

EXECUTIVE SUMMARY - ENFORCEMENT MATTER Page 1 of 2
DOCKET NO.: 2007-1171-AIR-E **TCEQ ID:** RN100219278 **CASE NO.:** 34212
RESPONDENT NAME: DCP Midstream, LP

ORDER TYPE:		
<input checked="" type="checkbox"/> 1660 AGREED ORDER	<input type="checkbox"/> FINDINGS AGREED ORDER	<input type="checkbox"/> FINDINGS ORDER FOLLOWING SOAH HEARING
<input type="checkbox"/> FINDINGS DEFAULT ORDER	<input type="checkbox"/> SHUTDOWN ORDER	<input type="checkbox"/> IMMINENT AND SUBSTANTIAL ENDANGERMENT ORDER
<input type="checkbox"/> AMENDED ORDER	<input type="checkbox"/> EMERGENCY ORDER	
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: Encontrado Booster Station Treater, on Harris Road, 25 miles south of the junction of Farm-to-Market Road 1676 and U.S. Highway 67, Crocket County</p> <p>TYPE OF OPERATION: Oil and gas transmission 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 December 10, 2007. No comments were received.</p> <p>CONTACTS AND MAILING LIST: TCEQ Attorney/SEP Coordinator: None TCEQ Enforcement Coordinator: Mr. Terry Murphy, Enforcement Division, Enforcement Team 4, MC 149, (512) 239-5025; Mr. Bryan Sinclair, Enforcement Division, MC 219, (512) 239-2171 Respondent: Mr. Gregory Kardos, Environmental Manager, DCP Midstream, LP, 10 Desta Drive, Suite 400 West, Midland, Texas 79705 Mr. Geoffrey A. Sands, Vice President-EHS, DCP Midstream, LP, 10 Desta Drive, Suite 400 West, Midland, Texas 79705 Respondent's Attorney: Not represented by counsel on this enforcement matter</p>		

VIOLATION SUMMARY CHART:

VIOLATION INFORMATION	PENALTY CONSIDERATIONS	CORRECTIVE ACTIONS TAKEN/REQUIRED
<p>Type of Investigation: <input type="checkbox"/> Complaint <input checked="" type="checkbox"/> Routine <input type="checkbox"/> Enforcement Follow-up <input type="checkbox"/> Records Review</p> <p>Date(s) of Complaints Relating to this Case: None</p> <p>Date of Investigation Relating to this Case: May 29, 2007</p> <p>Date of NOV/NOE Relating to this Case: June 22, 2007 (NOE)</p> <p>Background Facts: This was a routine investigation. One violation was documented.</p> <p>AIR</p> <p>Failed to prevent unauthorized emissions and failed to take actions necessary to ensure that the 29 pounds per hour ("lbs/hr") hydrogen sulfide ("H₂S") limit is not exceeded. Specifically, the Respondent failed to maintain the 29 lbs/hr H₂S content in the combined flow, to the acid gas flare, Emissions Point Number AGFLR-2, for a period of 44 days. As a result, the daily average sulfur dioxide emissions rate from the flare exceeded the Maximum Allowable Emission Rate Table ("MAERT") of 56.90 lbs/hr for 24 days, and the daily average H₂S emissions rate from the flare exceeded the MAERT of 0.62 lbs/hr for 2 days, as reported in a deviation report for the period July 1, 2006 though December 31, 2006 [30 TEX. ADMIN. CODE § 116.115(b)(2)(F) and (c), TEX. HEALTH & SAFETY CODE § 382.085(b), and New Source Review Permit No. 18370, Special Condition Nos. 7 and 8].</p>	<p>Total Assessed: \$4,500</p> <p>Total Deferred: \$900 <input checked="" type="checkbox"/> Expedited Settlement <input type="checkbox"/> Financial Inability to Pay</p> <p>SEP Conditional Offset: \$0</p> <p>Total Paid to General Revenue: \$3,600</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 2002</p>	<p>Corrective Actions Taken:</p> <p>The Executive Director recognizes that by August 14, 2007, the Respondent had installed additional Supervisory Control and Data Acquisition ("SCADA") controls and alarms that will sound when the maximum combined flow of H₂S to the flare exceeds 29 lbs/hr, as well as, trained operation personnel on the immediate response procedures of the SCADA system.</p>

