

EXECUTIVE SUMMARY - ENFORCEMENT MATTER Page 1 of 3
DOCKET NO.: 2006-1576-AIR-E TCEQ ID: RN100210822 CASE NO.: 31121
RESPONDENT NAME: DCP MIDSTREAM, LP

ORDER TYPE:		
<input type="checkbox"/> 1660 AGREED ORDER	<input checked="" type="checkbox"/> FINDINGS AGREED ORDER	<input type="checkbox"/> FINDINGS ORDER FOLLOWING SOAH HEARING
<input type="checkbox"/> FINDINGS DEFAULT ORDER	<input type="checkbox"/> SHUTDOWN ORDER	<input type="checkbox"/> IMMINENT AND SUBSTANTIAL ENDANGERMENT ORDER
<input type="checkbox"/> AMENDED ORDER	<input type="checkbox"/> EMERGENCY ORDER	
CASE TYPE:		
<input checked="" type="checkbox"/> AIR	<input type="checkbox"/> MULTI-MEDIA (check all that apply)	<input type="checkbox"/> INDUSTRIAL AND HAZARDOUS WASTE
<input type="checkbox"/> PUBLIC WATER SUPPLY	<input type="checkbox"/> PETROLEUM STORAGE TANKS	<input type="checkbox"/> OCCUPATIONAL CERTIFICATION
<input type="checkbox"/> WATER QUALITY	<input type="checkbox"/> SEWAGE SLUDGE	<input type="checkbox"/> UNDERGROUND INJECTION CONTROL
<input type="checkbox"/> MUNICIPAL SOLID WASTE	<input type="checkbox"/> RADIOACTIVE WASTE	<input type="checkbox"/> DRY CLEANER REGISTRATION
<p>SITE WHERE VIOLATION(S) OCCURRED: 7202 County Road 16, Bishop, Jim Wells County</p> <p>TYPE OF OPERATION: Gas processing plant</p> <p>SMALL BUSINESS: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>OTHER SIGNIFICANT MATTERS: There are no complaints. There is no record of additional pending enforcement actions regarding this facility location.</p> <p>INTERESTED PARTIES: No one other than the ED and the Respondent has expressed an interest in this matter.</p> <p>COMMENTS RECEIVED: The <i>Texas Register</i> comment period expired on November 5, 2007. No comments were received.</p> <p>CONTACTS AND MAILING LIST:</p> <p style="margin-left: 20px;">TCEQ Attorney: Ms. Laurencia Fasoyiro, Litigation Division, R-12, (713) 422-8914 Ms. Jennifer Cook, Litigation Division, MC 175, (512) 239-1873</p> <p style="margin-left: 20px;">SEP Coordinator: Ms. Sharon Blue, Litigation Division, MC 175, (512) 239-2223</p> <p style="margin-left: 20px;">TCEQ Enforcement Coordinator: Mr. John Muennick, Enforcement Division, R-14, (361) 825-3423</p> <p style="margin-left: 20px;">TCEQ Regional Contact: Mr. David Turner, Corpus Christi Regional Office, R-14, (361) 825-3100</p> <p style="margin-left: 20px;">Respondent: Mr. Geoffrey A. Sands, Vice-President, DCP Midstream, LP, 370 17th Street, Suite 2500, Denver, CO 80202</p> <p style="margin-left: 20px;">Respondent's Attorney: Ms. Patricia Finn Braddock, Fulbright & Jaworski, LLP., 600 Congress Ave., Suite 2400, Austin, TX 78701-2978</p>		

VIOLATION SUMMARY CHART:

VIOLATION INFORMATION	PENALTY CONSIDERATIONS	CORRECTIVE ACTIONS TAKEN/REQUIRED
<p>Type of Investigation: <input type="checkbox"/> Complaint <input type="checkbox"/> Routine <input type="checkbox"/> Enforcement Follow-up <input checked="" type="checkbox"/> Records Review</p> <p>Date of Complaints Relating to this Case: None</p> <p>Dates of Investigation Relating to this Case: April 17, 2006</p> <p>Date of NOE Relating to this Case: August 29, 2006</p> <p>Background Facts: On June 22, 2007, Litigation mailed a proposed Agreed Order to the Respondent. On June 27, 2007, the Respondent signed and returned the Agreed Order.</p> <p>The Respondent in this case does not owe any other penalties according to the Administrative Penalty Database Report.</p> <p>AIR</p> <p>1. Failed to prevent unauthorized release of 382,947.02 pounds ("lbs") of nonmethane/nonethane ("NM/NE") natural gas from the Miscellaneous Residue Compressor Vents and the Turbine C-1 Blowdown Vent during an emissions event that began February 28, 2006 and lasted 176 hours [30 TEX. ADMIN. CODE § 116.115(c), Permit No. 73507, Special Condition No. 1 and TEX. HEALTH & SAFETY CODE § 382.085(b)].</p> <p>2. Failed to submit initial notification for the February 28, 2006 emissions event within 24 hours of discovery [30 TEX. ADMIN. CODE § 101.201(a)(1) and TEX. HEALTH & SAFETY CODE § 382.085(b)].</p> <p>3. Failed to prevent unauthorized release of 33,342.64 lbs of NM/NE natural gas from the Turbine Blowdown Vent during an emissions event that began October 18, 2005 and lasted 282 hours [30 TEX. ADMIN. CODE § 116.115(c), Permit No. 73507, Special Condition No. 1 and TEX. HEALTH & SAFETY CODE § 382.085(b)].</p> <p>4. Failed to submit initial notification for the October 18, 2005 emissions event within 24 hours of discovery [30 TEX. ADMIN. CODE § 101.201(a)(1) and TEX. HEALTH & SAFETY CODE § 382.085(b)].</p>	<p>Total Assessed: \$93,009</p> <p>Total Deferred: \$0</p> <p>SEP Conditional Offset: \$46,504</p> <p>Total Paid to General Revenue: \$46,505</p> <p>The Respondent has paid \$46,505 of the administrative penalty. The remaining amount of \$46,504 shall be conditionally offset by the Respondent's completion of a Supplemental Environmental Project.</p> <p>Site Compliance History Classification <input type="checkbox"/> High <input checked="" type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p>Person Compliance History Classification <input type="checkbox"/> High <input checked="" type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p>Major Source: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Applicable Penalty Policy: September 1, 2002</p> <p>Findings Order Justification:</p> <p>This is a findings order because human health or the environment was exposed to significant amounts of pollutants which exceeded levels protective of human health or environmental receptors.</p>	<p>Corrective Action(s) Taken</p> <p>The Executive Director recognizes that the Respondent has implemented the following corrective measures:</p> <ol style="list-style-type: none"> 1. The Westinghouse Turbine and all associated compression was replaced by new high speed compression on August 7, 2006; 2. Measures were implemented that require operators to quantify the daily emissions released during each scheduled maintenance activity on August 7, 2006 to ensure the timely and proper reporting of emissions events. <p>Ordering Provision(s)</p> <p>The Respondent shall implement and complete a Supplemental Environmental Project as described in attachment "A" of the Agreed Order.</p>

