EXECUTIVE SUMMARY - ENFORCEMENT MATTER

DOCKET NO.: 2007-0940-AIR-E **TCEQ ID:** RN102229572 **CASE NO.:** 33796

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: Pegasus Gas Plant, 18 miles south of Interstate 20 on Farm-to-Market 1788 near Midkiff, Midland County

TYPE OF OPERATION: Gas 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 January 14, 2008. No comments 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. Gretory Kardos, Western Region Environmental Manager, DCP Midstream, LP, 10 Desta Drive, Suite 400 West, Midland, Texas 79705
Mr. Dennis Jay Dean, Vice President, 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:** March 27, 2007 **Date of NOE Relating to this Case:** May 31, 2007 **Background Facts:** This was a routine investigation. Seven violations were documented. **AIR** 1) Failed to comply with emission limitations specified in the Standard Exemption 72 registration that was submitted on August 31, 2001. Specifically, the registered limitations for storage tank SOT-TNK1 were 4.07 tons per year ("tpy") of Volatile Organic Compounds ("VOCs"), and the calculated emissions are 50.62 tpy [30 TEX. ADMIN. CODE § 106.352 (fomerly Standard Exemption 72), and TEX. HEALTH & SAFETY CODE § 382.085(b)]. 2) Failed to identify Tank Nos. 45 and 46 as having 40 CODE OF FEDERAL REGULATIONS ("CFR") Part 60, Subpart Kb applicability. Specifically, this applicability was not included in the Title V permit application, nor did the applicant seek to submit relevant facts or to correct the information no later than 60 days after discovering the error [30 TEX. ADMIN. CODE § 122.136(b), and TEX. HEALTH & SAFETY CODE § 382.085(b)]. 3) Failed to install controls required by 40 CFR Part 60, Subpart Kb on Tank Nos. 45 and 46 when the tanks were converted from pressure tank service to atmospheric tank service on January 7, 2003. Specifically, the tanks have no vapor recovery units installed, and are venting directly to the atmosphere [30 TEX. ADMIN.	**Total Assessed:** $99,666 **Total Deferred:** $19,933 _X_ Expedited Settlement __ Financial Inability to Pay **SEP Conditional Offset:** $39,866 **Total Paid to General Revenue:** $39,867 **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. Began post-activation follow-up monitoring for pressure relief valves on November 11, 2006; and b. Implemented a program to verify that sufficient supplemental fuel gas is supplied to the waste gas flare on May 10, 2007; and c. Removed SOT-TNK1 from service on September 15, 2007. **Ordering Provisions:** The Order will require the Respondent to: a. Within 15 days after the effective date of this Agreed Order, submit an administratively complete application to amend Title V Permit No. O-00675 to include CAM applicability for ENG-35 and ENG-36, in accordance with TEX. ADMIN. CODE §§ 116.110 and 122.136; b. Respond completely and adequately, as determined by the TCEQ to all requests for information concerning the Title V permit amendment application within 30 days after the date of such requests, or by any other deadline specified in writing; c. Within 60 days after the effective date of this Agreed Order, either install a vapor recovery unit for Tank Nos. 45 and 46, or permanently remove them from service; d. Within 60 days after the effective date of this Agreed Order, confirm compliance with flare stack velocity requirements through engineering calculations, as specified in 40 CFR § 60.18; and e. Within 180 days after the effective date of this Agreed Order, submit written certification that either authorization to construct and operate a source of air emissions has been obtained or that construction/operation has ceased until

