EXECUTIVE SUMMARY - ENFORCEMENT MATTER

DOCKET NO.: 2008-0497-AIR-E **TCEQ ID:** RN100222330 **CASE NO.:** 35600

RESPONDENT NAME: DCP Midstream, LP

ORDER TYPE:		
X 1660 AGREED ORDER	__FINDINGS AGREED ORDER	__FINDINGS ORDER FOLLOWING SOAH HEARING
__FINDINGS DEFAULT ORDER	__SHUTDOWN ORDER	__IMMINENT AND SUBSTANTIAL ENDANGERMENT ORDER
__AMENDED ORDER	__EMERGENCY ORDER	
CASE TYPE:		
X AIR	__MULTI-MEDIA (check all that apply)	__INDUSTRIAL AND HAZARDOUS WASTE
__PUBLIC WATER SUPPLY	__PETROLEUM STORAGE TANKS	__OCCUPATIONAL CERTIFICATION
__WATER QUALITY	__SEWAGE SLUDGE	__UNDERGROUND INJECTION CONTROL
__MUNICIPAL SOLID WASTE	__RADIOACTIVE WASTE	__DRY CLEANER REGISTRATION

SITE WHERE VIOLATION(S) OCCURRED: Goldsmith Gas Plant, 0.6 mile west of Goldsmith on Highway 158, Ector County

TYPE OF OPERATION: Natural gas processing plant

SMALL BUSINESS: ___ Yes __X__ 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 October 6, 2008 were received.

CONTACTS AND MAILING LIST:

TCEQ Attorney/SEP Coordinator: Ms. Melissa Keller, SEP Coordinator, Enforcement Division, MC 219, (512) 239-1768
TCEQ Enforcement Coordinator: Ms. Suzanne Walrath, Enforcement Division, Enforcement Team 3, MC 149, (512) 239-2134; Mr. Bryan Sinclair, Enforcement Division, MC 219, (512) 239-2171
Respondent: Mr. Gregory Kardos, Environmental Specialist, DCP Midstream, LP, 10 Desta Drive, Suite 400 West, Midland, Texas 79705
Mr. Dennis J. Dean, Vice President of Operations, DCP Midstream, LP, 10 Desta Drive, Suite 400 West, Midland, Texas 79705
Respondent's Attorney: Not represented by counsel on this enforcement matter

VIOLATION SUMMARY CHART:

VIOLATION INFORMATION	PENALTY CONSIDERATIONS	CORRECTIVE ACTIONS TAKEN/REQUIRED
Type of Investigation: ___ Complaint _X_ Routine ___ Enforcement Follow-up ___ Records Review **Date(s) of Complaints Relating to this Case:** None **Date of Investigation Relating to this Case:** February 12, 2008 **Date of NOV/NOE Relating to this Case:** March 6, 2008 (NOE) **Background Facts:** This was a routine investigation. **AIR** Failed to comply with the emission limit for sulfur dioxide ("SO_2") contained in the maximum allowable emission rate table at Emission Point Number ("EPN") No. INCIN. Specifically, the allowable SO_2 rate for EPN No. INCIN is 481.7 pounds per hour ("lbs/hr"). The following emission rates were documented: November 19, 2006 - 502.53 lbs/hr for one hour, November 20, 2006 - 502.53 lbs/hr for two hours, November 21, 2006 - 503.76 lbs/hr for two hours, November 22, 2006 – 503.76 lbs/hr for two hours, January 4, 2007 - 493 lbs/hr for one hour, April 26, 2007 - 496 lbs/hr for one hour, and on December 1, 2007 - 502.1 lbs/hr for one hour [30 TEX. ADMIN. CODE § 116.115(b)(2)(F) and (c), Air Permit No. 676A, Special Condition No. 1, and TEX. HEALTH & SAFETY CODE § 382.085(b)].	**Total Assessed:** $7,950 **Total Deferred:** $1,590 _X_ Expedited Settlement __ Financial Inability to Pay **SEP Conditional Offset:** $3,180 **Total Paid to General Revenue:** $3,180 **Site Compliance History Classification** ___ **High** _X_ **Average** ___ **Poor** **Person Compliance History Classification** ___ **High** _X_ **Average** ___ **Poor** **Major Source:** _X_ Yes ___ No **Applicable Penalty Policy:** September 2002	**Corrective Actions Taken:** The Executive Director recognizes that the Respondent has implemented the following corrective measures at the Plant: a. Determined that the cause of the four November 2006 SO_2 emission rate exceedances at the sulfur recovery unit tail gas incinerator EPN No. INCIN was a leaking valve (Tag No. KV-0674) and replaced the valve on December 18, 2006; and b. Repaired the acid gas leak that caused the December 1, 2007 SO_2 exceedance at EPN No. INCIN on December 1, 2007. **Ordering Provisions:** 1) The Order will require the Respondent to implement and complete a Supplemental Environmental Project (SEP). (See SEP Attachment A) 2) The Order will also require the Respondent to: a. Within 30 days after the effective date of this Agreed Order, implement processes to ensure that all EPNs associated with excess emission events are included in the final State of Texas Environmental Electronic Reporting System report and any affirmative defenses that are submitted to the TCEQ; and b. Within 45 days after the effective date of this Agreed Order, submit written certification to demonstrate compliance with Ordering Provision No. 2.a.