Additional ID No(s): CZ0042B



Policy Revision 2 (September 2002)

Penalty Calculation Worksheet (PCW)

PCW Revision June 26, 2007

DATES	Assigned PCW	25-Jun-2007	Screening	17-Jul-2007	EPA Due	18-Mar-2008
		21-Aug-2007				

RESPONDENT/FACILITY INFORMATION			
Respondent	DCP Midstream, LP		
Reg. Ent. Ref. No.	RN100219278		
Facility/Site Region	8-San Angelo	Major/Minor Source	Major

CASE INFORMATION			
Enf./Case ID No.	34212	No. of Violations	1
Docket No.	2007-1171-AIR-E	Order Type	1660
Media Program(s)	Air	Enf. Coordinator	Jessica Rhodes
Multi-Media		EC's Team	EnforcementTeam 4
Admin. Penalty \$	Limit Minimum	\$0	Maximum
			\$10,000

Penalty Calculation Section

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

ADJUSTMENTS (+/-) TO SUBTOTAL 1

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

Compliance History 0% Enhancement Subtotals 2, 3, & 7

Notes

Culpability No 0% Enhancement Subtotal 4

Notes

Good Faith Effort to Comply 10% Reduction Subtotal 5

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

Notes

Total EB Amounts 0% Enhancement* Subtotal 6
 Approx. Cost of Compliance *Capped at the Total EB \$ Amount

SUM OF SUBTOTALS 1-7 Final Subtotal

OTHER FACTORS AS JUSTICE MAY REQUIRE Adjustment

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

Notes

Final Penalty Amount

STATUTORY LIMIT ADJUSTMENT Final Assessed Penalty

DEFERRAL 20% Reduction Adjustment

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

Notes

PAYABLE PENALTY

Screening Date 17-Jul-2007

Docket No. 2007-1171-AIR-E

PCW

Respondent DCP Midstream, LP

Policy Revision 2 (September 2002)

Case ID No. 34212

PCW Revision June 26, 2007

Reg. Ent. Reference No. RN100219278

Media [Statute] Air

Enf. Coordinator Jessica Rhodes

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)	0	0%
	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)	1	-1%
	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)

>> Repeat Violator (Subtotal 3)

Adjustment Percentage (Subtotal 3)

>> Compliance History Person Classification (Subtotal 7)

Adjustment Percentage (Subtotal 7)

>> Compliance History Summary

Compliance History Notes

One notice of audit was submitted during the compliance period.