CODE § 101.20(1), 40 CFR § 60.112b(a)(3)(i), and TEX. HEALTH & SAFETY CODE § 382.085(b)]. 4) Failed include the Compliance Assurance Monitoring ("CAM") applicability for Engine No. 35 ("ENG-35"), and Engine No. 36 ("ENG-36") on the Title V permit renewal application that was submitted on February 5, 2005 [30 TEX. ADMIN. CODE § 122.136(b), and TEX. HEALTH & SAFETY CODE § 382.085(b)]. 5) Failed to conduct post activation follow up monitoring for pressure relief valves as required [30 TEX. ADMIN. CODE § 101.20(1), 40 CFR § 60.482-4(b), and TEX. HEALTH & SAFETY CODE § 382.085(b)]. 6) Failed to have a program in place to verify that sufficient supplemental fuel gas is supplied to the waste gas flare to ensure the British Thermal Unit value is sufficient for sustained combustion [30 TEX. ADMIN. CODE §§ 101.20(1), 116.620(a)(12), 40 CFR § 60.18(c)(3)(ii), and TEX. HEALTH & SAFETY CODE § 382.085(b)]. 7) Failed to maintain proper documentation to demonstrate compliance with the flare stack velocity. Specifically, internal engineering calculations indicated that the flare stack velocity was not being met due to the increase in fuel gas being supplied to the flare [30 TEX. ADMIN. CODE § 101.20(1), 40 CFR § 60.18(c)(3)(i)(B), and TEX. HEALTH & SAFETY CODE § 382.085(b)].		such time that appropriate authorization is obtained. The certification shall include detailed supporting documentation including receipts and/or other records to demonstrate compliance with Ordering Provisions a. through e.

Additional ID No(s).: ML0020D

Attachment A
Docket Number: 2007-0940-AIR-E

SUPPLEMENTAL ENVIRONMENTAL PROJECT

Respondent:	**DCP Midstream, LP**
Payable Penalty Amount:	**Seventy-Nine Thousand Seven Hundred Thirty-Three Dollars ($79,733)**
SEP Amount:	**Thirty-Nine Thousand Eight Hundred Sixty-Six Dollars ($39,866)**
Type of SEP:	**Pre-approved**
Third-Party Recipient:	**Texas Association of Resource Conservation and Development Areas, Inc. (RC&D)-Household Hazardous Waste Clean-Up**
Location of SEP:	**Midland 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 the SEP Amount to the Third-Party Recipient pursuant to the agreement between the Third-Party Recipient and the TCEQ. Specifically, the contribution will be used to provide local residents with a means of properly disposing household hazardous wastes such as paint, thinners, pesticides, oil and gas, corrosive cleaners, and fertilizers in one day collection events. SEP monies will be used to pay for the associated labor, materials, and disposal costs. Citizens will not be charged disposal fees. The project is administered in accordance with TCEQ guidance on household hazardous waste and in compliance with federal, state, and local environmental laws and regulations. All dollars contributed will be used solely for the direct cost of the project and no portion will be spent on administrative costs.

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 providing a means of properly disposing household hazardous waste which might otherwise be disposed of in storm drains, the sewage system, or other means detrimental to the environment.

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

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)

TCEQ

Policy Revision 2 (September 2002) — *PCW Revision May 25, 2007*

DATES					
Assigned	11-Jun-2006				
PCW	3-Aug-2007	Screening	11-Jun-2007	EPA Due	25-Feb-2008

RESPONDENT/FACILITY INFORMATION			
Respondent	DCP Midstream, LP		
Reg. Ent. Ref. No.	RN102229572		
Facility/Site Region	7-Midland	Major/Minor Source	Major

CASE INFORMATION					
Enf./Case ID No.	33796			No. of Violations	7
Docket No.	2007-0940-AIR-E			Order Type	1660
Media Program(s)	Air Quality			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* **$88,200**

ADJUSTMENTS (+/-) TO SUBTOTAL 1

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

Compliance History — 13% Enhancement — *Subtotals 2, 3, & 7* **$11,466**

Notes: The Respondent has received three NOVs with same or similar violations, and has submitted two Notice of Intent to audit letters.

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	$3,276
Approx. Cost of Compliance	$19,500

**Capped at the Total EB $ Amount*

SUM OF SUBTOTALS 1-7 — *Final Subtotal* **$99,666**

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 **$99,666**

STATUTORY LIMIT ADJUSTMENT — *Final Assessed Penalty* **$99,666**

DEFERRAL — 20% Reduction — *Adjustment* **-$19,933**

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 **$79,733**

Screening Date 11-Jun-2007 **Docket No.** 2007-0940-AIR-E **PCW**

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

Case ID No. 33796 *PCW Revision May 25, 2007*

Reg. Ent. Reference No. RN102229572

Media [Statute] Air Quality

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*)	3	15%
	Other written NOVs	0	0%
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*)	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) 13%

>> 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 received three NOVs with same or similar violations, and has submitted two Notice of Intent to audit letters.

