

EXECUTIVE SUMMARY - ENFORCEMENT MATTER Page 1 of 3
DOCKET NO.: 2006-0958-AIR-E TCEQ ID: RN100222330 CASE NO.: 30147
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: Three miles West of Goldsmith on Highway 158, Ector County</p> <p>TYPE OF OPERATION: Gas 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 19, 2007. No comments were received.</p> <p>CONTACTS AND MAILING LIST:</p> <p style="padding-left: 20px;">TCEQ Attorney: Ms. Laurencia Fasoyiro, Litigation Division, MC 175, (713) 422-8914 Ms. Jennifer Cook, Litigation Division, MC 175, (512) 239-1873</p> <p style="padding-left: 20px;">SEP Coordinator: Ms. Sharon Blue, Litigation Division, MC 175, (512) 239-2223</p> <p style="padding-left: 20px;">TCEQ Enforcement Coordinator: Ms. Suzanne Walrath, Air Enforcement Section, MC 219, (512) 239-2134</p> <p style="padding-left: 20px;">TCEQ Regional Contact: Mr. Sid Slocum, DFW Regional Office, MC R-4, (817) 588-5901</p> <p style="padding-left: 20px;">Respondent: Ms. Carol Kelley, DCP Midstream, LP, 370 17th Street, Suite 2500, Denver, CO 80202</p> <p style="padding-left: 20px;">Respondent's Attorney: Ms. Patricia Finn Braddock, Fulbright & Jaworski L.L.P., 600 Congress Avenue, Suite 2400, Austin, TX 78701</p> | | |

VIOLATION SUMMARY CHART:

| VIOLATION INFORMATION | PENALTY CONSIDERATIONS | CORRECTIVE ACTIONS TAKEN/REQUIRED |
|---|--|---|
| <p>Type of Investigation:</p> <p><input type="checkbox"/> Complaint <input checked="" type="checkbox"/> Routine <input type="checkbox"/> Enforcement Follow-up <input checked="" type="checkbox"/> Records Review</p> <p>Date of Complaints Relating to this Case: N/A</p> <p>Dates of Investigation Relating to this Case: April 25, 2006 and September 26, 2006</p> <p>Date of NOES Relating to this Case: June 26, 2006 and October 4, 2006</p> <p>Background Facts: The Agreed Order was mailed to the respondent on May 22, 2007. The Respondent signed the Agreed Order on June 1, 2007.</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 the unauthorized release of air contaminants into the atmosphere [30 TEX. ADMIN. CODE § 116.115(c), Air Permit No. 676A, Special Condition No. 1 and TEX. HEALTH & SAFETY CODE § 382.085(b)].</p> <p>2. Failed to maintain the sulfur recovery efficiency in the Sulfur Recovery Unit ("SRU") of at least 98 percent based on a rolling seven-day average [30 TEX. ADMIN. CODE § 116.115(c), Air Permit No. 676A, Special Condition No. 2 and TEX. HEALTH & SAFETY CODE § 382.085(b)].</p> <p>3. Failed to submit complete and accurate deviation reports for the periods of January 1, 2005 through June 30, 2005, and July 1, 2005 through December 31, 2005 [30 TEX. ADMIN. CODE § 122.145(2)(A) and TEX. HEALTH & SAFETY CODE § 382.085(b)].</p> <p>4. Failed to submit a startup and a construction notification for modification to the amine treater unit during 2002 [30 TEX.</p> | <p>Total Assessed: \$42,014</p> <p>Total Deferred: \$0</p> <p>SEP Conditional Offset: \$21,006</p> <p>Total Due to General Revenue: \$21,006</p> <p>The Respondent has paid \$21,008 of the administrative penalty. The remaining amount will be conditionally offset by the Respondent's completion of a Supplemental Environmental Project.</p> <p>Site Compliance History Classification <input checked="" type="checkbox"/> High <input 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 The Executive Director recognizes that the Respondent has implemented the following corrective measures:</p> <ol style="list-style-type: none"> On June 25, 2004, plugged and capped an unreported number of open ended VOC lines and valves. On October 28, 2004, repaired the Sulfur Recovery Unit. On February 11, 2005, Title V Federal Operating Permit (FOP) No. O-00804 was voided and replaced with a revised FOP No. O-02585, which includes the turbine and two compressor engines (EPN Nos. TUR-B and 29R-2). <p>Technical Requirement(s)</p> <ol style="list-style-type: none"> The Respondent shall implement and complete a Supplemental Environmental Project as described in attachment "A" of the Agreed Order. Within 30 days, the Respondent shall; <ol style="list-style-type: none"> Implement training procedures for all plant personnel responsible for completing and submitting emission event reports, deviation report, startup and a construction notification for modifications; Implement training procedures for all plant personnel responsible for operating the acid gas flare (FLR-01); and Ensure that all acid gas is routed to a SRU during normal operations which provides a sulfur recovery efficiency of at least 98% based on a rolling 7-day average during normal operations. Within 45 days, the Respondent shall submit written certification to demonstrate compliance with Ordering Provisions No. 2.a. through 2.c. |