Additional ID No(s).: EB0063J

Attachment A
Docket Number: 2008-0497-AIR-E

SUPPLEMENTAL ENVIRONMENTAL PROJECT

Respondent:	**DCP Midstream, LP**
Payable Penalty Amount:	**Six Thousand Three Hundred Sixty Dollars ($6,360)**
SEP Amount:	**Three Thousand One Hundred Eighty Dollars ($3,180)**
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:	**Ector 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, Suite 510
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 February 29, 2008*

TCEQ

DATES					
Assigned	24-Mar-2008				
PCW	5-Jun-2008	Screening	24-Mar-2008	EPA Due	16-Dec-2008

RESPONDENT/FACILITY INFORMATION			
Respondent	DCP Midstream, LP		
Reg. Ent. Ref. No.	RN100222330		
Facility/Site Region	7-Midland	Major/Minor Source	Major

CASE INFORMATION			
Enf./Case ID No.	35600	No. of Violations	1
Docket No.	2008-0497-AIR-E	Order Type	1660
Media Program(s)	Air	Enf. Coordinator	Suzanne Walrath
Multi-Media		EC's Team	3
Admin. Penalty $ Limit Minimum	$0	Maximum	$10,000

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties) — *Subtotal 1* — **$7,500**

ADJUSTMENTS (+/-) TO SUBTOTAL 1

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

Compliance History — 6% Enhancement — *Subtotals 2, 3, & 7* — **$450**

Notes: The Respondent has one NOV for same or similar violations, two NOVs for not same or similar violations, and has sent three letters notifying of an intent to audit.

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

Notes: The 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.

0% Enhancement* — *Subtotal 6* — **$0**

Total EB Amounts	$490
Approx. Cost of Compliance	$5,000

**Capped at the Total EB $ Amount*

SUM OF SUBTOTALS 1-7 — *Final Subtotal* — **$7,950**

OTHER FACTORS AS JUSTICE MAY REQUIRE — 0% — *Adjustment* — **$0**

Reduces or enhances the Final Subtotal by the indicated percentage.

Notes:

Final Penalty Amount — **$7,950**

STATUTORY LIMIT ADJUSTMENT — *Final Assessed Penalty* — **$7,950**

DEFERRAL — 20% Reduction — *Adjustment* — **-$1,590**

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

Notes: Deferral offered for expedited settlement.

PAYABLE PENALTY — **$6,360**

Screening Date 24-Mar-2008 **Docket No.** 2008-0497-AIR-E **PCW**

Respondent DCP Midstream, LP

Policy Revision 2 (September 2002)

Case ID No. 35600

PCW Revision February 29, 2008

Reg. Ent. Reference No. RN100222330

Media [Statute] Air

Enf. Coordinator Suzanne Walrath

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*)	1	5%
	Other written NOVs	2	4%
Orders	Any agreed final enforcement orders containing a denial of liability (*number of orders meeting criteria*)	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 (*number of judgements 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*)	3	-3%
	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) 6%

>> 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 Respondent has one NOV for same or similar violations, two NOVs for not same or similar violations, and has sent three letters notifying of an intent to audit.

