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**EXECUTIVE SUMMARY - ENFORCEMENT MATTER**  
**DOCKET NO.: 2007-0124-AIR-E TCEQ ID: RN100219955 CASE NO.: 32443**  
**RESPONDENT NAME: DCP Midstream, LP**

<b>ORDER TYPE:</b>		
<input checked="" type="checkbox"/> 1660 AGREED ORDER	<input type="checkbox"/> FINDINGS AGREED ORDER	<input type="checkbox"/> FINDINGS ORDER FOLLOWING SOAH HEARING
<input type="checkbox"/> FINDINGS DEFAULT ORDER	<input type="checkbox"/> SHUTDOWN ORDER	<input type="checkbox"/> IMMINENT AND SUBSTANTIAL ENDANGERMENT ORDER
<input type="checkbox"/> AMENDED ORDER	<input type="checkbox"/> EMERGENCY ORDER	
<b>CASE TYPE:</b>		
<input checked="" type="checkbox"/> AIR	<input type="checkbox"/> MULTI-MEDIA (check all that apply)	<input type="checkbox"/> INDUSTRIAL AND HAZARDOUS WASTE
<input type="checkbox"/> PUBLIC WATER SUPPLY	<input type="checkbox"/> PETROLEUM STORAGE TANKS	<input type="checkbox"/> OCCUPATIONAL CERTIFICATION
<input type="checkbox"/> WATER QUALITY	<input type="checkbox"/> SEWAGE SLUDGE	<input type="checkbox"/> UNDERGROUND INJECTION CONTROL
<input type="checkbox"/> MUNICIPAL SOLID WASTE	<input type="checkbox"/> RADIOACTIVE WASTE	<input type="checkbox"/> DRY CLEANER REGISTRATION
<p><b>SITE WHERE VIOLATION(S) OCCURRED:</b> Sherhan Gas Plant, Highway 136, 15 miles north of Gruver, Hansford County</p> <p><b>TYPE OF OPERATION:</b> Natural gas processing plant</p> <p><b>SMALL BUSINESS:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><b>OTHER SIGNIFICANT MATTERS:</b> There are no complaints. There is no record of additional pending enforcement actions regarding this facility location.</p> <p><b>INTERESTED PARTIES:</b> No one other than the ED and the Respondent has expressed an interest in this matter.</p> <p><b>COMMENTS RECEIVED:</b> The <i>Texas Register</i> comment period expired on June 25, 2007. No comments were received.</p> <p><b>CONTACTS AND MAILING LIST:</b>  <b>TCEQ Attorney/SEP Coordinator:</b> Ms. Melissa Keller, SEP Coordinator, Enforcement Division, MC 219, (512) 239-1768  <b>TCEQ Enforcement Coordinator:</b> Mr. Bryan Elliott, Enforcement Division, Enforcement Team 4, MC 149, (512) 239-6162; Mr. David Van Soest, Enforcement Division, MC 219, (512) 239-0468  <b>Respondent:</b> Mr. Johnny Reinschmidt, Environmental Coordinator, DCP Midstream, LP, 9101 Highway 136, Borger, Texas 79007  Mr. Geoffrey A. Sands, Vice President-EHS, DCP Midstream, LP, 9101 Highway 136, Borger, Texas 79007  <b>Respondent's Attorney:</b> Not represented by counsel on this enforcement matter</p>		

**VIOLATION SUMMARY CHART:**

VIOLATION INFORMATION	PENALTY CONSIDERATIONS	CORRECTIVE ACTIONS TAKEN/REQUIRED
<p><b>Type of Investigation:</b>  <input type="checkbox"/> Complaint  <input checked="" type="checkbox"/> Routine  <input type="checkbox"/> Enforcement Follow-up  <input type="checkbox"/> Records Review</p> <p><b>Date(s) of Complaints Relating to this Case:</b> None</p> <p><b>Date of Investigation Relating to this Case:</b> November 7 through 17, 2006</p> <p><b>Date of NOE Relating to this Case:</b> December 19, 2006 (NOE)</p> <p><b>Background Facts:</b> This was a routine investigation. Six violations were documented.</p> <p><b>AIR</b></p> <p>1) Failed to include emissions on an emissions inventory questionnaire. Specifically, DCP failed to include Emission Point Nos. ("EPNs") TNKSLP12, TNKSLP13, and TNKSLP16 in the 2005 emissions inventory report [30 TEX. ADMIN. CODE § 101.10 and TEX. HEALTH &amp; SAFETY CODE § 382.085(b)].</p> <p>2) Failed to maintain emission control equipment in good condition and operated properly. Specifically, DCP continued to operate ENG-2 for 12 hours after the discovery of a warning display on the Air Fuel Ratio controller [30 TEX. ADMIN. CODE §§ 106.4(c) and 106.512(2)(B), and TEX. HEALTH &amp; SAFETY CODE § 382.085(b)].</p> <p>3) Failed to apply for renewal of New Source Review Permit No. 19317 after it expired on August 11, 2004 [30 TEX. ADMIN. CODE § 116.110(a) and TEX. HEALTH &amp; SAFETY CODE §§ 382.085(b) and 382.0518(a)].</p> <p>4) Failure to operate the flare with a flame present at all times. Specifically, DCP failed to maintain the flare flame (EPN FLR1) on May 23, 2005 with a reported release of 40.15 pounds of Hydrogen Sulfide ("H<sub>2</sub>S") over a 2 hour duration, and on March 20, 2006 with a reported release</p>	<p><b>Total Assessed:</b> \$41,440</p> <p><b>Total Deferred:</b> \$8,288  <input checked="" type="checkbox"/> Expedited Settlement  <input type="checkbox"/> Financial Inability to Pay</p> <p><b>SEP Conditional Offset:</b> \$16,576</p> <p><b>Total Paid to General Revenue:</b> \$16,576</p> <p><b>Site Compliance History Classification</b>  <input type="checkbox"/> High <input checked="" type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p><b>Person Compliance History Classification</b>  <input type="checkbox"/> High <input checked="" type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p><b>Major Source:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><b>Applicable Penalty Policy:</b> September 2002</p>	<p><b>Corrective Actions Taken:</b></p> <p>1) The Executive Director recognizes that the Respondent was issued Permit By Rule No. 43823 on October 30, 2006.</p> <p><b>Ordering Provisions:</b></p> <p>2) The Order will require the Respondent to implement and complete a Supplemental Environmental Project (SEP). (See SEP Attachment A)</p> <p>3) The Order will also require the Respondent to:</p> <p>a. Within 30 days after the effective date of this Agreed Order, submit a complete and accurate revised 2005 Emissions Inventory including the emissions for EPNs TNKSLP12, TNKSLP13, and TNKSLP16;</p> <p>b. Within 30 days after the effective date of this Agreed Order, submit payment of the 2005 Emissions Inventory fees for EPNs TNKSLP12, TNKSLP13, and TNKSLP16;</p> <p>c. Within 30 days after the effective date of this Agreed Order, implement improvements to design, operation, or maintenance procedures, in order to ensure that all warning indicators are properly addressed upon discovery, and to prevent the reoccurrence of same or similar incidents as those that occurred on November 8 and 9, 2006;</p> <p>d. Within 30 days after the effective date of this Agreed Order, implement improvements to design, operation, or maintenance procedures, in order ensure that the flare flame is lit at all times, and to prevent the reoccurrence of same or similar incidents as those that occurred on May 23, 2005 and March 20, 2006; and</p> <p>e. Within 45 days after the effective date of this Agreed Order, submit written certification and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision Nos. 3.a through 3.d.</p>