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

<p>Screening Date 17-Jul-2007</p> <p>Respondent DCP Midstream, LP</p> <p>Case ID No. 34212</p> <p>Reg. Ent. Reference No. RN100219278</p> <p>Media [Statute] Air</p> <p>Enf. Coordinator Jessica Rhodes</p> <p>Violation Number <input type="text" value="1"/></p> <p>Rule Cite(s) 30 Tex. Admin. Code § 116.115(b)(2)(F) and (c), Tex. Health & Safety Code § 382.085(b), and New Source Review Permit No. 18370, Special Condition Nos. 7 and 8</p> <p>Violation Description</p> <div style="border: 1px solid black; padding: 5px; margin-top: 5px;"> <p>Failed to prevent unauthorized emissions and failed to take actions necessary to ensure that the 29 pounds per hour ("lbs/hr") hydrogen sulfide ("H2S") limit is not exceeded. Specifically, the Respondent failed to maintain the permitted limit of 29 lbs/hr H2S content in the combined flow, to the acid gas flare, Emissions Point Number AGFLR-2, for a period of 44 days. As a result, the daily average sulfur dioxide emissions rate from the flare exceeded the Maximum Allowable Emission Rate Table ("MAERT") of 56.90 lbs/hr for 24 days, and the daily average H2S emissions rate from the flare exceeded the MAERT of 0.62 lbs/hr for 2 days, as reported in a deviation report for the period July 1, 2006 though December 31, 2006.</p> </div>	<p>Docket No. 2007-1171-AIR-E</p> <p>PCW</p> <p><small>Policy Revision 2 (September 2002)</small></p> <p><small>PCW Revision June 26, 2007</small></p>																									
<p>Base Penalty <input type="text" value="\$10,000"/></p>																										
<p>>> Environmental, Property and Human Health Matrix</p>																										
<p>OR</p>	<table border="0" style="width:100%;"> <tr> <td colspan="4" style="text-align: center;">Harm</td> <td></td> </tr> <tr> <td style="text-align: center;">Release</td> <td style="text-align: center;">Major</td> <td style="text-align: center;">Moderate</td> <td style="text-align: center;">Minor</td> <td></td> </tr> <tr> <td style="text-align: center;">Actual</td> <td style="border: 1px solid black; width: 50px; height: 20px;"></td> <td style="border: 1px solid black; width: 50px; height: 20px;"></td> <td style="border: 1px solid black; width: 50px; height: 20px; text-align: center;">X</td> <td></td> </tr> <tr> <td style="text-align: center;">Potential</td> <td style="border: 1px solid black; width: 50px; height: 20px;"></td> <td style="border: 1px solid black; width: 50px; height: 20px;"></td> <td style="border: 1px solid black; width: 50px; height: 20px;"></td> <td></td> </tr> <tr> <td colspan="4"></td> <td style="text-align: right;">Percent <input type="text" value="25%"/></td> </tr> </table>	Harm					Release	Major	Moderate	Minor		Actual			X		Potential									Percent <input type="text" value="25%"/>
Harm																										
Release	Major	Moderate	Minor																							
Actual			X																							
Potential																										
				Percent <input type="text" value="25%"/>																						
<p>>> Programmatic Matrix</p>																										
<p>Matrix Notes</p>	<table border="0" style="width:100%;"> <tr> <td style="text-align: center;">9/9/2006</td> <td style="text-align: center;">Major</td> <td style="text-align: center;">Moderate</td> <td style="text-align: center;">Minor</td> <td></td> </tr> <tr> <td style="border: 1px solid black; width: 50px; height: 20px;"></td> <td style="border: 1px solid black; width: 50px; height: 20px;"></td> <td style="border: 1px solid black; width: 50px; height: 20px;"></td> <td style="border: 1px solid black; width: 50px; height: 20px;"></td> <td></td> </tr> <tr> <td colspan="4"></td> <td style="text-align: right;">Percent <input type="text" value="0%"/></td> </tr> </table> <div style="border: 1px solid black; padding: 5px; margin-top: 5px;"> <p>Human health or the environment was exposed to insignificant amounts of pollutants which do not exceed levels that are protective of human health or environmental receptors as a result of the violation.</p> </div> <p style="text-align: right; margin-top: 10px;">Adjustment <input type="text" value="\$7,500"/></p>	9/9/2006	Major	Moderate	Minor											Percent <input type="text" value="0%"/>										
9/9/2006	Major	Moderate	Minor																							
				Percent <input type="text" value="0%"/>																						
<p><input type="text" value="\$2,500"/></p>																										
<p>Violation Events</p>																										
<p>Number of Violation Events <input type="text" value="2"/></p> <p>mark only one with an x</p> <table border="0" style="margin-top: 5px;"> <tr><td style="padding-right: 5px;">daily</td><td style="border: 1px solid black; width: 50px; height: 20px;"></td></tr> <tr><td>monthly</td><td style="border: 1px solid black; width: 50px; height: 20px;"></td></tr> <tr><td>quarterly</td><td style="border: 1px solid black; width: 50px; height: 20px; text-align: center;">X</td></tr> <tr><td>semiannual</td><td style="border: 1px solid black; width: 50px; height: 20px;"></td></tr> <tr><td>annual</td><td style="border: 1px solid black; width: 50px; height: 20px;"></td></tr> <tr><td>single event</td><td style="border: 1px solid black; width: 50px; height: 20px;"></td></tr> </table>	daily		monthly		quarterly	X	semiannual		annual		single event		<p><input type="text" value="44"/> Number of violation days</p> <p style="text-align: right; margin-top: 10px;">Violation Base Penalty <input type="text" value="\$5,000"/></p>													
daily																										
monthly																										
quarterly	X																									
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annual																										
single event																										
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;"> <p>Two quarterly events are recommended for the September 9, 2006 through December 28, 2006 emissions exceedances.</p> </div>																										
<p>Economic Benefit (EB) for this violation Statutory Limit Test</p>																										
<p>Estimated EB Amount <input type="text" value="\$139"/></p>	<p>Violation Final Penalty Total <input type="text" value="\$4,500"/></p>																									
<p>This violation Final Assessed Penalty (adjusted for limits) <input type="text" value="\$4,500"/></p>																										