5. Failed to prevent unauthorized release of 15,390.53 lbs of NM/NE natural gas from the Turbine Blowdown Vent during an emissions event that began November 13, 2005 and lasted 7 hours and 45 minutes [30 TEX. ADMIN. CODE § 116.115(c), Permit No. 73507, Special Condition No. 1 and TEX. HEALTH & SAFETY CODE § 382.085(b)].

6. Failed to give notification for a scheduled startup activity (incident number 67924) prior to the commencement of the activity [30 TEX. ADMIN. CODE § 101.211(a) and TEX. HEALTH & SAFETY CODE § 382.085(b)].

Attachment A
Docket Number: 2006-1576-AIR-E

SUPPLEMENTAL ENVIRONMENTAL PROJECT

Respondent: DCP Midstream, LP (La Gloria Gas Plant)
Penalty Amount: Ninety-Three Thousand Nine Dollars (\$93,009.00)
SEP Amount: Forty-Six Thousand Five Hundred Four Dollars (\$46,504)
Type of SEP: Pre-approved
Third-Party Recipient: Texas Association of Resource Conservation & Development Areas, Inc. ("RC&D") *Clean School Bus Program*
Location of SEP: Jim Wells 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 to the Texas Association of Resource Conservation & Development Areas, Inc. ("RC&D") *Clean School Bus program*. Specifically, SEP monies will be used to aid local school districts, area transit agencies, and local governments in need of funding assistance to pay for the cost replacing older diesel buses with alternative fueled or clean diesel buses or retrofitting older diesel buses with new cleaner technology. The project will be administered in accordance with 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

Passengers, drivers, and students in the area where school buses idle during transportation are subject to harmful diesel exhaust emission every school day. Apart from containing the ozone precursors nitrous oxide (NOx) and hydrocarbons (HC), diesel exhaust is known to cause or exacerbate a number of respiratory diseases, including asthma. Due to the more stringent emissions standards introduced by the Environmental Protection Agency (EPA), a model year 2007 bus will be 90% cleaner in terms of particulate matter emissions than a model year 2004 bus. New HC and NOx standards phased in between 2007 and 2010 will result in new school bus engines being 72% cleaner for HC and 90% cleaner for NOx than a bus produced to meet the 2004 federal standards for these pollutants. Children and drivers riding on school buses will benefit from the reduced levels of air pollutants.

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 shall 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. (RC&D)
Attention: Eddi Darilek
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:

Litigation Division
Attention: SEP Coordinator, MC 175
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.

In the event of incomplete performance, the check for any remaining amount due shall have the notation "SEP Refund" and the docket number of the case, and be made out to "Texas Commission on Environmental Quality" and mailed to:

Litigation Division
Attention: SEP Coordinator, MC 175
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

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.



Policy Revision 2 (September 2002)

Penalty Calculation Worksheet (PCW)

PCW Revision April 25, 2006

DATES	Assigned	28-Aug-2006	Screening	11-Sep-2006	EPA Due	25-May-2007
	PCW	09-Oct-2006				

RESPONDENT/FACILITY INFORMATION	
Respondent	DCP Midstream, LP
Reg. Ent. Ref. No.	RN100210822
Facility/Site Region	14-Corpus Christi
Major/Minor Source	Major Source

CASE INFORMATION			
Enf./Case ID No.	31121	No. of Violations	6
Docket No.	2006-1576-AIR-E	Order Type	Findings
Media Program(s)	Air Quality	Enf. Coordinator	John Muennink
Multi-Media		EC's Team	Enforcement Team 6
Admin. Penalty \$ Limit Minimum	\$0	Maximum	\$10,000

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties) Subtotal 1 \$92,800

ADJUSTMENTS (+/-) TO SUBTOTAL 1

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

Compliance History 19% Enhancement Subtotals 2, 3, & 7 \$17,632

Notes Enhancement due to one 1660 Agreed Order. Reduction due to one notice of audit letter.

Culpability No 0% Enhancement Subtotal 4 \$0

Notes The Respondent does not meet culpability criteria.

Good Faith Effort to Comply 25% Reduction Subtotal 5 -\$23,200

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

Notes The Respondent returned to compliance on August 7, 2006.