<p>of 68 pounds of H<sub>2</sub>S over a 3.5 hour duration [30 TEX. ADMIN. CODE § 101.20(1), 40 CODE OF FEDERAL REGULATIONS § 60.18(c)(2) and (e), and TEX. HEALTH &amp; SAFETY CODE § 382.085(b)]</p> <p>5) Failure to include all instances of deviations on a semiannual deviation report. Specifically, DCP failed to include 5 deviations on the January 1, 2006 to June 30, 2006 report [30 TEX. ADMIN. CODE § 122.145(2)(A) and TEX. HEALTH &amp; SAFETY CODE § 382.085(b)]</p> <p>6) Failure to pay outstanding air emission fees. Specifically, DCP failed to pay outstanding air emission fees for Fiscal Year 2005 for EPNs TNKSLP12, TNKSLP13, and TNKSLP16 [30 TEX. ADMIN. CODE § 101.27, TEX. WATER CODE § 5.702, and TEX. HEALTH &amp; SAFETY CODE § 382.085(b)]</p>		
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**Attachment A**  
**Docket Number: 2007-0124-AIR-E**

**SUPPLEMENTAL ENVIRONMENTAL PROJECT**

**Respondent:** DCP Midstream, LP

**Payable Penalty Amount:** Thirty-Three Thousand One Hundred Fifty-Two Dollars (\$33,152)

**SEP Amount:** Sixteen Thousand Five Hundred Seventy-Six Dollars (\$16,576)

**Type of SEP:** Pre-approved

**Third-Party Recipient:** Texas Association of Resource Conservation and Development Areas, Inc. ("RC&D")- Unauthorized Trash Dump Clean-Up

**Location of SEP:** Hansford County

The Texas Commission on Environmental Quality ("TCEQ") agrees to offset a portion of the administrative Penalty Amount assessed in this Agreed Order for the Respondent to contribute to a Supplemental Environmental Project ("SEP"). The offset is equal to the SEP Amount set forth above and is conditioned upon completion of the project in accordance with the terms of this Attachment A.

**1. Project Description**

A. Project

The Respondent shall contribute to the Third-Party Recipient pursuant to the agreement between the Third-Party Recipient and the TCEQ. Specifically, the contribution will be used to coordinate with city and/or county governmental officials regarding the clean up of sites where trash has been disposed of illegally. Eligible sites will be limited to those where a responsible party can not be identified and where there is no pre-existing obligation to clean up the site by the owner or the government. Additionally, reasonable efforts must have already been taken to prevent the dumping. SEP monies will be used to pay for the direct cost of collection and disposal of debris. All dollars contributed will be used solely for the direct cost of the project and no portion will be spent on administrative costs. The SEP will be done in accordance with all federal, state and local environmental laws and regulations.

The Respondent certifies that there is no prior commitment to do this project and that it is being performed solely in an effort to settle this enforcement action.

B. Environmental Benefit

This SEP will provide a discernible environmental benefit by helping rid communities of the dangers and health threats associated with non-regulated trash dumps which contaminate air and water, and harbor disease carrying animals and insects.



C. Minimum Expenditure

The Respondent shall contribute at least the SEP Amount to the Third-Party Recipient and comply with all other provisions of this SEP.

**2. Performance Schedule**

Within 30 days after the effective date of this Agreed Order, the Respondent must contribute the SEP Amount to the Third-Party Recipient. The Respondent shall mail the contribution, with a copy of the Agreed Order, to:

Texas Association of Resource Conservation and Development Areas, Inc.  
1716 Briarcrest Drive  
Bryan, Texas 77802-2700

**3. Records and Reporting**

Concurrent with the payment of the SEP Amount, the Respondent shall provide the TCEQ SEP Coordinator with a copy of the check and transmittal letter indicating full payment of the SEP Amount to the Third-Party Recipient. The Respondent shall mail a copy of the check and transmittal letter to:

Enforcement Division  
Attention: SEP Coordinator, MC 219  
Texas Commission on Environmental Quality  
P.O. Box 13087  
Austin, Texas 78711-3087

**4. Failure to Fully Perform**

If the Respondent does not perform its obligations under this SEP in any way, including full payment of the SEP Amount and submittal of the required reporting described in Section 3 above, the Executive Director may require immediate payment of all or part of the SEP Amount.

The check for any amount due shall be made out to "Texas Commission on Environmental Quality" and mailed to:

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

The Respondent shall also mail a copy of the check to the TCEQ SEP Coordinator at the address in Section 3 above.



**5. Publicity**

Any public statements concerning this SEP made by or on behalf of the Respondent must include a clear statement that the project was performed as part of the settlement of an enforcement action brought by the TCEQ. Such statements include advertising, public relations, and press releases.

**6. Clean Texas Program**

The Respondent shall not include this SEP in any application made to TCEQ under the "Clean Texas" (or any successor) program(s). Similarly, the Respondent may not seek recognition for this contribution in any other state or federal regulatory program.