Total Adjustment Percentage (Subtotals 2, 3, & 7) 13%

Screening Date 11-Jun-2007 **Docket No.** 2007-0940-AIR-E **PCW**

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

Case ID No. 33796 *PCW Revision May 25, 2007*

Reg. Ent. Reference No. RN102229572

Media [Statute] Air Quality

Enf. Coordinator Suzanne Walrath

Violation Number 1

Rule Cite(s) 30 Tex. Admin. Code § 106.352 (formerly Standard Exemption 72), and Tex. Health & Safety Code § 382.085(b)

Violation Description Failed to comply with emission limitations specified in the Standard Exemption 72 registration that was submitted on August 31, 2001. Specifically, the registered limitations for storage tank SOT-TNK1 were 4.07 tons per year ("tpy") of VOCs, and the calculated emissions are 50.62 tpy.

Base Penalty $10,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm: Major	Moderate	Minor
Actual		x	
Potential			

Percent 50%

>>Programmatic Matrix

Falsification	Major	Moderate	Minor

Percent 0%

Matrix Notes: Human health or the environment has been exposed to significant amounts of pollutants which do not exceed levels that are protective of human health as a resut of the violation.

Adjustment $5,000

$5,000

Violation Events

Number of Violation Events 12 345 Number of violation days

mark only one with an x

daily	
monthly	x
quarterly	
semiannual	
annual	
single event	

Violation Base Penalty $60,000

Twelve monthly events are recommended, beginning on the starting date of the deviation (July 1, 2006), and ending on case screening date (June 11, 2007).

Economic Benefit (EB) for this violation

Estimated EB Amount $209

Statutory Limit Test

Violation Final Penalty Total $67,800

This violation Final Assessed Penalty (adjusted for limits) $67,800

Economic Benefit Worksheet

Respondent DCP Midstream, LP
Case ID No. 33796
Reg. Ent. Reference No. RN102229572
Media Air Quality
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	$2,500	1-Jul-2006	1-Mar-2008	1.7	$209	n/a	$209
Other (as needed)				0.0	$0	n/a	$0
Notes for DELAYED costs	These are estimated costs for amending an air permit, beginnng on the starting date of the deviation, and ending on 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 $2,500

TOTAL $209

Screening Date 11-Jun-2007 **Docket No.** 2007-0940-AIR-E **PCW**

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

Case ID No. 33796 *PCW Revision May 25, 2007*

Reg. Ent. Reference No. RN102229572

Media [Statute] Air Quality

Enf. Coordinator Suzanne Walrath

Violation Number 2

Rule Cite(s) 30 Tex. Admin. Code § 122.136(b), and Tex. Health & Safety Code § 382.085(b)

Violation Description Failed to identify Tank Nos. 45 and 46 as having 40 Code of Federal Regulations ("CFR") Part 60, Subpart Kb applicability. Specifically, this applicability was not included in the Title V permit application, nor did the applicant seek to submit relevant facts or to correct the information no later than 60 days after discovering the error.

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

Estimated EB Amount $161

Statutory Limit Test

Violation Final Penalty Total $113

This violation Final Assessed Penalty (adjusted for limits) $113

Economic Benefit Worksheet

Respondent DCP Midstream, LP
Case ID No. 33796
Reg. Ent. Reference No. RN102229572
Media Air Quality
Violation No. 2

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost (No commas or $)	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	$2,500	17-Nov-2006	1-Mar-2008	1.3	$161	n/a	$161
Other (as needed)				0.0	$0	n/a	$0

Notes for DELAYED costs: These are costs for revising the Title V permit application, beginning 60 days after the submittal of the Initial Title V permit application, and ending on 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 $2,500

TOTAL $161

Screening Date 11-Jun-2007 **Docket No.** 2007-0940-AIR-E **PCW**

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

Case ID No. 33796 *PCW Revision May 25, 2007*

Reg. Ent. Reference No. RN102229572

Media [Statute] Air Quality

Enf. Coordinator Suzanne Walrath

Violation Number 3

Rule Cite(s) 30 Tex. Admin. Code § 101.20(1), 40 CFR § 60.112b(a)(3)(i), and Tex. Health & Safety Code § 382.085(b)

Violation Description Failed to install controls required by 40 CFR Part 60, Subpart Kb on Tank Nos. 45 and 46 when the tanks were converted from pressure tank service to atmospheric tank service on January 7, 2003. Specifically, the tanks have no vapor recovery units, and are venting directly to the atmosphere.