ADMIN. CODE §§ 101.20(1) and 116.115(c), 40 C.F.R. § 60.7(a), and Air Permit No. 676A, Special Condition No. 7 and TEX. HEALTH & SAFETY CODE § 382.085(b)].

5. Failed to plug, cap, or double-valve an unreported number of open ended VOC lines and valves [30 TEX. ADMIN. CODE § 101.20(1) and 40 C.F.R. § 60.482-6(a)(1), and TEX. HEALTH & SAFETY CODE § 382.085(b)].

6. Failed to revise FOP No. O-00804 to include one turbine, and two compressor engines (EPN Nos. TUR-B, 22R-1 and 29R-2) prior to startup of the units [30 TEX. ADMIN. CODE § 122.121, and TEX. HEALTH & SAFETY CODE § 382.085(b)].

7. Failed to include the correct authorized emissions limits for Scheduled Maintenance Incident No. 77400, and for Emissions Event Incident No. 79882 for the residue compression flare [30 TEX. ADMIN. CODE § 101.201(b)(1)(H), and TEX. HEALTH & SAFETY CODE § 382.085(b)].



Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002)

PCW Revision April 25, 2006

| | | | | | | |
|--------------|-----------------|-------------|------------------|-------------|----------------|-------------|
| DATES | Assigned | 05-Jul-2006 | Screening | 06-Jul-2006 | EPA Due | 23-Mar-2007 |
| | PCW | 25-Feb-2008 | | | | |

| | |
|--|--|
| RESPONDENT/FACILITY INFORMATION | |
| Respondent | DCP Midstream, LP |
| Reg. Ent. Ref. No. | RN100222330 |
| Facility/Site Region | 7 - Midland <input type="button" value="<"/> Major/Minor Source Major Source <input type="button" value="<"/> |

| | | | |
|--|---|--------------------------|--|
| CASE INFORMATION | | | |
| Enf./Case ID No. | 30147 | No. of Violations | 6 |
| Docket No. | 2006-0958-AIR-E | Order Type | Findings <input type="button" value="<"/> |
| Media Program(s) | Air Quality <input type="button" value="<"/> | Enf. Coordinator | Suzanne Walrath |
| Multi-Media | | EC's Team | Enforcement Team 4 <input type="button" value="<"/> |
| Admin. Penalty \$ Limit Minimum | \$0 | Maximum | \$10,000 |

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties) **Subtotal 1** \$41,400

ADJUSTMENTS (+/-) TO SUBTOTAL 1

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

Compliance History 1% Enhancement **Subtotals 2, 3, & 7** \$414

Notes The respondent has been issued one NOV with same or similar violatons, has submitted two Notice of Intent to Audit letters, and has disclosed violations once.

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 a small x) |

Notes The respondent does not meet the good faith criteria.

Economic Benefit 0% Enhancement* **Subtotal 6** \$0

| | | |
|----------------------------|----------|-----------------------------------|
| Total EB Amounts | \$1,656 | *Capped at the Total EB \$ Amount |
| Approx. Cost of Compliance | \$43,750 | |

SUM OF SUBTOTALS 1-7 **Final Subtotal** \$41,814

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

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

Notes

Final Penalty Amount \$41,814

STATUTORY LIMIT ADJUSTMENT **Final Assessed Penalty** \$41,814

DEFERRAL 0% Reduction **Adjustment** \$0

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

Notes No deferral as this is a findings order.

PAYABLE PENALTY \$41,814

Screening Date 06-Jul-2006
Respondent DCP Midstream, LP
Case ID No. 30147
Reg. Ent. Reference No. RN100222330
Media [Statute] Air Quality
Enf. Coordinator Suzanne Walrath

Docket No. 2006-0958-AIR-E

PCW

Policy Revision 2 (September 2002)
PCW Revision April 25, 2006

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>) | 1 | 5% |
| | Other written NOVs | 0 | 0% |
| Orders | Any agreed final enforcement orders containing a denial of liability (<i>number of orders meeting criteria</i>) | 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 (<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 (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 (<i>number of audits for which notices were</i> | 2 | -2% |
| | 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>) | 1 | -2% |
| <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) 1%

>> **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 been issued one NOV with same or similar violatons, has submitted two Notice of Intent to Audit letters, and has disclosed violations once.

