record review conducted on August 16, 2006.

III. DENIALS

Copano generally denies each allegation in Section II ("Allegations").

IV. ORDERING PROVISIONS

1. It is, therefore, ordered by the TCEQ that Copano pay an administrative penalty as set forth in Section I, Paragraph 6 above. The payment of this administrative penalty and Copano's compliance with all the terms and conditions set forth in this Agreed Order resolve only the allegations in Section II. The Commission shall not be constrained in any manner from requiring corrective action or penalties for violations which are not raised here. Administrative penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: Copano Processing, L.P., Docket No. 2006-1601-AIR-E" to:

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Financial Administration Division, Revenues Section
Attention: Cashier's Office, MC 214
Texas Commission on Environmental Quality
P.O. Box 13088
Austin, Texas 78711-3088

2. The provisions of this Agreed Order shall apply to and be binding upon Copano. Copano is ordered to give notice of the Agreed Order to personnel who maintain day-to-day control over the Plant operations referenced in this Agreed Order.
3. This Agreed Order, issued by the Commission, shall not be admissible against Copano in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Agreed Order; or (2) pursue violations of a statute within the Commission's jurisdiction, or of a rule adopted or an order or permit issued by the Commission under such a statute.
4. This agreement may be executed in multiple counterparts, which together shall constitute a single original instrument. Any executed signature page to this Agreement may be transmitted by facsimile transmission to the other parties, which shall constitute an original signature for all purposes.
5. Under 30 TEX. ADMIN. CODE § 70.10(b), the effective date is the date of hand-delivery of the Order to Copano, or three days after the date on which the Commission mails notice of the Order to Copano, whichever is earlier. The Chief Clerk shall provide a copy of this Agreed Order to each of the parties.

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SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission

For the Executive Director

2/8/07

Date

I, the undersigned, have read and understand the attached Agreed Order. I am authorized to agree to the attached Agreed Order on behalf of the entity, if any, indicated below my signature, and I do agree to the terms and conditions specified therein. I further acknowledge that the TCEQ, in accepting payment for the penalty amount, is materially relying on such representation.

I also understand that my failure to comply with the Ordering Provisions, if any, in this order and/or my failure to timely pay the penalty amount, may result in:

- A negative impact on my compliance history;
- Greater scrutiny of any permit applications submitted by me;
- Referral of this case to the Attorney General's Office for contempt, injunctive relief, additional penalties, and/or attorney fees, or to a collection agency;
- Increased penalties in any future enforcement actions against me;
- Automatic referral to the Attorney General's Office of any future enforcement actions against me; and
- TCEQ seeking other relief as authorized by law.

In addition, any falsification of any compliance documents may result in criminal prosecution.

K. S. DeYoung

Signature

K. S. DeYoung

Name (Printed or typed)
Authorized Representative of *DW*
Copano Processing, L.P.

10/27/06

Date

Vice President, Governmental and
Regulatory Affairs, of Copano Processing
GP, L.L.C., General Partner of Copano

Title Processing, L.P.

Instructions: Send the original, signed Agreed Order with penalty payment to the Financial Administration Division, Revenues Section at the address in Section IV, Paragraph 1 of this Agreed Order.

7/9/02

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