Total Adjustment Percentage (Subtotals 2, 3, & 7) 6%

Screening Date 24-Mar-2008 **Docket No.** 2008-0497-AIR-E **PCW**

Respondent DCP Midstream, LP *Policy Revision 2 (September 2002)*

Case ID No. 35600 *PCW Revision February 29, 2008*

Reg. Ent. Reference No. RN100222330

Media [Statute] Air

Enf. Coordinator Suzanne Walrath

Violation Number 1

Rule Cite(s) 30 Tex. Admin. Code § 116.115(b)(2)(F) and (c), Air Permit No. 676A, Special Condition No. 1, and Tex. Health & Safety Code § 382.085(b)

Violation Description Failed to comply with the emission limit for sulfur dioxide ("SO_2") contained in the maximum allowable emission rate table at the sulfur recovery unit tail gas incinerator [Emission Point Number ("EPN") No. INCIN]. Specifically, the allowable SO_2 rate for EPN No. INCIN is 481.7 pounds per hour ("lbs./hr."). The following emission rates were documented: November 19, 2006 - 502.53 lbs./hr. for one hour, November 20, 2006 - 502.53 lbs./hr. for two hours, November 21, 2006 - 503.76 lbs./hr. for two hours, November 22, 2006 – 503.76 lbs./hr. for two hours, January 4, 2007 - 493 lbs./hr. for one hour, April 26, 2007 - 496 lbs./hr. for one hour, and on December 1, 2007 - 502.1 lbs./hr. for one hour.

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 has been exposed to insignificant amounts of pollutants which do not exceed levels that are protective of human health or environmental receptors.

Adjustment $7,500

$2,500

Violation Events

Number of Violation Events 3 | 7 Number of violation days

mark only one with an x

daily	
monthly	
quarterly	x
semiannual	
annual	
single event	

Violation Base Penalty $7,500

Three quarterly events are recommended.

Economic Benefit (EB) for this violation

Estimated EB Amount $490

Statutory Limit Test

Violation Final Penalty Total $7,950

This violation Final Assessed Penalty (adjusted for limits) $7,950

Economic Benefit Worksheet

Respondent DCP Midstream, LP
Case ID No. 35600
Reg. Ent. Reference No. RN100222330
Media Air
Violation No. 1

Percent Interest	Years of Depreciation
5.0	15

Item Description (No commas or $)	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				0.0	$0	n/a	$0
Other (as needed)	$5,000	19-Nov-2006	3-Nov-2008	2.0	$490	n/a	$490
Notes for DELAYED costs	These are estimated costs to implement processes to ensure that all EPN numbers associated with excess emission events are included in the final STEERS report and any affirmative defenses that are submitted to the TCEQ. The date required is the date of the initial exceedance and the final date is the projected 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: $5,000

TOTAL: $490

Compliance History

Customer/Respondent/Owner-Operator:	CN601229917	DCP Midstream, LP	Classification: AVERAGE	Rating: 2.77
Regulated Entity:	RN100222330	GOLDSMITH GAS PLANT	Classification: AVERAGE	Site Rating: 0.15

ID Number(s):

AIR OPERATING PERMITS	ACCOUNT NUMBER	EB0053J
AIR OPERATING PERMITS	PERMIT	2585
AIR NEW SOURCE PERMITS	PERMIT	10321
AIR NEW SOURCE PERMITS	PERMIT	10532
AIR NEW SOURCE PERMITS	PERMIT	12612A
AIR NEW SOURCE PERMITS	PERMIT	676A
AIR NEW SOURCE PERMITS	PERMIT	20589
AIR NEW SOURCE PERMITS	ACCOUNT NUMBER	EB0053J
AIR NEW SOURCE PERMITS	REGISTRATION	54944
AIR NEW SOURCE PERMITS	REGISTRATION	73563
AIR NEW SOURCE PERMITS	AFS NUM	4813500022
AIR NEW SOURCE PERMITS	PERMIT	73567
AIR NEW SOURCE PERMITS	REGISTRATION	76810

Location: 0.6 mi. west of Goldsmith on Highway 158, Ector County Rating Date: September 01 07 Repeat Violator: NO

TCEQ Region: REGION 07 - MIDLAND

Date Compliance History Prepared: April 08, 2008

Agency Decision Requiring Compliance History: Enforcement

Compliance Period: April 08, 2003 to April 08, 2008

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

Name: Suzanne Walrath Phone: 512/239-2134

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.