Total Adjustment Percentage (Subtotals 2, 3, & 7) 1%

Screening Date 06-Jul-2006

Docket No. 2006-0958-AIR-E

PCW

Respondent DCP Midstream, LP

Policy Revision 2 (September 2002)

Case ID No. 30147

PCW Revision April 25, 2006

Reg. Ent. Reference No. RN100222330

Media [Statute] Air Quality

Enf. Coordinator Suzanne Walrath

Violation Number

Primary Rule Cite(s)

30 Tex. Admin. Code § 116.115(c), Air Permit No. 676A, Special Condition No. 1

Secondary Rule Cite(s)

Tex. Health & Safety Code § 382.085(b)

Violation Description

Failed to prevent the unauthorized release of air contaminants into the atmosphere. Specifically on 10/19/04, during a 44 hr. and 30 min. event at the sulfur recovery unit ("SRU"), 689,380.19 lbs. (344.69 tons) of sulfur dioxide was released to the atmosphere from the acid gas flare (EPN No. FLR-01)

Base Penalty

>> Environmental, Property and Human Health Matrix

| | | Harm | | | |
|---------|-----------|-------------------------------------|--------------------------|--------------------------|---|
| Release | | 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 | |
|--------------|---|--------------------------|--------------------------|--------------------------|--------------------------|------------------------------|
| | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Percent <input type="text"/> |
| Matrix Notes | Human health or the environment was exposed to significant amounts of pollutants which exceeded levels protective of human health or environmental receptors as a result of this violation. | | | | | |

Adjustment

Base Penalty Subtotal

Violation Events

Number of Violation Events Number of violation days

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

Violation Base Penalty

One single event is recommended, as documented by the investigation conducted on 4/25/06.

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. 30147
Reg. Ent. Reference No. RN100222330
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 | Onetime Costs | EB Amount |
|------------------|-----------|---------------|------------|-----|----------------|---------------|-----------|
|------------------|-----------|---------------|------------|-----|----------------|---------------|-----------|

No commas or \$

Delayed Costs

| | | | | | | | |
|--------------------------|-------------|-------------|-------------|-----|-----|------|------|
| Equipment | \$30,000.00 | 19-Oct-2004 | 28-Oct-2004 | 0.0 | \$2 | \$49 | \$52 |
| 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 estimated costs represent the amount that was incurred to complete the repairs on the SRU, beginning on the date the emission event occurred, and ending on the date the TCEQ received notice that the SRU repairs had been completed.

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 \$30,000

TOTAL \$52

Screening Date 06-Jul-2006

Docket No. 2006-0958-AIR-E

PCW

Respondent DCP Midstream, LP

Policy Revision 2 (September 2002)

Case ID No. 30147

PCW Revision April 25, 2006

Reg. Ent. Reference No. RN100222330

Media [Statute] Air Quality

Enf. Coordinator Suzanne Walrath

Violation Number

Primary Rule Cite(s)

30 Tex. Admin. Code § 116.115(c), Air Permit No. 676A, Special Condition No. 2

Secondary Rule Cite(s)

Tex. Health & Safety Code § 382.085(b)

Violation Description

Failed to maintain the sulfur recovery efficiency in the SRU of at least 98 percent based on a rolling seven-day average. Specifically, during calendar year 2005, there were nine rolling seven-day averages that ranged between 97.08% and 97.98% sulfur recovery efficiency rate.

Base Penalty

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

| | | Harm | | | |
|---------|-----------|----------------------|----------------------|-------------------------------------|---|
| Release | | Major | Moderate | Minor | |
| OR | 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**

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

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 as a result of the violation.

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 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

Nine single events are recommended, as documented by the investigation conducted on 4/25/06.