Economic Benefit Worksheet

Respondent DCP Midstream, LP
Case ID No. 34212
Reg. Ent. Reference No. RN100219278
Media Air
Violation No. 1

Percent Interest	Years of Depreciation
5.0	15

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

Delayed Costs

Equipment				0.0	\$0	\$0	\$0
Buildings				0.0	\$0	\$0	\$0
Other (as needed)				0.0	\$0	\$0	\$0
Engineering/construction				0.0	\$0	\$0	\$0
Land				0.0	\$0	n/a	\$0
Record Keeping System				0.0	\$0	n/a	\$0
Training/Sampling				0.0	\$0	n/a	\$0
Remediation/Disposal				0.0	\$0	n/a	\$0
Permit Costs				0.0	\$0	n/a	\$0
Other (as needed)	\$3,000	9-Sep-2006	14-Aug-2007	0.9	\$139	n/a	\$139

Notes for DELAYED costs
 Estimated cost to implement training and procedures to ensure compliance with New Source Review Permit No. 18370 SC Nos. 7 and 8. Date Required is based on the first day of the emissions exceedance. Final Date is 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	\$3,000	TOTAL	\$139
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Compliance History

Customer/Respondent/Owner-Operator:	CN601229917 DCP Midstream, LP	Classification: AVERAGE	Rating: 2.93
Regulated Entity:	RN100219278 ENCONTRADO BOOSTER STATION TREATER	Classification: AVERAGE	Site Rating: 2.80
ID Number(s):	AIR OPERATING PERMITS	ACCOUNT NUMBER	CZ0042B
	AIR OPERATING PERMITS	PERMIT	2593
	AIR NEW SOURCE PERMITS	PERMIT	18370
	AIR NEW SOURCE PERMITS	ACCOUNT NUMBER	CZ0042B
	AIR NEW SOURCE PERMITS	EPA ID	PSDTX734
	AIR NEW SOURCE PERMITS	AFS NUM	4810500029
Location:	NEAR BIG LAKE, ON HARRIS RD, 25 MI S OF THE JUNCTION OF FM 1676 AND US HWY 67, IN CROCKETT COUNTY	Rating Date: September 01 06	Repeat Violator: NO
TCEQ Region:	REGION 08 - SAN ANGELO		
Date Compliance History Prepared:	July 17, 2007		
Agency Decision Requiring Compliance History:	Enforcement		
Compliance Period:	July 17, 2002 to July 17, 2007		
TCEQ Staff Member to Contact for Additional Information Regarding this Compliance History			
Name:	Jessica Rhodes	Phone:	512-239-2879