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	08/02/2004	(283655)
2	07/11/2005	(371946)
3	09/13/2005	(431404)
4	12/21/2005	(449721)
5	01/09/2006	(449672)
6	03/01/2006	(457744)
7	03/24/2006	(460425)
8	06/01/2006	(480998)
9	06/27/2006	(481095)
10	10/05/2006	(514299)
11	10/17/2006	(516382)
12	10/18/2006	(516632)
13	06/05/2007	(563142)
14	06/07/2007	(563372)
15	06/13/2007	(563873)
16	06/22/2007	(560161)
17	07/16/2007	(567798)

18 08/31/2007 (574418)
19 09/05/2007 (593409)
20 09/06/2007 (593567)
21 09/13/2007 (594421)
22 10/12/2007 (597703)
23 10/15/2007 (597759)
24 10/24/2007 (598983)
25 10/31/2007 (599671)
26 11/27/2007 (609951)
27 12/19/2007 (612293)
28 01/11/2008 (614194)
29 02/14/2008 (618547)
30 03/14/2008 (638082)

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

Date 07/23/2004 (283655)
Self Report? NO Classification Minor
Citation: 30 TAC Chapter 106, SubChapter W 106.512(1)
Description: Facility operating without required permit by rule authorization.

Date 05/23/2007 (560161)
Self Report? NO Classification Minor
Citation: 30 TAC Chapter 122, SubChapter B 122.143(4)
5C THC Chapter 382, SubChapter A 382.085(b)
Description: Failure to install the device to monitor the combustion temperature/exhaust gas temperature for the tail gas incinerator in the combustion chamber or immediately downstream as required by Federal Operating Permit No. O2585.

Self Report? NO Classification Moderate
Citation: 30 TAC Chapter 122, SubChapter B 122.143(4)
5C THC Chapter 382, SubChapter A 382.085(b)
Description: Failure to properly record the tail gas incinerator firebox temperature from midnight on November 17, 2006 through 0900 hours on November 22, 2006. The Compliance Assurance Monitoring requirement of Federal Operating Permit No. O2585 requires that 4 data points for this parameter be recorded and averaged every hour.

Date 03/14/2008 (638083)
Self Report? NO Classification Moderate
Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)
5C THSC Chapter 382 382.085(b)
Rqmt Prov: PERMIT Permit No. 676A Special Condition No. 5
Description: The failure to comply with the sulfur production limit established by Special Condition 5 of Permit No. 676A.

Self Report? NO Classification Moderate
Citation: 30 TAC Chapter 122, SubChapter B 122.143(4)
5C THSC Chapter 382 382.085(b)
Description: The failure to submit a revision application to codify the applicable requirements of 40 CFR Part 63 Subpart ZZZZ as required by Special Condition No. 1.G. of Federal Operating Permit No. O2685.

Self Report? NO Classification Moderate
Citation: 30 TAC Chapter 116, SubChapter B 116.115(b)(2)(F)
5C THSC Chapter 382 382.085(b)
Description: Failure to comply with the MAER Table of Permit No. 676A by exceeding the short term limit for sulfur dioxide emissions from the tail gas incinerator.

F. Environmental audits.

Notice of Intent Date: 02/16/2004 (265236)
No DOV Associated

Notice of Intent Date: 03/04/2004 (268959)
No DOV Associated

Notice of Intent Date: 02/18/2008 (639391)
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	§	**BEFORE THE**
ENFORCEMENT ACTION	§	
CONCERNING	§	**TEXAS COMMISSION ON**
DCP MIDSTREAM, LP	§	
RN100222330	§	**ENVIRONMENTAL QUALITY**

AGREED ORDER
DOCKET NO. 2008-0497-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 ("the Respondent") 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 the Respondent, appear before the Commission and together stipulate that:

1. The Respondent owns and operates a natural gas processing plant at 0.6 mile west of Goldsmith on Highway 158, Ector 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 the Respondent agree that the Commission has jurisdiction to enter this Agreed Order, and that the Respondent is subject to the Commission's jurisdiction.

4. The Respondent received notice of the violations alleged in Section II ("Allegations") on or about March 11, 2008.

5. The occurrence of any violation is in dispute and the entry of this Agreed Order shall not constitute an admission by the Respondent of any violation alleged in Section II ("Allegations"), nor of any statute or rule.

6. An administrative penalty in the amount of Seven Thousand Nine Hundred Fifty Dollars ($7,950) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent has paid Three Thousand One Hundred Eighty Dollars ($3,180) of the administrative penalty and One Thousand Five Hundred Ninety Dollars ($1,590) is deferred

contingent upon the Respondent'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 the Respondent fails to timely and satisfactorily comply with all requirements of this Agreed Order, the Executive Director may require the Respondent to pay all or part of the deferred penalty. Three Thousand One Hundred Eighty Dollars ($3,180) shall be conditionally offset by the Respondent's completion of a Supplemental Environmental Project ("SEP").