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. 30147
 Reg. Ent. Reference No. RN100222330
 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) | \$4,000 | 25-Mar-2005 | 31-Dec-2007 | 2.8 | \$554 | n/a | \$554 |

Notes for DELAYED costs: These are estimated costs for additional training and operational changes at the SRU in order to achieve compliance, beginning on the first date of noncompliance, 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 \$4,000

TOTAL \$554

Screening Date 06-Jul-2006 **Docket No.** 2006-0958-AIR-E **PCW**
Respondent DCP Midstream, LP *Policy Revision 2 (September 2002)*
Case ID No. 30147 *PCW Revision April 25, 2006*
Reg. Ent. Reference No. RN100222330
Media [Statute] Air Quality
Enf. Coordinator Suzanne Walrath
Violation Number 3
Primary Rule Cite(s) 30 Tex. Admin. Code § 122.145(2)(A)
Secondary Rule Cite(s) Tex. Health & Safety Code § 382.085(b)
Violation Description Failed to submit complete and accurate deviation reports for the periods of 1/1/05 through 6/30/05, and 7/1/05 through 12/31/05. DCP submitted deviation reports that were missing the deviations of not maintaining the SRU efficiency rate at 98% or greater. Specifically, the five SRU efficiency rate instances which occurred from 3/25/05 - 3/29/05 should have been included on the report for the period of 1/1/05 through 6/30/05, and the failure to report those deviations should have been included again on the next report for the period of 7/1/05 through 12/31/05, and the four SRU efficiency rate instances which occurred on 12/14/05 - 12/17/05 should have also been included on the report for the period of 7/1/05 through 12/31/05.
Base Penalty \$10,000

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

| Release | Harm | | | Percent |
|-----------|-------|----------|-------|---------|
| | Major | Moderate | Minor | |
| Actual | | | | |
| Potential | | | | |

OR
>> **Programmatic Matrix**

| Falsification | Major | Moderate | Minor | Percent |
|---------------|-------|----------|-------|---------|
| | | | X | 1% |

Matrix Notes Less than 30% of the rule requirement was not met.
Adjustment -\$9,900

Base Penalty Subtotal \$100

Violation Events
Number of Violation Events 2 2 Number of violation days

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

Violation Base Penalty \$200
Two single events are recommended for the two deviation reports that were submitted with missing information, as documented by the investigation conducted on 4/25/06.

Economic Benefit (EB) for this violation **Statutory Limit Test**
Estimated EB Amount \$66 **Violation Final Penalty Total** \$202
This violation Final Assessed Penalty (adjusted for limits) \$202

Economic Benefit Worksheet

Respondent DCP Midstream, LP
 Case ID No. 30147
 Reg. Ent. Reference No. RN100222330
 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 |
|------------------|-----------|---------------|------------|-----|----------------|---------------|-----------|
|------------------|-----------|---------------|------------|-----|----------------|---------------|-----------|

No commas or \$

Delayed Costs

| | | | | | | | |
|--------------------------|---------|-------------|-------------|-----|------|------|------|
| Equipment | | | | 0.0 | \$0 | \$0 | \$0 |
| Buildings | | | | 0.0 | \$0 | \$0 | \$0 |
| Other (as needed) | \$450 | 31-Jan-2006 | 15-Feb-2007 | 1.0 | \$2 | \$31 | \$33 |
| 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 | \$1,500 | 31-Jan-2006 | 11-Jul-2006 | 0.4 | \$33 | n/a | \$33 |
| 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 the submittal of two deviation reports, for retraining its operations staff on Air Permit No. 676A, Special Condition No. 2, and instructing operations to notify the Duke Regional Environmental Department anytime the SRU operating efficiency drops below 98%, beginning on the date that the first report was submitted with missing information, and ending on the date the agency received notice that the training had been completed, and on the projected date the corrected reports will be submitted.

Avoided Costs

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

| | | | | | | | |
|-------------------------------|--|--|--|-----|-----|-----|-----|
| Disposal | | | | 0.0 | \$0 | \$0 | \$0 |
| Personnel | | | | 0.0 | \$0 | \$0 | \$0 |
| Inspection/Reporting/Sampling | | | | 0.0 | \$0 | \$0 | \$0 |
| Supplies/equipment | | | | 0.0 | \$0 | \$0 | \$0 |
| Financial Assurance [2] | | | | 0.0 | \$0 | \$0 | \$0 |
| ONE-TIME avoided costs [3] | | | | 0.0 | \$0 | \$0 | \$0 |
| Other (as needed) | | | | 0.0 | \$0 | \$0 | \$0 |