**7. Other SEPs by TCEQ or Other Agencies**

The SEP identified in this Agreed Order has not been, and shall not be, included as an SEP for the Respondent under any other Agreed Order negotiated with the TCEQ or any other agency of the state or federal government.





# Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002)

PCW Revision December 8, 2006

**TCEQ**

<b>DATES</b>	Assigned	3-Jan-2007	Screening	25-Jan-2007	EPA Due	15-Sep-2007
	PCW	25-Jan-2007				

<b>RESPONDENT/FACILITY INFORMATION</b>			
Respondent	DCP Midstream, LP		
Reg. Ent. Ref. No.	RN100219955		
Facility/Site Region	1-Amarillo	Major/Minor Source	Major

<b>CASE INFORMATION</b>			
Enf./Case ID No.	32443	No. of Violations	6
Docket No.	2007-0124-AIR-E	Order Type	1660
Media Program(s)	Air Quality	Enf. Coordinator	Bryan Elliott
Multi-Media		EC's Team	EnforcementTeam 5
Admin. Penalty \$	Limit Minimum	\$0	Maximum
			\$10,000

## Penalty Calculation Section

**TOTAL BASE PENALTY (Sum of violation base penalties)** Subtotal 1 \$29,600

### ADJUSTMENTS (+/-) TO SUBTOTAL 1

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

**Compliance History** 40% Enhancement Subtotals 2, 3, & 7 \$11,840

Notes: The penalty was enhanced due to four NOV's for similar violations, one NOV for dissimilar violations, and one 1660-style order. The penalty was reduced due to two NOAs.

**Culpability** No 0% Enhancement Subtotal 4 \$0

Notes: Respondent does not meet the culpability criteria.

**Good Faith Effort to Comply** 0% Reduction Subtotal 5 \$0

	Before NOV	NOV to EDPRP/Settlement Offer
Extraordinary		
Ordinary		
N/A	X	(mark with x)

Notes: The Respondent does not meet the good faith criteria.

**Total EB Amounts** 0% Enhancement\* Subtotal 6 \$0

Approx. Cost of Compliance \$1,049 \*Capped at the Total EB \$ Amount \$10,000

**SUM OF SUBTOTALS 1-7** Final Subtotal \$41,440

**OTHER FACTORS AS JUSTICE MAY REQUIRE** Adjustment \$0

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

Notes:

**Final Penalty Amount** \$41,440

**STATUTORY LIMIT ADJUSTMENT** Final Assessed Penalty \$41,440

**DEFERRAL** 20% Reduction Adjustment -\$8,288

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

Notes:

Deferral offered for expedited settlement.

**PAYABLE PENALTY** \$33,152

Screening Date 25-Jan-2007

Docket No. 2007-0124-AIR-E

PCW

Respondent DCP Midstream, LP

Policy Revision 2 (September 2002)

Case ID No. 32443

PCW Revision December 8, 2006

Reg. Ent. Reference No. RN100219955

Media [Statute] Air Quality

Enf. Coordinator Bryan Elliott

### 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 (number of NOVs meeting criteria)	4	20%
	Other written NOVs	1	2%
Orders	Any agreed final enforcement orders containing a denial of liability (number of orders meeting criteria)	1	20%
	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 (number of judgments or consent decrees meeting criteria)	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 (number of counts)	0	0%
Emissions	Chronic excessive emissions events (number of events)	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 (number of audits for which notices were submitted)	2	-2%
	Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (number of audits for which violations were disclosed)	0	0%

Please Enter Yes or No

Other	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) 40%

>> 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

The penalty was enhanced due to four NOVs for similar violations, one NOV for dissimilar violations, and one 1660-style order. The penalty was reduced due to two NOAs.

Total Adjustment Percentage (Subtotals 2, 3, & 7) 40%

Screening Date 25-Jan-2007

Docket No. 2007-0124-AIR-E

PCW

Respondent DCP Midstream, LP

Policy Revision 2 (September 2002)

Case ID No. 32443

PCW Revision December 8, 2006

Reg. Ent. Reference No. RN100219955

Media [Statute] Air Quality

Enf. Coordinator Bryan Elliott

Violation Number 1

Rule Cite(s) 30 Tex. Admin. Code § 101.10 and Tex. Health & Safety Code § 382.085(b)

Violation Description Failed to include emissions on an emissions inventory questionnaire. Specifically, DCP failed to include Emission Point Nos. ("EPNs") TNKSLP12, TNKSLP13, and TNKSLP16 in the 2005 emissions inventory report.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm			Percent
	Major	Moderate	Minor	
Actual				0%
Potential				

>> Programmatic Matrix

Falsification	Major	Moderate	Minor	Percent
		x		10%

Matrix Notes

Between 30% and 70% of the rule requirement was not met.

Adjustment \$9,000

\$1,000

Violation Events

Number of Violation Events 1 367 Number of violation days

daily	
monthly	
quarterly	
semiannual	
annual	
single event	x

mark only one with an x

Violation Base Penalty \$1,000

One single event is recommended.

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$40

Violation Final Penalty Total \$1,400

This violation Final Assessed Penalty (adjusted for limits) \$1,400

## Economic Benefit Worksheet

**Respondent** DCP Midstream, LP  
**Case ID No.** 32443  
**Reg. Ent. Reference No.** RN100219955  
**Media** 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
<b>Delayed Costs</b>							
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	\$500	23-Jan-2006	25-Aug-2007	1.6	\$40	n/a	\$40
Training/Sampling				0.0	\$0	n/a	\$0
Remediation/Disposal				0.0	\$0	n/a	\$0
Permit Costs				0.0	\$0	n/a	\$0
Other (as needed)				0.0	\$0	n/a	\$0

Notes for DELAYED costs

Estimated cost to prepare and submit a complete inventory emission questionnaire. Date Required is the date the inventory emission questionnaire was submitted and Final Date is the date of prospective 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

\$500

TOTAL

\$40

Screening Date 25-Jan-2007

Docket No. 2007-0124-AIR-E

PCW

Respondent DCP Midstream, LP

Policy Revision 2 (September 2002)

Case ID No. 32443

PCW Revision December 8, 2006

Reg. Ent. Reference No. RN100219955

Media [Statute] Air Quality

Enf. Coordinator Bryan Elliott

Violation Number 2

Rule Cite(s) 30 Tex. Admin. Code §§ 106.4(c) and 106.512(2)(B), and Tex. Health & Safety Code § 382.085(b)

Violation Description Failed to maintain emission control equipment in good condition and operated properly. Specifically, DCP continued to operate ENG-2 for 12 hours after the discovery of a warning display on the Air Fuel Ratio ("AFR") controller.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

Release	Harm		
	Major	Moderate	Minor
Actual			
Potential			x

Percent 10%

>> Programmatic Matrix

Falsification	Major	Moderate	Minor

Percent 0%

Matrix Notes

Human health or the environment could have been exposed to insignificant amounts of pollutants which would not exceed levels protective of human health or environmental receptors as a result of the violation.