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 10 | 1616 Number of violation days

mark only one with an x

daily	
monthly	
quarterly	
semiannual	
annual	x
single event	

Violation Base Penalty $25,000

Ten annual events (5 per tank) are recommended, beginning on the date the tanks were converted to atmospheric service (January 7, 2003) and ending on case screening date (June 11, 2007).

Economic Benefit (EB) for this violation

Estimated EB Amount $2,163

Statutory Limit Test

Violation Final Penalty Total $28,250

This violation Final Assessed Penalty (adjusted for limits) $28,250

Economic Benefit Worksheet

Respondent DCP Midstream, LP
Case ID No. 33796
Reg. Ent. Reference No. RN102229572
Media Air Quality
Violation No. 3

Percent Interest	Years of Depreciation
5.0	15

	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Item Description	No commas or $						
Delayed Costs							
Equipment	$6,000	7-Jan-2003	1-Mar-2008	5.2	$103	$2,060	$2,163
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: These are estimated costs for required controls for two atmospheric tanks, beginning on the date the tanks were placed in atmospheric service, and ending on 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 $6,000

TOTAL $2,163

Screening Date	11-Jun-2007	**Docket No.** 2007-0940-AIR-E	**PCW**
Respondent	DCP Midstream, LP		*Policy Revision 2 (September 2002)*
Case ID No.	33796		*PCW Revision May 25, 2007*
Reg. Ent. Reference No.	RN102229572		
Media [Statute]	Air Quality		
Enf. Coordinator	Suzanne Walrath		

Violation Number 4

Rule Cite(s) 30 Tex. Admin. Code § 122.136(b), and Tex. Health & Safety Code § 382.085(b)

Violation Description Failed to include the Compliance Assurance Monitoring ("CAM") applicability for ENG-35 and ENG-36 on the Title V permit renewal application that was submitted on February 5, 2005.

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

Estimated EB Amount $161

Statutory Limit Test

Violation Final Penalty Total $113

This violation Final Assessed Penalty (adjusted for limits) $113

Economic Benefit Worksheet

Respondent DCP Midstream, LP
Case ID No. 33796
Reg. Ent. Reference No. RN102229572
Media Air Quality
Violation No. 4

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	$2,500	17-Nov-2006	1-Mar-2008	1.3	$161	n/a	$161
Other (as needed)				0.0	$0	n/a	$0
Notes for DELAYED costs	These are costs for obtaining a Title V permit amendment, beginning 60 days after the submittal of the initial Title V permit application, and ending on 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	$2,500	TOTAL	$161

Screening Date 11-Jun-2007 **Docket No.** 2007-0940-AIR-E **PCW**

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

Case ID No. 33796 *PCW Revision May 25, 2007*

Reg. Ent. Reference No. RN102229572

Media [Statute] Air Quality

Enf. Coordinator Suzanne Walrath

Violation Number 5

Rule Cite(s) 30 Tex. Admin. Code § 101.20(1), 40 CFR § 60.482-4(b), and Tex. Health & Safety Code § 382.085(b)

Violation Description Failed to conduct post activation follow up monitoring for pressure relief valves as required.

Base Penalty $10,000

>> Environmental, Property and Human Health Matrix

OR

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 will or could be exposed to insignificant amounts of pollutants which would not exceed levels that are protective of human health or environmental receptors.

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

Estimated EB Amount $466

Statutory Limit Test

Violation Final Penalty Total $1,130

This violation Final Assessed Penalty (adjusted for limits) $1,130

Economic Benefit Worksheet

Respondent DCP Midstream, LP
Case ID No. 33796
Reg. Ent. Reference No. RN102229572
Media Air Quality
Violation No. 5

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)				0.0	$0	n/a	$0
Notes for DELAYED costs							
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	$3,000	18-Sep-2006	11-Nov-2006	0.1	$22	$444	$466
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	These are estimated avoided costs for not monitoring for one quarterly period, beginning on the date the violation was discovered, and ending on the date the monitoring began.						