Economic Benefit 0% Enhancement* Subtotal 6 \$0

Total EB Amounts	\$185
Approx. Cost of Compliance	\$5,650

*Capped at the Total EB \$ Amount

SUM OF SUBTOTALS 1-7 Final Subtotal \$87,232

OTHER FACTORS AS JUSTICE MAY REQUIRE 14% Enhancement Adjustment \$12,500

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

Notes Upward adjustment of the penalty recommended due to the significant amount of contaminants released as a result of violation No. 1.

Final Penalty Amount \$99,732

STATUTORY LIMIT ADJUSTMENT Final Assessed Penalty \$93,009

DEFERRAL 0% Reduction Adjustment \$0

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

Notes No deferral offered for a findings order.

PAYABLE PENALTY \$93,009

Screening Date 11-Sep-2006 **Docket No.** 2006-1576-AIR-E **PCW**
Respondent DCP Midstream, LP *Policy Revision 2 (September 2002)*
Case ID No. 31121 *PCW Revision April 25, 2006*
Reg. Ent. Reference No. RN100210822
Media [Statute] Air Quality
Enf. Coordinator John Muennink

Compliance History Worksheet

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

Component	Number of...	Enter Number Here	Adjust.
NOVs	Written NOVs with same or similar violations as those in the current enforcement action <i>(number of NOVs meeting criteria)</i>	0	0%
	Other written NOVs	0	0%
Orders	Any agreed final enforcement orders containing a denial of liability <i>(number of orders meeting criteria)</i>	1	20%
	Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission	0	0%
Judgments and Consent Decrees	Any non-adjudicated final court judgments or consent decrees containing a denial of liability of this state or the federal government <i>(number of judgements or consent decrees meeting criteria)</i>	0	0%
	Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government	0	0%
Convictions	Any criminal convictions of this state or the federal government <i>(number of counts)</i>	0	0%
Emissions	Chronic excessive emissions events <i>(number of events)</i>	0	0%
Audits	Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 <i>(number of audits for which notices were)</i>	1	-1%
	Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 <i>(number of audits for which violations were disclosed)</i>	0	0%
<i>Please Enter Yes or No</i>			
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) 19%

>> Repeat Violator (Subtotal 3)

No <

Adjustment Percentage (Subtotal 3) 0%

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

Average Performer <

Adjustment Percentage (Subtotal 7) 0%

>> Compliance History Summary

Compliance History Notes

Enhancement due to one 1660. Agreed Order. Reduction due to one notice of audit letter.

Total Adjustment Percentage (Subtotals 2, 3, & 7) 19%

Screening Date	11-Sep-2006	Docket No.	2006-1576-AIR-E	PCW
Respondent	DCP Midstream, LP			<i>Policy Revision 2 (September 2002)</i>
Case ID No.	31121			<i>PCW Revision April 25, 2006</i>
Reg. Ent. Reference No.	RN100210822			
Media [Statute]	Air Quality			
Enf. Coordinator	John Muennink			
Violation Number	<input type="text" value="1"/>			
Primary Rule Cite(s)	<input type="text" value="Permit No. 73507, Special Condition No. 1"/>			
Secondary Rule Cite(s)	<input type="text" value="30 Tex. Admin. Code § 116.115(c) and Tex. Health and Safety Code § 382.085(b)"/>			
Violation Description	<input ("nm="" 101.222."="" 176="" 2006="" 28,="" 30="" admin.="" affirmative="" an="" and="" avoidable,="" began="" blowdown="" c-1="" code="" compressor="" defense="" demonstrations="" during="" emissions="" event="" failed="" february="" for="" from="" gas="" hours.="" in="" lasted="" lbs")="" meet="" miscellaneous="" natural="" ne")="" necessary="" nonethane="" nonmethane="" of="" residue="" respondent="" since="" tex.="" that="" the="" these="" to="" turbine="" type="text" value="Failed to prevent the unauthorized release of 382,947.02 pounds (" vent="" vents="" were="" §=""/>			

Base Penalty

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

		Harm			
	Release	Major	Moderate	Minor	
OR	Actual	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Percent <input type="text" value="100%"/>
	Potential	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

>> **Programmatic Matrix**

	Falsification	Major	Moderate	Minor	Percent <input type="text"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Matrix Notes

Adjustment

Base Penalty Subtotal

Violation Events

Number of Violation Events Number of violation days

<i>mark only one use a small x</i>	<i>daily</i>	<input checked="" type="checkbox"/>
	<i>monthly</i>	<input type="checkbox"/>
	<i>quarterly</i>	<input type="checkbox"/>
	<i>semiannual</i>	<input type="checkbox"/>
	<i>annual</i>	<input type="checkbox"/>
	<i>single event</i>	<input type="checkbox"/>

Violation Base Penalty

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount

Violation Final Penalty Total

This violation Final Assessed Penalty (adjusted for limits)

Economic Benefit Worksheet

Respondent DCP Midstream, LP
 Case ID No. 31121
 Reg. Ent. Reference No. RN100210822
 Media [Statute] Air Quality
 Violation No. 1

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Percent Interest	Years of Depreciation
						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)	\$1,200	28-Feb-2006	07-Aug-2006	0.4	\$26	n/a	\$26

Notes for DELAYED costs: Estimated expense to implement measures designed to prevent the reoccurrence of emissions due to similar causes. Date required is the date of the emissions event. Final date is the date the respondent returned to 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 **\$1,200**

TOTAL \$26

Screening Date 11-Sep-2006

Docket No. 2006-1576-AIR-E

PCW

Respondent DCP Midstream, LP

Policy Revision 2 (September 2002)

Case ID No. 31121

PCW Revision April 25, 2006

Reg. Ent. Reference No. RN100210822

Media [Statute] Air Quality

Enf. Coordinator John Muennink

Violation Number

Primary Rule Cite(s)