Adjustment \$9,000

\$1,000

Violation Events

Number of Violation Events 1

1 Number of violation days

mark only one with an x	daily	
	monthly	
	quarterly	
	semiannual	
	annual	
	single event	x

Violation Base Penalty \$1,000

One single event is recommended.

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$111

Violation Final Penalty Total \$1,400

This violation Final Assessed Penalty (adjusted for limits) \$1,400

## Economic Benefit Worksheet

**Respondent** DCP Midstream, LP  
**Case ID No.** 32443  
**Reg. Ent. Reference No.** RN100219955  
**Media** Air Quality  
**Violation No.** 2

<b>Percent Interest</b>	<b>Years of Depreciation</b>
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
<small>No commas or \$</small>							

**Delayed Costs**

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Equipment	\$2,000	8-Nov-2006	25-Aug-2007	0.8	\$5	\$106	\$111
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				0.0	\$0	n/a	\$0
Other (as needed)				0.0	\$0	n/a	\$0

Notes for DELAYED costs

Estimated cost to ensure the AFR is working properly at all times. Date Required is the investigation date (date warning indicator was documented) and Final Date is the date of prospective compliance.

**Avoided Costs**

**ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)**

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
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

\$2,000

**TOTAL**

\$111

Screening Date 25-Jan-2007

Docket No. 2007-0124-AIR-E

PCW

Respondent DCP Midstream, LP

Policy Revision 2 (September 2002)

Case ID No. 32443

PCW Revision December 8, 2006

Reg. Ent. Reference No. RN100219955

Media [Statute] Air Quality

Enf. Coordinator Bryan Elliott

Violation Number 3

Rule Cite(s) 30 Tex. Admin. Code § 116.110(a) and Tex. Health & Safety Code §§ 382.0518(a) and 382.085(b)

Violation Description

Failed to apply for renewal of New Source Review Permit ("NSR") No. 19317 after it expired on August 11, 2004.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm		
	Major	Moderate	Minor
Actual			
Potential			

Percent 0%

>> Programmatic Matrix

Falsification	Major	Moderate	Minor
	x		

Percent 25%

Matrix Notes

100% of the rule requirement was not met.

Adjustment \$7,500

\$2,500

Violation Events

Number of Violation Events 9

810 Number of violation days

mark only one with an x	daily	
	monthly	
	quarterly	x
	semiannual	
	annual	
	single event	

Violation Base Penalty \$22,500

Nine quarterly events are recommended from August 11, 2004 (expiration date) to October 30, 2006 (date PBR authorization was obtained).

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$555

Violation Final Penalty Total \$31,500

This violation Final Assessed Penalty (adjusted for limits) \$31,500

## Economic Benefit Worksheet

**Respondent** DCP Midstream, LP  
**Case ID No.** 32443  
**Reg. Ent. Reference No.** RN100219955  
**Media** Air Quality  
**Violation No.** 3

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
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No commas or \$

### 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	\$5,000	11-Aug-2004	30-Oct-2006	2.2	\$555	n/a	\$555
Other (as needed)				0.0	\$0	n/a	\$0

#### Notes for DELAYED costs

Estimated cost to obtain authorization for the associated EPNs. Date Required is the date the permit expired (date authorization was needed) and Final Date is the date of compliance (date PBR was submitted).

### 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

\$5,000

**TOTAL**

\$555

Screening Date 25-Jan-2007

Docket No. 2007-0124-AIR-E

PCW

Respondent DCP Midstream, LP

Policy Revision 2 (September 2002)

Case ID No. 32443

PCW Revision December 8, 2006

Reg. Ent. Reference No. RN100219955

Media [Statute] Air Quality

Enf. Coordinator Bryan Elliott

Violation Number 4

Rule Cite(s) 30 Tex. Admin. Code § 101.20(1), 40 Code of Federal Regulations § 60.18(c)(2) and (e), and Tex. Health & Safety Code § 382.085(b)

Violation Description

Failed to operate the flare with a flame present at all times. Specifically, DCP failed to maintain the flare flame (EPN FLR1) on May 23, 2005 with a reported release of 40.15 pounds of Hydrogen Sulfide ("H2S") over a 2 hour duration, and on March 20, 2006 with a reported release of 68 pounds of H2S over a 3.5 hour duration.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm		
	Major	Moderate	Minor
Actual			x
Potential			

Percent 25%

>> Programmatic Matrix

Falsification	Major	Moderate	Minor

Percent 0%

Matrix Notes

Human health or the environment was exposed to insignificant amounts of pollutants which did not exceed levels protective of human health or environmental receptors as a result of the violation.

Adjustment \$7,500

\$2,500

Violation Events

Number of Violation Events 2

2 Number of violation days

mark only one with an x	daily	
	monthly	
	quarterly	
	semiannual	
	annual	
	single event	x

Violation Base Penalty \$5,000

Two single events are recommended based on the two events.