Approx. Cost of Compliance $3,000

TOTAL $466

Screening Date 11-Jun-2007 **Docket No.** 2007-0940-AIR-E **PCW**

Respondent DCP Midstream, LP

Policy Revision 2 (September 2002)

Case ID No. 33796

PCW Revision May 25, 2007

Reg. Ent. Reference No. RN102229572

Media [Statute] Air Quality

Enf. Coordinator Suzanne Walrath

Violation Number 6

Rule Cite(s) 30 Tex. Admin. Code §§ 101.20(1), 116.620(a)(12), 40 CFR § 60.18(c)(3)(ii), and Tex. Health & Safety Code § 382.085(b)

Violation Description Failed to have a program in place to verify that sufficient supplemental fuel gas is supplied to the waste gas flare to ensure the BTU value is sufficient for sustained combustion.

Base Penalty $10,000

>> Environmental, Property and Human Health Matrix

OR

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 will or could be exposed to insignificant amounts of pollutants which would not exceed levels that are protective of human health or environmental receptors.

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

Estimated EB Amount $80

Statutory Limit Test

Violation Final Penalty Total $1,130

This violation Final Assessed Penalty (adjusted for limits) $1,130

Economic Benefit Worksheet

Respondent DCP Midstream, LP
Case ID No. 33796
Reg. Ent. Reference No. RN102229572
Media Air Quality
Violation No. 6

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)	$2,500	18-Sep-2006	10-May-2007	0.6	$80	n/a	$80
Notes for DELAYED costs	These are estimated costs for establishing a program to verify that sufficient supplemental fuel gas is supplied to the waste gas flare to ensure the BTU value is sufficient for sustained combustion, beginning on the date the violation was discovered, and ending on the date compliance was achieved.						
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 $2,500

TOTAL $80

Screening Date 11-Jun-2007 **Docket No.** 2007-0940-AIR-E **PCW**

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

Case ID No. 33796 *PCW Revision May 25, 2007*

Reg. Ent. Reference No. RN102229572

Media [Statute] Air Quality

Enf. Coordinator Suzanne Walrath

Violation Number 7

Rule Cite(s) 30 Tex. Admin. Code § 101.20(1), 40 CFR § 60.18(c)(3)(i)(B), and Tex. Health & Safety Code § 382.085(b)

Violation Description Failed to maintain proper documentation to demonstrate compliance with the flare stack velocity. Specifically, internal engineering calculations indicated that the flare stack velocity was not being met due to the increase in fuel gas being supplied to the flare.

Base Penalty $10,000

>> Environmental, Property and Human Health Matrix

OR

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 will or could be exposed to insignificant amounts of pollutants which would not exceed levels that are protective of human health or environmental receptors.

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

Estimated EB Amount $36

Statutory Limit Test

Violation Final Penalty Total $1,130

This violation Final Assessed Penalty (adjusted for limits) $1,130

Economic Benefit Worksheet

Respondent DCP Midstream, LP
Case ID No. 33796
Reg. Ent. Reference No. RN102229572
Media Air Quality
Violation No. 7

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	$500	18-Sep-2006	1-Mar-2008	1.5	$36	n/a	$36
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	These are estimated costs for maintaining proper documentation to demonstrate compliance with flare stack velocity requirements, beginning on the date the violation was discovered, and ending on 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	$500	TOTAL	$36

Compliance History

Customer/Respondent/Owner-Operator:	CN601229917	DCP Midstream, LP	Classification: AVERAGE	Rating: 2.93
Regulated Entity:	RN102229572	PEGASUS GAS PLANT	Classification: AVERAGE	Site Rating: 0.70

ID Number(s):