Secondary Rule Cite(s)

Violation Description

Base Penalty

>> Environmental, Property and Human Health Matrix

		Harm			
Release		Major	Moderate	Minor	
OR	Actual	<input type="text"/>	<input type="text"/>	<input type="text"/>	Percent <input type="text"/>
	Potential	<input type="text"/>	<input type="text"/>	<input type="text"/>	

>> Programmatic Matrix

	Falsification	Major	Moderate	Minor	
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input checked="" type="checkbox"/>	Percent <input type="text" value="1%"/>

Matrix Notes

Adjustment

Base Penalty Subtotal

Violation Events

Number of Violation Events Number of violation days

mark only one use a small x	daily	<input type="text"/>
	monthly	<input type="text"/>
	quarterly	<input type="text"/>
	semiannual	<input type="text"/>
	annual	<input type="text"/>
	single event	<input checked="" type="checkbox"/>

Violation Base Penalty

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount

Violation Final Penalty Total

This violation Final Assessed Penalty (adjusted for limits)

Economic Benefit Worksheet

Respondent DCP Midstream, LP
 Case ID No. 31121
 Reg. Ent. Reference No. RN100210822
 Media [Statute] Air Quality
 Violation No. 2

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Delayed Costs							
Equipment				0.0	\$0	\$0	\$0
Buildings				0.0	\$0	\$0	\$0
Other (as needed)				0.0	\$0	\$0	\$0
Engineering/construction				0.0	\$0	\$0	\$0
Land				0.0	\$0	n/a	\$0
Record Keeping System				0.0	\$0	n/a	\$0
Training/Sampling				0.0	\$0	n/a	\$0
Remediation/Disposal				0.0	\$0	n/a	\$0
Permit Costs				0.0	\$0	n/a	\$0
Other (as needed)	\$800	28-Feb-2006	07-Aug-2006	0.4	\$18	n/a	\$18

Notes for DELAYED costs: Estimated expense to implement measures designed to ensure the timely reporting of emissions events. Date required is the date of the emissions event. Final date is the date the respondent returned to compliance.

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
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 **\$800**

TOTAL \$18

Screening Date	11-Sep-2006	Docket No.	2006-1576-AIR-E	PCW
Respondent	DCP Midstream, LP			<i>Policy Revision 2 (September 2002)</i>
Case ID No.	31121			<i>PCW Revision April 25, 2006</i>
Reg. Ent. Reference No.	RN100210822			
Media [Statute]	Air Quality			
Enf. Coordinator	John Muennink			
Violation Number	<input type="text" value="3"/>			
Primary Rule Cite(s)	<input type="text" value="Permit No. 73507, Special Condition No. 1"/>			
Secondary Rule Cite(s)	<input type="text" value="30 Tex. Admin. Code § 116.115(c) and Tex. Health and Safety Code § 382.085(b)"/>			
Violation Description	<input type="text" value="Failed to prevent the unauthorized release of 33,342.64 lbs of NM/NE natural gas from the Turbine Blowdown Vent during an emissions event that began October 18, 2005 and lasted 282 hours. Since these emissions were avoidable, the Respondent failed to meet the demonstrations necessary for an affirmative defense in 30 Tex. Admin. Code § 101.222."/>			

Base Penalty

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

	Harm			
	Major	Moderate	Minor	
Release				
Actual	<input type="text"/>	<input type="text"/>	<input checked="" type="checkbox"/>	Percent <input type="text" value="25%"/>
Potential	<input type="text"/>	<input type="text"/>	<input type="text"/>	

>> **Programmatic Matrix**

	Major	Moderate	Minor	
Falsification	<input type="text"/>	<input type="text"/>	<input type="text"/>	Percent <input type="text"/>
Matrix Notes	<input type="text" value="Human health or the environment has been exposed to an insignificant amount of pollutants which do not exceed levels that are protective of human health or environmental receptors."/>			

Adjustment

Base Penalty Subtotal

Violation Events

Number of Violation Events Number of violation days

<i>mark only one use a small x</i>	<i>daily</i>	<input type="text"/>
	<i>monthly</i>	<input type="text"/>
	<i>quarterly</i>	<input type="text"/>
	<i>semiannual</i>	<input type="text"/>
	<i>annual</i>	<input type="text"/>
	<i>single event</i>	<input checked="" type="checkbox"/>

Violation Base Penalty

One single event is recommended.

Economic Benefit (EB) for this violation

Estimated EB Amount

Statutory Limit Test

Violation Final Penalty Total

This violation Final Assessed Penalty (adjusted for limits)

Economic Benefit Worksheet

Respondent DCP Midstream, LP
 Case ID No. 31121
 Reg. Ent. Reference No. RN100210822
 Media [Statute] Air Quality
 Violation No. 3

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
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)	\$1,350	18-Oct-2005	07-Aug-2006	0.8	\$54	n/a	\$54

Notes for DELAYED costs: Estimated expense to implement measures designed to prevent the reoccurrence of emissions due to similar causes. Date required is the date of the emissions event. Final date is the date the respondent returned to 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 **\$1,350**

TOTAL \$54

Screening Date 11-Sep-2006

Docket No. 2006-1576-AIR-E

PCW

Respondent DCP Midstream, LP

Policy Revision 2 (September 2002)

Case ID No. 31121

PCW Revision April 25, 2006

Reg. Ent. Reference No. RN100210822

Media [Statute] Air Quality

Enf. Coordinator John Muennink

Violation Number

Primary Rule Cite(s)

Secondary Rule Cite(s)

Violation Description

Base Penalty

>> Environmental, Property and Human Health Matrix

		Harm			
Release		Major	Moderate	Minor	
OR	Actual	<input type="text"/>	<input type="text"/>	<input type="text"/>	Percent <input type="text"/>
	Potential	<input type="text"/>	<input type="text"/>	<input type="text"/>	