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$316

Violation Final Penalty Total \$7,000

This violation Final Assessed Penalty (adjusted for limits) \$7,000

## Economic Benefit Worksheet

**Respondent** DCP Midstream, LP  
**Case ID No.** 32443  
**Reg. Ent. Reference No.** RN100219955  
**Media** Air Quality  
**Violation No.** 4

<b>Percent Interest</b>	<b>Years of Depreciation</b>
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
<b>Delayed Costs</b>							
Equipment	\$2,000	23-May-2005	25-Aug-2007	2.3	\$15	\$301	\$316
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				0.0	\$0	n/a	\$0
Other (as needed)				0.0	\$0	n/a	\$0

Notes for DELAYED costs

Estimated cost to ensure flare flame is lit at all times. Date Required is the earliest documented violation date and Final Date is the date of prospective 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

\$2,000

**TOTAL**

\$316

Screening Date 25-Jan-2007

Docket No. 2007-0124-AIR-E

PCW

Respondent DCP Midstream, LP

Policy Revision 2 (September 2002)

Case ID No. 32443

PCW Revision December 8, 2006

Reg. Ent. Reference No. RN100219955

Media [Statute] Air Quality

Enf. Coordinator Bryan Elliott

Violation Number 5

Rule Cite(s) 30 Tex. Admin. Code § 122.145(2)(A) and Tex. Health & Safety Code § 382.085(b)

Violation Description Failed to include all instances of deviations on a semiannual deviation report. Specifically, DCP failed to include 5 deviations on the January 1, 2006 to June 30, 2006 report.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm		
	Major	Moderate	Minor
Actual			
Potential			

Percent 0%

>> Programmatic Matrix

Falsification	Major	Moderate	Minor
			X

Percent 1%

Matrix Notes

Less than 30% of the rule requirement was not met.

Adjustment \$9,900

\$100

Violation Events

Number of Violation Events 1

1 Number of violation days

mark only one with an x

daily	
monthly	
quarterly	
semiannual	
annual	
single event	X

Violation Base Penalty \$100

One single event is recommended.

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$27

Violation Final Penalty Total \$140

This violation Final Assessed Penalty (adjusted for limits) \$140

## Economic Benefit Worksheet

**Respondent** DCP Midstream, LP  
**Case ID No.** 32443  
**Reg. Ent. Reference No.** RN100219955  
**Media** Air Quality  
**Violation No.** 5

<b>Percent Interest</b>	<b>Years of Depreciation</b>
6.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
------------------	-----------	---------------	------------	-----	----------------	---------------	-----------

No commas or \$

### 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	\$500	27-Jul-2006	25-Aug-2007	1.1	\$27	n/a	\$27
Training/Sampling				0.0	\$0	n/a	\$0
Remediation/Disposal				0.0	\$0	n/a	\$0
Permit Costs				0.0	\$0	n/a	\$0
Other (as needed)				0.0	\$0	n/a	\$0

Notes for DELAYED costs

Estimated cost to prepare and submit a complete deviation report. Date Required is the date the deviation report was submitted and Final Date is the date of prospective 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	\$500	<b>TOTAL</b>	\$27
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Screening Date 25-Jan-2007

Docket No. 2007-0124-AIR-E

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Respondent DCP Midstream, LP

Policy Revision 2 (September 2002)

Case ID No. 32443

PCW Revision December 8, 2006

Reg. Ent. Reference No. RN100219955

Media [Statute] Air Quality

Enf. Coordinator Bryan Elliott

Violation Number 6

Rule Cite(s) 30 Tex. Admin. Code § 101.27, Tex. Water Code § 5.702, and Tex. Health & Safety Code § 382.085(b)

Violation Description Failed to pay outstanding air emission fees for Fiscal Year 2005 for EPNs TNKSLP12, TNKSLP13, and TNKSLP16.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm		
	Major	Moderate	Minor
Actual			
Potential			

Percent 0%

>> Programmatic Matrix

Falsification	Major	Moderate	Minor

Percent 0%

Matrix Notes

There is no administrative penalty assessed for past due fees.

Adjustment \$10,000

\$0

Violation Events

Number of Violation Events

Number of violation days

mark only one with an x	daily	
	monthly	
	quarterly	
	semiannual	
	annual	
	single event	

Violation Base Penalty \$0

No penalty is assessed because all penalties and interest will be assessed by the Financial Administration Division in the next billing cycle.

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$0

Violation Final Penalty Total \$0

This violation Final Assessed Penalty (adjusted for limits) \$0

## Economic Benefit Worksheet

**Respondent** DCP Midstream, LP  
**Case ID No.** 32443  
**Reg. Ent. Reference No.** RN100219955  
**Media** Air Quality  
**Violation No.** 6

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
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No commas or \$

**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				0.0	\$0	n/a	\$0
Other (as needed)				0.0	\$0	n/a	\$0

Notes for DELAYED costs

No economic benefit is associated with this violation.

**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

\$0

TOTAL

\$0

# Compliance History

Customer/Respondent/Owner-Operator: CN601229917 DCP Midstream, LP Classification: AVERAGE Rating: 2.90  
 Regulated Entity: RN100219955 SHERHAN GAS PLANT Classification: AVERAGE Site Rating: 18.17

ID Number(s):	AIR OPERATING PERMITS	ACCOUNT NUMBER	HD0014P
	AIR OPERATING PERMITS	PERMIT	2569
	PETROLEUM STORAGE TANK	REGISTRATION	17126
	REGISTRATION		
	AIR NEW SOURCE PERMITS	PERMIT	16136
	AIR NEW SOURCE PERMITS	PERMIT	16230
	AIR NEW SOURCE PERMITS	PERMIT	34243
	AIR NEW SOURCE PERMITS	PERMIT	44935
	AIR NEW SOURCE PERMITS	ACCOUNT NUMBER	HD0014P
	AIR NEW SOURCE PERMITS	AFS NUM	0006
	AIR NEW SOURCE PERMITS	PERMIT	73394
	AIR NEW SOURCE PERMITS	REGISTRATION	43823
	PUBLIC WATER SYSTEM/SUPPLY	REGISTRATION	0980008
	WATER LICENSING	LICENSE	0980008

Location: HWY 136, 15 MI N OF, GRUVER, TX, 79040 Rating Date: 9/1/2006 Repeat Violator: NO

TCEQ Region: REGION 01 - AMARILLO

Date Compliance History Prepared: January 19, 2007

Agency Decision Requiring Compliance History: Enforcement

Compliance Period: January 19, 2002 to January 19, 2007

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

Name: Bryan Elliott Phone: 239-6162

### 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?   | N/A |
| 4. If Yes, who was/were the prior owner(s)?  | N/A |
| 5. When did the change(s) in ownership occur?  | N/A |

### Components (Multimedia) for the Site :

- A. Final Enforcement Orders, court judgements, and consent decrees of the state of Texas and the federal government.