AIR OPERATING PERMITS	ACCOUNT NUMBER	ML0020D
AIR OPERATING PERMITS	PERMIT	675
PETROLEUM STORAGE TANK REGISTRATION	REGISTRATION	53590
AIR NEW SOURCE PERMITS	ACCOUNT NUMBER	ML0020D
AIR NEW SOURCE PERMITS	PERMIT	19094
AIR NEW SOURCE PERMITS	PERMIT	20215
AIR NEW SOURCE PERMITS	PERMIT	20647
AIR NEW SOURCE PERMITS	PERMIT	20669
AIR NEW SOURCE PERMITS	PERMIT	20751
AIR NEW SOURCE PERMITS	PERMIT	20981
AIR NEW SOURCE PERMITS	PERMIT	21327
AIR NEW SOURCE PERMITS	PERMIT	22968
AIR NEW SOURCE PERMITS	PERMIT	23072
AIR NEW SOURCE PERMITS	PERMIT	24926
AIR NEW SOURCE PERMITS	PERMIT	24570
AIR NEW SOURCE PERMITS	PERMIT	25795
AIR NEW SOURCE PERMITS	PERMIT	28009
AIR NEW SOURCE PERMITS	PERMIT	29508
AIR NEW SOURCE PERMITS	PERMIT	31304
AIR NEW SOURCE PERMITS	PERMIT	30877
AIR NEW SOURCE PERMITS	REGISTRATION	19686
AIR NEW SOURCE PERMITS	AFS NUM	4832900006
AIR NEW SOURCE PERMITS	PERMIT	71491
AIR NEW SOURCE PERMITS	PERMIT	73414
AIR NEW SOURCE PERMITS	ACCOUNT NUMBER	ML0020D
AIR NEW SOURCE PERMITS	AFS NUM	4832900006
AIR NEW SOURCE PERMITS	PERMIT	16884
AIR NEW SOURCE PERMITS	PERMIT	18466
AIR NEW SOURCE PERMITS	PERMIT	19094
AIR NEW SOURCE PERMITS	PERMIT	20215
AIR NEW SOURCE PERMITS	PERMIT	20647
AIR NEW SOURCE PERMITS	PERMIT	20669
AIR NEW SOURCE PERMITS	PERMIT	20751
AIR NEW SOURCE PERMITS	PERMIT	20981
AIR NEW SOURCE PERMITS	PERMIT	21327
AIR NEW SOURCE PERMITS	PERMIT	22065
AIR NEW SOURCE PERMITS	EPA ID	PSDTX819
AIR NEW SOURCE PERMITS	PERMIT	22968
AIR NEW SOURCE PERMITS	PERMIT	23072
AIR NEW SOURCE PERMITS	PERMIT	24926
AIR NEW SOURCE PERMITS	PERMIT	24570
AIR NEW SOURCE PERMITS	PERMIT	25795
AIR NEW SOURCE PERMITS	PERMIT	28009
AIR NEW SOURCE PERMITS	PERMIT	29508
AIR NEW SOURCE PERMITS	PERMIT	31304
AIR NEW SOURCE PERMITS	PERMIT	30877
AIR NEW SOURCE PERMITS	REGISTRATION	19094
AIR NEW SOURCE PERMITS	REGISTRATION	20215
AIR NEW SOURCE PERMITS	REGISTRATION	20647
AIR NEW SOURCE PERMITS	REGISTRATION	20669
AIR NEW SOURCE PERMITS	REGISTRATION	20751
AIR NEW SOURCE PERMITS	REGISTRATION	20981
AIR NEW SOURCE PERMITS	REGISTRATION	21327
AIR NEW SOURCE PERMITS	REGISTRATION	22968
AIR NEW SOURCE PERMITS	REGISTRATION	23072
AIR NEW SOURCE PERMITS	REGISTRATION	24570
AIR NEW SOURCE PERMITS	REGISTRATION	28009
AIR NEW SOURCE PERMITS	REGISTRATION	24926
AIR NEW SOURCE PERMITS	REGISTRATION	25795
AIR NEW SOURCE PERMITS	REGISTRATION	29508
AIR NEW SOURCE PERMITS	REGISTRATION	30877
AIR NEW SOURCE PERMITS	REGISTRATION	31304
PUBLIC WATER SYSTEM/SUPPLY	REGISTRATION	1650050

Location: 18 miles south of Interstate 20 on Farm-to-Market 1788 near Midkiff, Midland County

Rating Date: September 01 06 Repeat Violator: NO

TCEQ Region: REGION 07 - MIDLAND

Date Compliance History Prepared: July 06, 2007

Agency Decision Requiring Compliance History: Enforcement

Compliance Period: July 06, 2002 to July 06, 2007

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?	Yes
3. If Yes, who is the current owner?	N/A Eddins-Walcher Company DCP Midstream, LP

4. if Yes, who was/were the prior owner(s)? DCP Midstream, LP

Duke Energy Field Services, Inc.