>> Programmatic Matrix

Falsification	Major	Moderate	Minor	Percent
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input checked="" type="checkbox"/>	<input type="text" value="1%"/>

Matrix Notes

Adjustment

Base Penalty Subtotal

Violation Events

Number of Violation Events Number of violation days

mark only one use a small x

daily	<input type="text"/>
monthly	<input type="text"/>
quarterly	<input type="text"/>
semiannual	<input type="text"/>
annual	<input type="text"/>
single event	<input checked="" type="checkbox"/>

Violation Base Penalty

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount

Violation Final Penalty Total

This violation Final Assessed Penalty (adjusted for limits)

Economic Benefit Worksheet

Respondent DCP Midstream, LP
 Case ID No. 31121
 Reg. Ent. Reference No. RN100210822
 Media [Statute] Air Quality
 Violation No. 4

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Delayed Costs							
Equipment				0.0	\$0	\$0	\$0
Buildings				0.0	\$0	\$0	\$0
Other (as needed)				0.0	\$0	\$0	\$0
Engineering/construction				0.0	\$0	\$0	\$0
Land				0.0	\$0	n/a	\$0
Record Keeping System				0.0	\$0	n/a	\$0
Training/Sampling				0.0	\$0	n/a	\$0
Remediation/Disposal				0.0	\$0	n/a	\$0
Permit Costs				0.0	\$0	n/a	\$0
Other (as needed)	\$700	18-Oct-2005	07-Aug-2006	0.8	\$28	n/a	\$28

Notes for DELAYED costs: Estimated expense to implement measures designed to ensure the timely reporting of emissions events. Date required is the date of the emissions event. Final date is the date the respondent returned to compliance.

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

Notes for AVOIDED costs:

Approx. Cost of Compliance

TOTAL

Screening Date 11-Sep-2006	Docket No. 2006-1576-AIR-E	PCW
Respondent DCP Midstream, LP		<i>Policy Revision 2 (September 2002)</i>
Case ID No. 31121		<i>PCW Revision April 25, 2006</i>
Reg. Ent. Reference No. RN100210822		
Media [Statute] Air Quality		
Enf. Coordinator John Muennink		
Violation Number <input type="text" value="5"/>		
Primary Rule Cite(s)	Permit No. 73507, Special Condition No. 1	
Secondary Rule Cite(s)	30 Tex. Admin. Code § 116.115(c) and Tex. Health and Safety Code § 382.085(b)	
Violation Description	Failed to prevent the unauthorized release of 15,390.53 lbs of NM/NE natural gas from the Turbine Blowdown Vent during an emissions event that began November 13, 2005 and lasted 7 hours and 45 minutes. Since these emissions were avoidable, the Respondent failed to meet the demonstrations necessary for an affirmative defense in 30 Tex. Admin. Code § 101.222.	

Base Penalty

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

		Harm			
		Major	Moderate	Minor	
OR	Release	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Percent <input type="text" value="100%"/>
	Actual	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Potential	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

>> **Programmatic Matrix**

		Falsification	Major	Moderate	Minor	
	Percent	<input type="text"/>				
Matrix Notes	Human health or the environment has been exposed to an insignificant amount of pollutants which do not exceed levels protective of human health or environmental receptors.					

Adjustment

Base Penalty Subtotal

Violation Events

Number of Violation Events Number of violation days

<i>mark only one use a small x</i>	daily	<input checked="" type="checkbox"/>
	monthly	<input type="checkbox"/>
	quarterly	<input type="checkbox"/>
	semiannual	<input type="checkbox"/>
	annual	<input type="checkbox"/>
	single event	<input type="checkbox"/>

Violation Base Penalty

One single event is recommended.

Economic Benefit (EB) for this violation

Estimated EB Amount

Statutory Limit Test

Violation Final Penalty Total

This violation Final Assessed Penalty (adjusted for limits)

Economic Benefit Worksheet

Respondent DCP Midstream, LP
 Case ID No. 31121
 Reg. Ent. Reference No. RN100210822
 Media [Statute] Air Quality
 Violation No. 5

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Delayed Costs							
Equipment				0.0	\$0	\$0	\$0
Buildings				0.0	\$0	\$0	\$0
Other (as needed)				0.0	\$0	\$0	\$0
Engineering/construction				0.0	\$0	\$0	\$0
Land				0.0	\$0	n/a	\$0
Record Keeping System				0.0	\$0	n/a	\$0
Training/Sampling				0.0	\$0	n/a	\$0
Remediation/Disposal				0.0	\$0	n/a	\$0
Permit Costs				0.0	\$0	n/a	\$0
Other (as needed)	\$1,100	13-Nov-2005	07-Aug-2006	0.7	\$40	n/a	\$40

Notes for DELAYED costs: Estimated expense to implement measures designed to prevent the reoccurrence of emissions due to similar causes. Date required is the date of the emissions event. Final date is the date the respondent returned to 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 **\$1,100** TOTAL **\$40**

Screening Date 11-Sep-2006 **Docket No.** 2006-1576-AIR-E **PCW**
Respondent DCP Midstream, LP *Policy Revision 2 (September 2002)*
Case ID No. 31121 *PCW Revision April 25, 2006*
Reg. Ent. Reference No. RN100210822
Media [Statute] Air Quality
Enf. Coordinator John Muennink
Violation Number 6
Primary Rule Cite(s) 30 Tex. Admin. Code § 101.211(a)
Secondary Rule Cite(s) Tex. Health and Safety Code § 382.085(b)
Violation Description Failed to give notification for a scheduled startup activity (incident number 67924) prior to the commencement of the activity. Specifically, the initial notification was submitted on November 13, 2005 at 1958 hours as an air startup activity instead of an emissions event, but started on November 13, 2005 at 0830 hours.