Effective Date: 09/23/2002 ADMINORDER 2001-1479-AIR-E  
 Classification: Moderate

Citation: 30 TAC Chapter 101, SubChapter A 101.20(1)  
 30 TAC Chapter 116, SubChapter B 116.115(c)

40 CFR Chapter 60, SubChapter C, PT 60, SubPT JJJ 60.632[G]  
 40 CFR Chapter 60, SubChapter C, PT 60, SubPT VV 60.486(c)(2)  
 5C THC Chapter 382, SubChapter A 382.085(b)

Rqmt Prov: Spec. Prov. 2 PERMIT  
 Description: Failure to record the dates of a first attempt to repair eleven (11) leaking valves within five (5) calendar days after leaks were detected.

Classification: Moderate

Citation: 30 TAC Chapter 101, SubChapter A 101.20(1)  
 30 TAC Chapter 116, SubChapter B 116.115(c)

40 CFR Chapter 60, SubChapter C, PT 60, SubPT VV 60.487(c)(2)(i)  
 40 CFR Part 60, Subpart KKK 60.636[G]  
 5C THC Chapter 382, SubChapter A 382.085(b)

Rqmt Prov: Spec. Prov. 2 PERMIT  
 Description: Failure to report the number of valves for which leaks were detected and the number of valves for which leaks were not repaired on the semiannual VOC monitoring report for the reporting period ending March 31, 2000.

Classification: Moderate

Citation: 30 TAC Chapter 122, SubChapter B 122.146[G]  
 5C THC Chapter 382, SubChapter A 382.085(b)

Description: Failure to certify compliance with Title V permit from 3/2/99 to 4/1/99. The cert for the period beginning 4/2/98 and ending 4/1/99 was submitted on 3/2/99, 30 days prior to the end of the cert period.

Classification: Moderate

Citation: 30 TAC Chapter 122, SubChapter B 122.145(2)(A)  
30 TAC Chapter 122, SubChapter B 122.146(5)(D)

40 CFR Part 60, Subpart VV 60.486

40 CFR Part 60, Subpart VV 60.487

5C THC Chapter 382, SubChapter A 382.085(b)

Description: Failure to submit one (1) accurate and complete Annual Compliance Certification for the annual reporting period beginning April 2, 1999 and ending April 1, 2000, by failing to include a deviation report identifying terms & conds compl not achieved.

Classification: Minor

Citation: 30 TAC Chapter 334, SubChapter F 334.128(a)[G]  
30 TAC Chapter 335, SubChapter J 335.323[G]

Description: Failure to pay outstanding non-hazardous waste generation (NHWG) and above ground storage tank (AST) fees.

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	04/23/2003	(29569)
2	12/20/2006	(531742)
3	04/23/2003	(29653)
4	07/31/2004	(283630)
5	02/22/2006	(452350)
6	07/25/2002	(102435)
7	02/16/2006	(453227)
8	10/29/2002	(286053)
9	07/07/2006	(480735)
10	08/26/2002	(9020)
11	09/16/2005	(431107)
12	11/10/2006	(518518)
13	10/03/2002	(11488)
14	11/18/2003	(255487)
15	11/22/2002	(15058)
16	03/26/2003	(24300)
17	07/26/2005	(400956)

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

Date: 07/26/2002 (102435)

Self Report? NO

Classification: Moderate

Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)[G]

Description: OPEN ENDED LINES

Date: 02/16/2006 (453227)

Self Report? NO

Classification: Moderate

Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)

Rqmt Prov: PA IA

Description: The facility failed to comply with the special condition No. 7 of the permit No. 19317 by failure to maintain the inlet oxygen concentration in the range of 1,000 to 5,000 ppmv during the second quarter engine testing on engine 40, which was conducted on April 5, 2005.

Self Report? NO

Classification: Moderate

Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)

Rqmt Prov: PA IA

Description: The facility failed to comply with the special condition No. 18 of the permit No. 19317 by failure to conduct an engine test on engine 40 after it was documented that the inlet oxygen concentration exceeded the allowable range; during a quarterly test on April 5, 2005. The test was not conducted until August 10, 2005.

Self Report? NO

Classification: Moderate

Citation: 30 TAC Chapter 122, SubChapter B 122.145(2)(A)

Description: The facility failed to include the engine 40 non-compliance issue (failure to conduct a follow-up test) in the deviation report, submitted on July 25, 2005.

Date: 09/13/2002 (11488)

Self Report? NO

Classification: Minor

Citation: 30 TAC Chapter 101, SubChapter A 101.20(1)  
30 TAC Chapter 116, SubChapter B 116.115(c)  
40 CFR Part 60, Subpart KKK 60.632(a)  
40 CFR Part 60, Subpart VV 60.487(c)[G]  
Description: Failure to provide required information in the 40 CFR 60 Subpart VV semiannual report which was submitted to the TCEQ on January 2, 2002.  
Date: 08/22/2002 (9020)

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 106, SubChapter W 106.512(2)(C)(ii)  
30 TAC Chapter 116, SubChapter B 116.110(a)(1)  
30 TAC Chapter 116, SubChapter B 116.115(c)  
Description: Failure to conduct the first quarter engine tests on engines E-7, E-39, and E-40.

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 122, SubChapter B 122.145(2)(A)  
Description: Failure to submit a complete and accurate deviation report  
Date: 03/25/2003 (24300)

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)  
Description: Failure to comply with the special provision No. 21C of the permit No. 19317

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 116, SubChapter B 116.110(a)(4)  
Description: Failure to comply with the vent height limitation of the permit by rule registration No. 34243, under the provisions of §106.352 (former standard exemption No. 66)

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 122, SubChapter B 122.145(2)(A)  
Description: Failure to report all instances of deviations for the NSR permits in the deviations reports

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 106, SubChapter A 106.1  
30 TAC Chapter 106, SubChapter A 106.8(c)(2)(A)  
30 TAC Chapter 106, SubChapter A 106.8(c)(2)(B)  
Description: Failure to maintain adequate/complete records for the maintenance events, as required by the provisions of §106.8.