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 the Respondent 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 the Respondent has implemented the following corrective measures at the Plant:

   a. Determined that the cause of the four November 2006 sulfur dioxide ("SO_2") emission rate exceedances at the sulfur recovery unit tail gas incinerator [Emission Point Number ("EPN") No. INCIN] was a leaking valve (Tag No. KV-0674) and replaced the valve on December 18, 2006; and

   b. Repaired the acid gas leak that caused the December 1, 2007 SO_2 exceedance at EPN No. INCIN on December 1, 2007.

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 the Respondent 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, the Respondent is alleged to have failed to comply with the emission limit for SO_2 contained in the maximum allowable emission rate table at EPN No. INCIN, in violation of 30 TEX. ADMIN. CODE § 116.115(b)(2)(F) and (c), Air Permit No. 676A, Special Condition No. 1, and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on February 12, 2008. Specifically, the allowable SO_2 rate for EPN No. INCIN is 481.7 pounds per hour ("lbs./hr."). The following emission rates were documented: November 19, 2006 - 502.53 lbs./hr. for one hour, November 20, 2006 - 502.53 lbs./hr. for two hours, November 21, 2006 - 503.76 lbs./hr. for two hours, November 22, 2006 – 503.76 lbs./hr. for two hours, January 4, 2007 - 493 lbs./hr. for one hour, April 26, 2007 - 496 lbs./hr. for one hour, and on December 1, 2007 - 502.1 lbs./hr. for one hour.

III. DENIALS

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

IV. ORDERING PROVISIONS

1. It is, therefore, ordered by the TCEQ that the Respondent pay an administrative penalty as set forth in Section I, Paragraph 6 above. The payment of this administrative penalty and the Respondent'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. 2008-0497-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. The Respondent shall implement and complete a SEP in accordance with TEX. WATER CODE § 7.067. As set forth in Section I, Paragraph 6, Jurisdiction and Stipulations above, Three Thousand One Hundred Eighty Dollars ($3,180) of the assessed administrative penalty shall be offset with the condition that the Respondent implement the SEP defined in Attachment A, incorporated herein by reference. The Respondent'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 the Respondent shall undertake the following technical requirements:

   a. Within 30 days after the effective date of this Agreed Order, implement processes to ensure that all EPN numbers associated with excess emission events are included in the final STEERS report and any affirmative defenses that are submitted to the TCEQ: and

   b. Within 45 days after the effective date of this Agreed Order, submit written certification to demonstrate compliance with Ordering Provision No. 3.a. 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 I have personally examined and am familiar with the information submitted and all attached documents, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is 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
Midland Regional Office
Texas Commission on Environmental Quality
3300 North A Street, Building 4, Suite 107
Midland, Texas 79705-5404

4. The provisions of this Agreed Order shall apply to and be binding upon the Respondent. The Respondent 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 the Respondent 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, the Respondent's failure to comply is not a violation of this Agreed Order. The Respondent shall have the burden of establishing to the Executive Director's satisfaction that such an event has occurred. The Respondent shall notify the Executive Director within seven days after the Respondent 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 the Respondent shall be made in writing to the Executive Director. Extensions are not effective until the Respondent 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 the Respondent 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 the Respondent, or three days after the date on which the Commission mails notice of the Order to the Respondent, whichever is earlier. The Chief Clerk shall provide a copy of this Agreed Order to each of the parties.

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

_____
For the Commission

_____ _____
For the Executive Director 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 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 failure to comply with the Ordering Provisions, if any, in this order and/or failure to timely pay the penalty amount, may result in:

- A negative impact on compliance history;
- Greater scrutiny of any permit applications submitted;
- 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;
- Automatic referral to the Attorney General's Office of any future enforcement actions; and
- TCEQ seeking other relief as authorized by law.

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

_____ July 10, 2008
Signature Date

Dennis J. Dean VP Operations
Name (Printed or typed) Title
Authorized Representative of
DCP Midstream, LP

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: 2008-0497-AIR-E

SUPPLEMENTAL ENVIRONMENTAL PROJECT

Respondent:	**DCP Midstream, LP**
Payable Penalty Amount:	**Six Thousand Three Hundred Sixty Dollars ($6,360)**
SEP Amount:	**Three Thousand One Hundred Eighty Dollars ($3,180)**
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:	**Ector 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, Suite 510
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.