5. When did the change(s) in ownership occur? 7/26/2002
03/12/2003

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	02/11/2004	(262684)
2	03/04/2004	(264789)
3	04/19/2004	(268837)
4	06/24/2004	(277709)
5	02/07/2006	(454724)
6	03/20/2006	(459074)
7	04/19/2006	(463103)
8	05/25/2006	(467037)
9	06/23/2006	(484023)
10	08/08/2006	(485149)
11	06/05/2007	(557989)

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

Date: 04/13/2004 (268837)

Self Report? NO Classification Minor

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

Description: Complete failure to submit required data, documents, notifications, plans, or reports. The deviation report for July 1, 2003 through December 31, 2003 allegedly failed to include Emissions Event #26944 as a deviation on the deviation report.

Date: 03/17/2006 (459074)

Self Report? NO Classification Minor

Citation: 30 TAC Chapter 116, SubChapter B 116.110(a)(1)
5C THC Chapter 382, SubChapter A 382.085(b)

Description: Failure to prevent unauthorized emissions during incident 69017 when the RE allowed the makeup water for the amine system to freeze during cold weather.

Date: 05/25/2006 (467037)

Self Report? NO Classification Moderate

Citation: 30 TAC Chapter 116, SubChapter B 116.110(a)
5C THC Chapter 382, SubChapter A 382.085(b)

Description: Failure to prevent unauthorized emissions from a non-reportable emissions event that began on November 15, 2004 at 1230 hours and ended at 2000 hours. Also, failure to prevent unauthorized emissions for a non-reportable emissions event that was caused by personnel error and was, therefore, preventable.

Self Report? NO Classificati Moderate

Citation: 30 TAC Chapter 101, SubChapter A 101.20(1)
40 CFR Chapter 60, SubChapter C, PT 60, SubPT VV 60.482-8(a)
40 CFR Chapter 60, SubChapter C, PT 60, SubPT VV 60.486(c)
5C THC Chapter 382, SubChapter A 382.085(b)

Description: Failure to maintain required records of leaks determined to exist by auditory, visual, and olfactory monitoring pursuant to 40 Code of Federal Regulations 60.482.

F. Environmental audits.

Notice of Intent Date: 03/04/2004 (268800)
No DOV Associated

Notice of Intent Date: 09/14/2006 (334676)
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	§	
RN102229572	§	**ENVIRONMENTAL QUALITY**

AGREED ORDER
DOCKET NO. 2007-0940-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 ch. 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 gas plant 18 miles south of Interstate 20 on Farm-to-Market 1788 near Midkiff, Midland 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 June 5, 2007.

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 Ninety-Nine Thousand Six Hundred Sixty-Six Dollars ($99,666) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). DCP has paid Thirty-Nine Thousand Eight Hundred Sixty-Seven Dollars ($39,867) of the administrative penalty and Nineteen Thousand Nine Hundred Thirty-Three Dollars ($19,933) 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. Thirty-Nine Thousand Eight Hundred Sixty-Six Dollars ($39,866) 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 has implemented the following corrective measures at the Plant:

   a. Began post-activation follow-up monitoring for pressure relief valves on November 11, 2006; and

   b. Implemented a program to verify that sufficient supplemental fuel gas is supplied to the waste gas flare on May 10, 2007; and

   c. Removed SOT-TNK1 from service on September 15, 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 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 comply with emission limitations as specified in the Standard Exemption 72 registration that was submitted on August 31, 2001, in violation of 30 TEX. ADMIN. CODE § 106.352 (fomerly Standard Exemption 72), and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on March 27, 2007. Specifically, the registered limitations for storage tank SOT-TNK1 were 4.07 tons per year ("tpy") of volatile organic compounds, and the calculated emissions are 50.62 tpy.

2. Failed to identify Tank Nos. 45 and 46 as having 40 CODE OF FEDERAL REGULATIONS ("CFR") Part 60, Subpart Kb applicability, in violation of 30 TEX. ADMIN. CODE § 122.136(b), and TEX. HEALTH & SAFETY CODE § 382.085(b) as documented during an investigation conducted on

March 27, 2007. Specifically, this applicability was not included in the Title V permit application, nor did the applicant seek to submit relevant facts or to correct the information no later than 60 days after discovering the error.

3. Failed to install controls required by 40 CFR Part 60, Subpart Kb on Tank Nos. 45 and 46 when the tanks were converted from pressure tank service to atmospheric tank service on January 7, 2003, in violation of 30 TEX. ADMIN. CODE § 101.20(1), 40 CFR § 60.112b(a)(3)(i), and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on March 27, 2007. Specifically, the tanks have no vapor recovery units installed, and are venting directly to the atmosphere.