Base Penalty \$10,000

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

		Harm			Percent
Release		Major	Moderate	Minor	
OR	Actual				
	Potential				

>> **Programmatic Matrix**

Falsification	Major	Moderate	Minor	Percent
			X	

Matrix Notes The respondent has met at least 70% of the rule requirement.

Adjustment -\$9,900

Base Penalty Subtotal \$100

Violation Events

Number of Violation Events 1 1 Number of violation days

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

Violation Base Penalty \$100

One single event is recommended.

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$18

Violation Final Penalty Total \$107

This violation Final Assessed Penalty (adjusted for limits) \$107

Economic Benefit Worksheet

Respondent DCP Midstream, LP
 Case ID No. 31121
 Reg. Ent. Reference No. RN100210822
 Media [Statute] Air Quality
 Violation No. 6

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
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)	\$500	13-Nov-2005	07-Aug-2006	0.7	\$18	n/a	\$18

Notes for DELAYED costs: Estimated expense to implement measures designed to ensure the proper reporting of emissions events. Date required is the date of the emissions event. Final date is the date the respondent returned to compliance.

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

Notes for AVOIDED costs:

Approx. Cost of Compliance TOTAL

Compliance History

Customer/Respondent/Owner-Operator:	CN601229917 DCP Midstream, LP	Classification: AVERAGE	Rating: 2.90
Regulated Entity:	RN100210822 LA GLORIA GAS PLANT	Classification: AVERAGE	Site Rating: 3.14
ID Number(s):	AIR OPERATING PERMITS	ACCOUNT NUMBER	JG0017B
	AIR OPERATING PERMITS	PERMIT	2556
	AIR NEW SOURCE PERMITS	PERMIT	27033
	AIR NEW SOURCE PERMITS	PERMIT	26974
	AIR NEW SOURCE PERMITS	ACCOUNT NUMBER	JG0017B
	AIR NEW SOURCE PERMITS	AFS NUM	0002
	AIR NEW SOURCE PERMITS	PERMIT	73507
	AIR NEW SOURCE PERMITS	PERMIT	73510
	AIR NEW SOURCE PERMITS	REGISTRATION	74738
	PUBLIC WATER SYSTEM/SUPPLY	REGISTRATION	1250021
	WATER LICENSING	LICENSE	1250021
Location:	7202 County Road 16, Bishop, Jim Wells County, Texas		Rating Date: 9/1/2006 Repeat Violator: NO
TCEQ Region:	REGION 14 - CORPUS CHRISTI		
Date Compliance History Prepared:	September 06, 2006		
Agency Decision Requiring Compliance History:	Enforcement		
Compliance Period:	September 06, 2001 to September 06, 2006		
TCEQ Staff Member to Contact for Additional Information Regarding this Compliance History			
Name:	<u>John Muennink</u>	Phone:	<u>(361) 825-3423</u>

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? DCP Midstream, LP
4. If Yes, who was/were the prior owner(s)? Duke Energy Field Services, Inc.
Duke Energy Field Services, LP
5. When did the change(s) in ownership occur? 12/28/2006
08/26/2002

Components (Multimedia) for the Site :

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

Effective Date: 11/11/2004 ADMINORDER 2003-1122-AIR-E
 Classification: Moderate
 Citation: 30 TAC Chapter 122, SubChapter B 122.145(2)(A)
 5C THC Chapter 382, SubChapter A 382.085(b)

Description: Failure to report all instances of deviations, the probable cause of the deviation, and any corrective actions or preventative measures taken for each emission unit addressed in the permit.

- 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 | 08/31/2006 | (510907) |
| 2 | 01/02/2006 | (439385) |
| 3 | 03/27/2006 | (459870) |
| 4 | 11/16/2005 | (434687) |
| 5 | 04/04/2003 | (27565) |
| 6 | 08/09/2005 | (401542) |
| 7 | 04/13/2004 | (268329) |
| 8 | 06/24/2002 | (107025) |
| 9 | 06/29/2006 | (463278) |
| 10 | 04/04/2002 | (107024) |
| 11 | 03/14/2002 | (107023) |
| 12 | 01/28/2002 | (288018) |
| 13 | 08/29/2006 | (463419) |
| 14 | 12/06/2005 | (435823) |
| 15 | 06/28/2006 | (483295) |
| 16 | 04/27/2006 | (463051) |

17 03/21/2005 (374388)
18 05/04/2004 (267816)
19 02/17/2004 (259209)
20 12/13/2005 (438832)

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

N/A

F. Environmental audits.

Notice of Intent Date: 03/04/2004 (268215)
No DOV Associated

G. Type of environmental management systems (EMSs).

N/A

H. Voluntary on-site compliance assessment dates.

N/A

I. Participation in a voluntary pollution reduction program.

N/A

J. Early compliance.

N/A

Sites Outside of Texas

N/A

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



IN THE MATTER OF AN
ENFORCEMENT ACTION
CONCERNING
DCP MIDSTREAM, LP
RN100210822

§
§
§
§
§
§

BEFORE THE
TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

AGREED ORDER
DOCKET NO. 2006-1576-AIR-E

At its _____ agenda, the Texas Commission on Environmental Quality ("Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding DCP Midstream, LP ("DCP Midstream") under the authority of TEX. WATER CODE ch. 7 and TEX. HEALTH & SAFETY CODE ch. 382. The Executive Director of the TCEQ, represented by the Litigation Division, and DCP Midstream represented by Patricia Finn Braddock of the law firm of Fulbright & Jaworski L.L.P, presented this agreement to the Commission.