Site Compliance History Components

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

Components (Multimedia) for the Site :

- A. Final Enforcement Orders, court judgements, and consent decrees of the state of Texas and the federal government.
N/A
- B. Any criminal convictions of the state of Texas and the federal government.
N/A
- C. Chronic excessive emissions events.
N/A
- D. The approval dates of investigations. (CCEDS Inv. Track. No.)
 - 1 02/19/2003 (25010)
 - 2 06/25/2004 (274591)
 - 3 06/25/2004 (274221)
 - 4 11/08/2005 (435766)
 - 5 06/22/2007 (564301)
- E. Written notices of violations (NOV). (CCEDS Inv. Track. No.)
- F. Environmental audits.
 - Notice of Intent Date: 03/04/2004 (268723)
 - 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
RN100219278

§ BEFORE THE
§
§ TEXAS COMMISSION ON
§
§ ENVIRONMENTAL QUALITY

AGREED ORDER DOCKET NO. 2007-1171-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 an oil and gas transmission plant located on Harris Road, 25 miles south of the junction of Farm-to-Market Road 1676 and U.S. Highway 67, in Crockett 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 27, 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 Four Thousand Five Hundred Dollars (\$4,500) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). DCP has paid Three Thousand Six Hundred Dollars (\$3,600) of the administrative penalty and

Nine Hundred Dollars (\$900) 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.

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 by August 14, 2007, DCP had installed additional Supervisory Control and Data Acquisition ("SCADA") controls and alarms that will sound when the maximum combined flow of hydrogen sulfide ("H₂S") to the flare exceeds 29 pounds per hour ("lbs/hr"), as well as, trained operation personnel on the immediate response procedures of the SCADA system.
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 failed to prevent unauthorized emissions and failed to take actions necessary to ensure that the 29 lbs/hr H₂S limit is not exceeded, in violation of 30 TEX. ADMIN. CODE § 116.115(b)(2)(F) and (c), TEX. HEALTH & SAFETY CODE § 382.085(b), and New Source Review Permit No. 18370, Special Condition Nos. 7 and 8, as documented during an investigation conducted on May 29, 2007. Specifically, DCP failed to maintain the 29 lbs/hr H₂S content in the combined flow, to the acid gas flare, Emissions Point Number AGFLR-2, for a period of 44 days. As a result, the daily average sulfur dioxide emissions rate from the flare exceeded the Maximum Allowable Emission Rate Table ("MAERT") of 56.90 lbs/hr for 24 days, and the daily average H₂S emissions rate from the flare exceeded the MAERT of 0.62 lbs/hr for 2 days, as reported in a deviation report for the period July 1, 2006 though December 31, 2006.

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. 2007-1171-AIR-E" to:

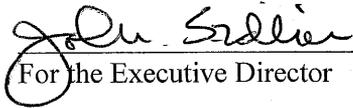
Financial Administration Division, Revenues Section
Attention: Cashier's Office, MC 214
Texas Commission on Environmental Quality
P.O. Box 13088
Austin, Texas 78711-3088

2. The 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.
3. 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.
4. This agreement may be executed in multiple counterparts, which together shall constitute a single original instrument. Any executed signature page to this Agreement may be transmitted by facsimile transmission to the other parties, which shall constitute an original signature for all purposes.
5. Under 30 TEX. ADMIN. CODE § 70.10(b), the effective date is the date of hand-delivery of the Order to 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



For the Executive Director

2/6/2008

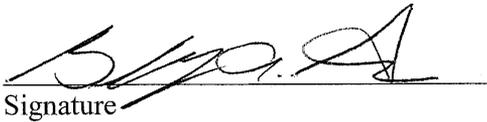
Date

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.



Signature

1/15/08

Date

Geoffrey A. Sands

Name (Printed or typed)
Authorized Representative of
DCP Midstream, LP

Vice President - EHS

Title

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