4. Failed include the Compliance Assurance Monitoring ("CAM") applicability for Engine No. 35 ("ENG-35"), and Engine No. 36 ("ENG-36") on the Title V permit renewal application that was submitted on February 5, 2005, in violation of 30 TEX. ADMIN. CODE § 122.136(b), and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on March 27, 2007.

5. Failed to conduct post activation follow up monitoring for pressure relief valves as required, in violation of 30 TEX. ADMIN. CODE § 101.20(1), 40 CFR § 60.482-4(b), and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on March 27, 2007.

6. Failed to have a program in place to verify that sufficient supplemental fuel gas is supplied to the waste gas flare to ensure the British Thermal Unit value is sufficient for sustained combustion, in violation of 30 TEX. ADMIN. CODE §§ 101.20(1), 116.620(a)(12), 40 CFR § 60.18(c)(3)(ii), and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on March 27, 2007.

7. Failed to maintain proper documentation to demonstrate compliance with the flare stack velocity, in violation of 30 TEX. ADMIN. CODE § 101.20(1), 40 CFR § 60.18(c)(3)(i)(B), and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on March 27, 2007. Specifically, internal engineering calculations indicated that the flare stack velocity was not being met due to the increase in fuel gas being supplied to the flare.

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. 2007-0940-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 SEP in accordance with TEX. WATER CODE § 7.067. As set forth in Section I, Paragraph 6, Thirty-Nine Thousand Eight Hundred Sixty-Six Dollars ($39,866) 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 15 days after the effective date of this Agreed Order, submit an administratively complete application to amend Title V Permit No. O-00675 to include CAM applicability for ENG-35 and ENG-36, in accordance with TEX. ADMIN. CODE §§ 116.110 and 122.136 to:

      Air Permits Division, MC 162
      Texas Commission on Environmental Quality
      P. O. Box 13087
      Austin, Texas 78711-3087

   b. Respond completely and adequately, as determined by the TCEQ to all requests for information concerning the Title V permit amendment application within 30 days after the date of such requests, or by any other deadline specified in writing;

   c. Within 60 days after the effective date of this Agreed Order, either install a vapor recovery unit for Tank Nos. 45 and 46, or permanently remove them from service;

   d. Within 60 days after the effective date of this Agreed Order, confirm compliance with flare stack velocity requirements through engineering calculations, as specified in 40 CFR § 60.18; and

   e. Within 180 days after the effective date of this Agreed Order, submit written certification that either authorization to construct and operate a source of air emissions has been obtained or that construction/operation has ceased until such time that appropriate authorization is obtained. The certification shall include detailed supporting documentation including receipts and/or other records to demonstrate compliance with Ordering Provision Nos. 3.a. through 3.e., and 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 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.

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

_____
For the Commission

_____ 12/14/07
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.

_____ October 26, 2007
Signature Date

Dennis Jay Dean Vice President
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: 2007-0940-AIR-E

SUPPLEMENTAL ENVIRONMENTAL PROJECT

Respondent:	**DCP Midstream, LP**
Payable Penalty Amount:	**Seventy-Nine Thousand Seven Hundred Thirty-Three Dollars ($79,733)**
SEP Amount:	**Thirty-Nine Thousand Eight Hundred Sixty-Six Dollars ($39,866)**
Type of SEP:	**Pre-approved**
Third-Party Recipient:	**Texas Association of Resource Conservation and Development Areas, Inc. (RC&D)-Household Hazardous Waste Clean-Up**
Location of SEP:	**Midland 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 the SEP Amount to the Third-Party Recipient pursuant to the agreement between the Third-Party Recipient and the TCEQ. Specifically, the contribution will be used to provide local residents with a means of properly disposing household hazardous wastes such as paint, thinners, pesticides, oil and gas, corrosive cleaners, and fertilizers in one day collection events. SEP monies will be used to pay for the associated labor, materials, and disposal costs. Citizens will not be charged disposal fees. The project is administered in accordance with TCEQ guidance on household hazardous waste and in compliance with federal, state, and local environmental laws and regulations. All dollars contributed will be used solely for the direct cost of the project and no portion will be spent on administrative costs.

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 providing a means of properly disposing household hazardous waste which might otherwise be disposed of in storm drains, the sewage system, or other means detrimental to the environment.

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

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.