F. Environmental audits.

Notice of Intent Date: 02/16/2004 (265296)  
No DOV Associated

Notice of Intent Date: 03/04/2004 (268138)  
No DOV Associated

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  
DCP MIDSTREAM, LP  
RN100219955**

§  
§  
§  
§  
§

**BEFORE THE  
TEXAS COMMISSION ON  
ENVIRONMENTAL QUALITY**

**AGREED ORDER  
DOCKET NO. 2007-0124-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 DCP Midstream, LP ("DCP") under the authority of TEX. HEALTH & SAFETY CODE ch. 382 and TEX. WATER CODE chs. 5 and 7. The Executive Director of the TCEQ, through the Enforcement Division, and DCP appear before the Commission and together stipulate that:

1. DCP owns and operates a natural gas processing plant located at Highway 136, 15 miles north of Gruver in Hansford 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 DCP agree that the Commission has jurisdiction to enter this Agreed Order, and that DCP is subject to the Commission's jurisdiction.
4. DCP received notice of the violations alleged in Section II ("Allegations") on or about December 24, 2006.
5. The occurrence of any violation is in dispute and the entry of this Agreed Order shall not constitute an admission by DCP of any violation alleged in Section II ("Allegations"), nor of any statute or rule.
6. An administrative penalty in the amount of Forty-One Thousand Four Hundred Forty Dollars (\$41,440) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). DCP has paid Sixteen Thousand Five Hundred Seventy-Six Dollars (\$16,576) of



the administrative penalty and Eight Thousand Two Hundred Eighty-Eight Dollars (\$8,288) is deferred contingent upon DCP'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 DCP fails to timely and satisfactorily comply with all requirements of this Agreed Order, the Executive Director may require DCP to pay all or part of the deferred penalty. Sixteen Thousand Five Hundred Seventy-Six Dollars (\$16,576) shall be conditionally offset by DCP's completion of a Supplemental Environmental Project.

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 DCP 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 DCP was issued Permit By Rule No. 43823 on October 30, 2006.
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 DCP 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, DCP is alleged to have:

1. Failed to include emissions on an emissions inventory questionnaire, in violation of 30 TEX. ADMIN. CODE § 101.10 and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on November 7 through 17, 2006. Specifically, DCP failed to include Emission Point Nos. ("EPNs") TNKSLP12, TNKSLP13, and TNKSLP16 in the 2005 emissions inventory report.
2. Failed to maintain emission control equipment in good condition and operated properly, in violation of 30 TEX. ADMIN. CODE §§ 106.4(c) and 106.512(2)(B), and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on November 7 through 17, 2006. Specifically, DCP continued to operate ENG-2 for 12 hours after the discovery of a warning display on the Air Fuel Ratio ("AFR") controller.
3. Failed to apply for renewal of New Source Review Permit ("NSR") No. 19317 after it expired on August 11, 2004, in violation of 30 TEX. ADMIN. CODE § 116.110(a) and TEX. HEALTH & SAFETY CODE §§ 382.085(b) and 382.0518(a), as documented during an investigation conducted on November 7 through 17, 2006.



4. Failed to operate the flare with a flame present at all times, in violation of 30 TEX. ADMIN. CODE § 101.20(1), 40 CODE OF FEDERAL REGULATIONS § 60.18(c)(2) and (e), and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on November 7 through 17, 2006. Specifically, DCP failed to maintain the flare flame (EPN FLR1) on May 23, 2005 with a reported release of 40.15 pounds of Hydrogen Sulfide ("H<sub>2</sub>S") over a 2 hour duration, and on March 20, 2006 with a reported release of 68 pounds of H<sub>2</sub>S over a 3.5 hour duration.
5. Failed to include all instances of deviations on a semiannual deviation report, in violation of 30 TEX. ADMIN. CODE § 122.145(2)(A) and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on November 7 through 17, 2006. Specifically, DCP failed to include five deviations on the January 1, 2006 to June 30, 2006 report.
6. Failed to pay outstanding emission fees, in violation of 30 TEX. ADMIN. CODE § 101.27, TEX. WATER CODE § 5.702, and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on November 7 through 17, 2006. Specifically, DCP failed to pay outstanding air emission fees for Fiscal Year 2005 for EPNs TNKSLP12, TNKSLP13, and TNKSLP16.

### III. DENIALS

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

### IV. ORDERING PROVISIONS

1. It is, therefore, ordered by the TCEQ that DCP pay an administrative penalty as set forth in Section I, Paragraph 6 above. The payment of this administrative penalty and DCP'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: DCP Midstream, LP, Docket No. 2007-0124-AIR-E" to:

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. DCP shall implement and complete a Supplemental Environmental Project ("SEP") in accordance with TEX. WATER CODE § 7.067. As set forth in Section I, Paragraph 6 above, Sixteen Thousand Five Hundred Seventy-Six Dollars (\$16,576) of the assessed administrative penalty shall be offset with the condition that DCP implement the SEP defined in Attachment A, incorporated herein by reference. DCP's obligation to pay the conditionally offset portion of the administrative penalty assessed shall be discharged upon final completion of all provisions of the SEP agreement.
3. It is further ordered that DCP shall undertake the following technical requirements:



- a. Within 30 days after the effective date of this Agreed Order, submit a complete and accurate revised 2005 Emissions Inventory including the emissions for EPNs TNKSLP12, TNKSLP13, and TNKSLP16;
- b. Within 30 days after the effective date of this Agreed Order, submit payment of the 2005 Emissions Inventory fees for EPNs TNKSLP12, TNKSLP13, and TNKSLP16 to the address listed in Ordering Provision No. 1;
- c. Within 30 days after the effective date of this Agreed Order, implement improvements to design, operation, or maintenance procedures, in order to ensure that all warning indicators are properly addressed upon discovery, and to prevent the reoccurrence of same or similar incidents as those that occurred on November 8 and 9, 2006;
- d. Within 30 days after the effective date of this Agreed Order, implement improvements to design, operation, or maintenance procedures, in order ensure that the flare flame is lit at all times, and to prevent the reoccurrence of same or similar incidents as those that occurred on May 23, 2005 and March 20, 2006; and
- e. Within 45 days after the effective date of this Agreed Order, submit written certification as described below, and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision Nos. 3.a through 3.d. The certification shall be notarized by a State of Texas Notary Public and include the following certification language:

"I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations."