DCP Midstream understands that it has certain procedural rights at certain points in the enforcement process, including, but not limited to, the right to formal notice of violations, notice of an evidentiary hearing, the right to an evidentiary hearing, and a right to appeal. By entering into this Agreed Order, DCP Midstream agrees to waive all notice and procedural rights.

It is further understood and agreed that this Agreed Order represents the complete and fully-integrated agreement of the parties. 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. The duties and responsibilities imposed by this Agreed Order are binding upon DCP Midstream.

The Commission makes the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. DCP Midstream owns and operates a gas processing plant located at 7202 County Road 16, Bishop, Jim Wells County, Texas (the "Plant").
2. The Plant consists of one or more sources as defined in TEX. HEALTH & SAFETY CODE § 382.003(12).

3. During a record review on April 17, 2006, TCEQ staff documented that DCP Midstream:
 - a. Failed to prevent unauthorized release of 382,947.02 pounds ("lbs") of nonmethane/nonethane ("NM/NE") natural gas from the Miscellaneous Residue Compressor Vents and the Turbine C-1 Blowdown Vent during an emissions event that began February 28, 2006 and lasted 176 hours;
 - b. Failed to submit the initial notification for the February 28, 2006 emissions event within 24 hours of discovery;
 - c. Failed to prevent the unauthorized release of 33,342.64 lbs of NM/NE natural gas from the Turbine Blowdown Vent during an emissions event that began October 18, 2005 and lasted 282 hours;
 - d. Failed to submit the initial notification for the October 18, 2005 emissions event within 24 hours of discovery;
 - e. Failed to prevent the unauthorized release of 15,390.53 lbs of NM/NE natural gas from the Turbine Blowdown Vent during an emissions event that began November 13, 2005 and lasted 7 hours and 45 minutes; and
 - f. Failed to give notification for the scheduled startup activity (incident number 67924) prior to the commencement of the activity. Specifically, the initial notification was submitted on November 13, 2005 at 1958 hours as an air startup activity instead of an emission event, but started on November 13, 2005 at 0830 hours.
4. DCP Midstream received notice of the violations on September 3, 2006.
5. The Executive Director recognizes that DCP Midstream has implemented the following corrective measures at the Plant in response to this enforcement action:
 - a. The Westinghouse Turbine and all associated compression was replaced by new high speed compression on August 7, 2006 in order to prevent the reoccurrence of emissions due to similar causes as that of the October 18 and November 13, 2005 and the February 28, 2006 emissions events; and

- b. DCP Midstream implemented measures that requires operators to quantify the daily emissions released during each scheduled maintenance activity on August 7, 2006 in order to ensure the timely and proper reporting of emissions events.

CONCLUSIONS OF LAW

1. As evidenced by Finding of Fact Nos. 1 and 2, DCP Midstream is subject to the jurisdiction of the TCEQ pursuant to TEX. WATER CODE § 7.002, TEX. HEALTH & SAFETY CODE ch. 382 and the rules of the Commission.
2. As evidenced by Finding of Fact No. 3.a., DCP Midstream has failed to prevent unauthorized emissions, in violation of 30 TEX. ADMIN. CODE § 116.115(c), Permit No. 73507, Special Condition No. 1 and TEX. HEALTH & SAFETY CODE § 382.085(b). Since these emissions were avoidable and inadequately reported, DCP Midstream Energy failed to meet the demonstrations necessary for an affirmative defense in 30 TEX. ADMIN. CODE § 101.222.
3. As evidenced by Finding of Fact No. 3.b., DCP Midstream failed to submit initial notification for the February 28, 2006 emissions event within 24 hours of discovery, in violation of 30 TEX. ADMIN. CODE § 101.201(a)(1) and TEX. HEALTH & SAFETY CODE § 382.085(b).
4. As evidenced by Finding of Fact No. 3.c., DCP Midstream failed to prevent unauthorized emissions, in violation of 30 TEX. ADMIN. CODE § 116.115(c), Permit No. 73507, Special Condition No. 1 and TEX. HEALTH & SAFETY CODE § 382.085(b). Since these emissions were avoidable and inadequately reported, DCP Midstream Energy failed to meet the demonstrations necessary for an affirmative defense in 30 TEX. ADMIN. CODE § 101.222.
5. As evidenced by Finding of Fact No. 3.d., DCP Midstream failed to submit initial notification for the October 18, 2005 emissions event within 24 hours of discovery, in violation of 30 TEX. ADMIN. CODE § 101.201(a)(1) and TEX. HEALTH & SAFETY CODE § 382.085(b).
6. As evidenced by Finding of Fact No. 3.e., DCP Midstream failed to prevent unauthorized emissions, in violation of 30 TEX. ADMIN. CODE § 116.115(c), Permit No. 73507, Special Condition No. 1 and TEX. HEALTH & SAFETY CODE § 382.085(b). Since these emissions were avoidable and inadequately reported, DCP Midstream Energy failed to meet the demonstrations necessary for an affirmative defense in 30 TEX. ADMIN. CODE § 101.222.
7. As evidenced by Finding of Fact No. 3.f., DCP Midstream failed to give notification for a

scheduled startup activity (incident number 67924) prior to the commencement of the activity, in violation of 30 TEX. ADMIN. CODE § 101.211(a) and TEX. HEALTH & SAFETY CODE § 382.085(b). Specifically, the initial notification was submitted on November 13, 2005 at 1958 hours as an air startup activity instead of an emissions event, but started on November 13, 2005 at 0830 hours.