The certification shall be submitted to:

Order Compliance Team  
Enforcement Division, MC 149A  
Texas Commission on Environmental Quality  
P.O. Box 13087  
Austin, Texas 78711-3087

with a copy to:

Air Section, Manager  
Amarillo Regional Office  
Texas Commission on Environmental Quality  
3918 Canyon Drive  
Amarillo, Texas 79109-4933

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4. The provisions of this Agreed Order shall apply to and be binding upon DCP. DCP 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.
5. If DCP fails to comply with any of the Ordering Provisions in this Agreed Order within the prescribed schedules, and that failure is caused solely by an act of God, war, strike, riot, or other catastrophe, DCP's failure to comply is not a violation of this Agreed Order. DCP shall have the burden of establishing to the Executive Director's satisfaction that such an event has occurred. DCP shall notify the Executive Director within seven days after DCP becomes aware of a delaying event and shall take all reasonable measures to mitigate and minimize any delay.
6. The Executive Director may grant an extension of any deadline in this Agreed Order or in any plan, report, or other document submitted pursuant to this Agreed Order, upon a written and substantiated showing of good cause. All requests for extensions by DCP shall be made in writing to the Executive Director. Extensions are not effective until DCP receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.
7. This Agreed Order, issued by the Commission, shall not be admissible against DCP 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.
8. 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.
9. Under 30 TEX. ADMIN. CODE § 70.10(b), the effective date is the date of hand-delivery of the Order to DCP, or three days after the date on which the Commission mails notice of the Order to DCP, whichever is earlier. The Chief Clerk shall provide a copy of this Agreed Order to each of the parties.



DCP Midstream, LP  
DOCKET NO. 2007-0124-AIR-E  
Page 6

**SIGNATURE PAGE**

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

\_\_\_\_\_  
For the Commission

*[Handwritten Signature]*  
For the Executive Director

8/16/2007  
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.

*[Handwritten Signature]*  
Signature

4/23/07  
Date

Geoffrey A. Sands  
Name (Printed or typed)  
Authorized Representative of  
DCP Midstream, LP

Vice President- EHS  
Title

**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.



**Attachment A**  
**Docket Number: 2007-0124-AIR-E**

**SUPPLEMENTAL ENVIRONMENTAL PROJECT**

**Respondent:** DCP Midstream, LP

**Payable Penalty Amount:** Thirty-Three Thousand One Hundred Fifty-Two Dollars (\$33,152)

**SEP Amount:** Sixteen Thousand Five Hundred Seventy-Six Dollars (\$16,576)

**Type of SEP:** Pre-approved

**Third-Party Recipient:** Texas Association of Resource Conservation and Development Areas, Inc. ("RC&D")- Unauthorized Trash Dump Clean-Up

**Location of SEP:** Hansford County

The Texas Commission on Environmental Quality ("TCEQ") agrees to offset a portion of the administrative Penalty Amount assessed in this Agreed Order for the Respondent to contribute to a Supplemental Environmental Project ("SEP"). The offset is equal to the SEP Amount set forth above and is conditioned upon completion of the project in accordance with the terms of this Attachment A.

**1. Project Description**

A. Project

The Respondent shall contribute to the Third-Party Recipient pursuant to the agreement between the Third-Party Recipient and the TCEQ. Specifically, the contribution will be used to coordinate with city and/or county governmental officials regarding the clean up of sites where trash has been disposed of illegally. Eligible sites will be limited to those where a responsible party can not be identified and where there is no pre-existing obligation to clean up the site by the owner or the government. Additionally, reasonable efforts must have already been taken to prevent the dumping. SEP monies will be used to pay for the direct cost of collection and disposal of debris. All dollars contributed will be used solely for the direct cost of the project and no portion will be spent on administrative costs. The SEP will be done in accordance with all federal, state and local environmental laws and regulations.

The Respondent certifies that there is no prior commitment to do this project and that it is being performed solely in an effort to settle this enforcement action.

B. Environmental Benefit

This SEP will provide a discernible environmental benefit by helping rid communities of the dangers and health threats associated with non-regulated trash dumps which contaminate air and water, and harbor disease carrying animals and insects.



C. Minimum Expenditure

The Respondent shall contribute at least the SEP Amount to the Third-Party Recipient and comply with all other provisions of this SEP.

**2. Performance Schedule**

Within 30 days after the effective date of this Agreed Order, the Respondent must contribute the SEP Amount to the Third-Party Recipient. The Respondent shall mail the contribution, with a copy of the Agreed Order, to:

Texas Association of Resource Conservation and Development Areas, Inc.  
1716 Briarcrest Drive  
Bryan, Texas 77802-2700

**3. Records and Reporting**

Concurrent with the payment of the SEP Amount, the Respondent shall provide the TCEQ SEP Coordinator with a copy of the check and transmittal letter indicating full payment of the SEP Amount to the Third-Party Recipient. The Respondent shall mail a copy of the check and transmittal letter to:

Enforcement Division  
Attention: SEP Coordinator, MC 219  
Texas Commission on Environmental Quality  
P.O. Box 13087  
Austin, Texas 78711-3087

**4. Failure to Fully Perform**

If the Respondent does not perform its obligations under this SEP in any way, including full payment of the SEP Amount and submittal of the required reporting described in Section 3 above, the Executive Director may require immediate payment of all or part of the SEP Amount.

The check for any amount due shall be made out to "Texas Commission on Environmental Quality" and mailed to:

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

The Respondent shall also mail a copy of the check to the TCEQ SEP Coordinator at the address in Section 3 above.



**5. Publicity**

Any public statements concerning this SEP made by or on behalf of the Respondent must include a clear statement that the project was performed as part of the settlement of an enforcement action brought by the TCEQ. Such statements include advertising, public relations, and press releases.

**6. Clean Texas Program**

The Respondent shall not include this SEP in any application made to TCEQ under the "Clean Texas" (or any successor) program(s). Similarly, the Respondent may not seek recognition for this contribution in any other state or federal regulatory program.

**7. Other SEPs by TCEQ or Other Agencies**

The SEP identified in this Agreed Order has not been, and shall not be, included as an SEP for the Respondent under any other Agreed Order negotiated with the TCEQ or any other agency of the state or federal government.