8. Pursuant to TEX. WATER CODE § 7.051, the Commission has the authority to assess an administrative penalty against DCP Midstream for violations of the Texas Water Code and the Texas Health and Safety Code within the Commission's jurisdiction; for violations of rules adopted under such statutes; or for violations of orders or permits issued under such statutes.
9. An administrative penalty in the amount of ninety-three thousand nine dollars (\$93,009.00) is justified by the facts recited in this Agreed Order, and considered in light of the factors set forth in TEX. WATER CODE § 7.053. DCP Midstream has paid forty-six thousand five hundred five dollars (\$46,505.00) administrative penalty. Forty-six thousand five hundred four dollars (\$46,504.00) shall be conditionally offset by DCP Midstream's completion of a Supplemental Environmental Project.

ORDERING PROVISIONS

NOW, THEREFORE, THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ORDERS that:

1. DCP Midstream is assessed an administrative penalty in the amount of ninety-three thousand nine dollars (\$93,009) as set forth in Conclusion of Law No. 9 for violations of TCEQ rules and state statutes. The payment of this administrative penalty and DCP Midstream's compliance with all the terms and conditions set forth in this Agreed Order completely resolve the violations set forth by this Agreed Order in this action. However, the Commission shall not be constrained in any manner from requiring corrective actions or penalties for other violations that are not raised here. Administrative penalty payments shall be made payable to "Texas Commission on Environmental Quality" and shall be sent with the notation "Re: DCP Midstream, LP, Docket No. 2006-1576-AIR-E, Enforcement ID No. 31121" 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 Midstream shall implement and complete a Supplemental Environmental Project in accordance with TEX. WATER CODE § 7.067. Forty-six thousand five hundred four dollars (\$46,504.00) of the assessed administrative penalty shall be conditionally offset by DCP Midstream's completion of a Supplemental Environmental Project defined in "Attachment A". DCP Midstream'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. The provisions of this Agreed Order shall apply to and be binding upon DCP Midstream. DCP Midstream is ordered to give notice of this Agreed Order to personnel who maintain day-to-day control over the Plant operations referenced in this Agreed Order.
4. The Executive Director may refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings without notice to DCP Midstream if the Executive Director determines that DCP Midstream has not complied with one or more of the terms or conditions in this Agreed Order.
5. 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.
6. This Agreed Order, issued by the Commission, shall not be admissible against DCP Midstream 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.
7. 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.
8. The Chief Clerk shall provide a copy of this Agreed Order to each of the parties. Pursuant to 30 TEX. ADMIN. CODE § 70.10(b) and TEX. GOV'T CODE § 2001.142, the effective date is the

date of hand-delivery of the Order to DCP Midstream, or three days after the date on which the Commission mails notice of the Order to DCP Midstream, whichever is earlier.

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission

John Gordon Penland

For the Executive Director

9/14/07

Date

I, the undersigned, have read and understand the attached Agreed Order in the matter of DCP Midstream, LP. I represent that I am authorized to agree to the attached Agreed Order on behalf of DCP Midstream, LP, and do agree to the specified terms and conditions. I further acknowledge that the TCEQ, in accepting payment for the penalty amount, is materially relying on such representation.

I understand that by entering into this Agreed Order, DCP Midstream, LP waives certain procedural rights, including, but not limited to, the right to formal notice of violations addressed by this Agreed Order, notice of an evidentiary hearing, the right to an evidentiary hearing, and the right to appeal. I agree to the terms of the Agreed Order in lieu of an evidentiary hearing. This Agreed Order constitutes full and final adjudication by the Commission of the violations set forth in this Agreed Order.

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

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

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

Gregory A. Sands
Signature

6-25-07
Date

Gregory A. Sands
Name (printed or typed)
Authorized Representative
DCP Midstream, LP

VP-EHS
Title

Attachment A
Docket Number: 2006-1576-AIR-E

SUPPLEMENTAL ENVIRONMENTAL PROJECT

Respondent: DCP Midstream, LP (La Gloria Gas Plant)
Penalty Amount: Ninety-Three Thousand Nine Dollars (\$93,009.00)
SEP Amount: Forty-Six Thousand Five Hundred Four Dollars (\$46,504)
Type of SEP: Pre-approved
Third-Party Recipient: Texas Association of Resource Conservation & Development Areas, Inc. ("RC&D") *Clean School Bus Program*
Location of SEP: Jim Wells 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 to the Texas Association of Resource Conservation & Development Areas, Inc. ("RC&D") *Clean School Bus program*. Specifically, SEP monies will be used to aid local school districts, area transit agencies, and local governments in need of funding assistance to pay for the cost replacing older diesel buses with alternative fueled or clean diesel buses or retrofitting older diesel buses with new cleaner technology. The project will be administered in accordance with 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

Passengers, drivers, and students in the area where school buses idle during transportation are subject to harmful diesel exhaust emission every school day. Apart from containing the ozone precursors nitrous oxide (NOx) and hydrocarbons (HC), diesel exhaust is known to cause or exacerbate a number of respiratory diseases, including asthma. Due to the more stringent emissions standards introduced by the Environmental Protection Agency (EPA), a model year 2007 bus will be 90% cleaner in terms of particulate matter emissions than a model year 2004 bus. New HC and NOx standards phased in between 2007 and 2010 will result in new school bus engines being 72% cleaner for HC and 90% cleaner for NOx than a bus produced to meet the 2004 federal standards for these pollutants. Children and drivers riding on school buses will benefit from the reduced levels of air pollutants.

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 shall 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. (RC&D)
Attention: Eddi Darilek
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:

Litigation Division
Attention: SEP Coordinator, MC 175
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.

In the event of incomplete performance, the check for any remaining amount due shall have the notation "SEP Refund" and the docket number of the case, and be made out to "Texas Commission on Environmental Quality" and mailed to:

Litigation Division
Attention: SEP Coordinator, MC 175
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

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.