Notes for AVOIDED costs

Approx. Cost of Compliance \$1,950

TOTAL \$66

| | | | | |
|--------------------------------|--|---|-----------------|------------|
| Screening Date | 06-Jul-2006 | Docket No. | 2006-0958-AIR-E | PCW |
| Respondent | DCP Midstream, LP | <i>Policy Revision 2 (September 2002)</i> | | |
| Case ID No. | 30147 | <i>PCW Revision April 25, 2006</i> | | |
| Reg. Ent. Reference No. | RN100222330 | | | |
| Media [Statute] | Air Quality | | | |
| Enf. Coordinator | Suzanne Walrath | | | |
| Violation Number | <input type="text" value="4"/> | | | |
| Primary Rule Cite(s) | 30 Tex. Admin. Code §§101.20(1) and 116.115(c), 40 Code of Federal Regulations § 60.7(a), and Air Permit No. 676A, Special Condition No. 7 | | | |
| Secondary Rule Cite(s) | Tex. Health & Safety Code § 382.085(b) | | | |
| Violation Description | Failed to submit a startup and a construction notification for modifications to the amine treater unit during 2002 as required. Specifically, the unit was shutdown on 8/4/02, and restarted on 8/8/02 after the modifications were made. The startup notice was due on 8/23/02, and the construction notice was due on 9/4/02. Both notices were not submitted until 9/30/02. | | | |
| Base Penalty | <input type="text" value="\$10,000"/> | | | |

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

| | | | | | |
|----------------|----------------------|----------------------|----------------------|----------------------|-------------------------------------|
| | | Harm | | | |
| Release | | Major | Moderate | Minor | |
| Actual | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | Percent <input type="text"/> |
| Potential | <input type="text"/> | <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 type="text" value="x"/> | <input type="text"/> | Percent <input type="text" value="1%"/> |
| Matrix Notes | <input type="text" value="Less than 30% of the rule requirement was not met."/> | | | | | |

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 type="text"/> |
| | monthly | <input type="text"/> |
| | quarterly | <input type="text"/> |
| | semiannual | <input type="text"/> |
| | annual | <input type="text"/> |
| single event | <input type="text" value="x"/> | |

Violation Base Penalty

| | |
|---|--|
| Economic Benefit (EB) for this violation | Statutory Limit Test |
| Estimated EB Amount <input type="text" value="\$403"/> | Violation Final Penalty Total <input type="text" value="\$202"/> |
| This violation Final Assessed Penalty (adjusted for limits) <input type="text" value="\$202"/> | |

Economic Benefit Worksheet

Respondent DCP Midstream, LP
 Case ID No. 30147
 Reg. Ent. Reference No. RN100222330
 Media [Statute] Air Quality
 Violation No. 4

| | |
|------------------|-----------------------|
| Percent Interest | Years of Depreciation |
| 5.0 | 15 |

| Item Description | Item Cost <small>No commas or \$</small> | 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 | \$1,500 | 23-Aug-2002 | 31-Dec-2007 | 5.4 | \$402 | n/a | \$402 |
| Remediation/Disposal | | | | 0.0 | \$0 | n/a | \$0 |
| Permit Costs | | | | 0.0 | \$0 | n/a | \$0 |
| Other (as needed) | \$300 | 23-Aug-2002 | 30-Sep-2002 | 0.1 | \$2 | n/a | \$2 |

Notes for DELAYED costs

These are estimated costs for the startup and construction notices that were not submitted timely, and for training detailing the proper procedures for plant personnel responsible for completing and submitting these notices, beginning on the date that the startup notice was due, and ending on the date that both notices were submitted, and on the projected date for the completion of the training.

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 \$1,800

TOTAL \$403

Screening Date 06-Jul-2006 **Docket No.** 2006-0958-AIR-E **PCW**
Respondent DCP Midstream, LP *Policy Revision 2 (September 2002)*
Case ID No. 30147 *PCW Revision April 25, 2006*
Reg. Ent. Reference No. RN100222330
Media [Statute] Air Quality
Enf. Coordinator Suzanne Walrath
Violation Number
Primary Rule Cite(s) 30 Tex. Admin. Code § 101.20(1), and 40 Code of Federal Regulations § 60.482-6(a)(1)
Secondary Rule Cite(s) Tex. Health & Safety Code § 382.085(b)
Violation Description Failed to plug, cap, or double-valve an unreported number of open ended volatile organic compound ("VOC") lines and valves. Specifically, DCP submitted a deviation report for the time period of 7/1/04 - 12/31/04 which indicated that the plant had an unreported number of open ended VOC valves during the time period of 6/21/04 through 6/25/04.
Base Penalty

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

OR

| Release | Harm | | |
|-----------|----------------------|----------------------|-------------------------------------|
| | Major | Moderate | Minor |
| Actual | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Potential | <input type="text"/> | <input type="text"/> | <input checked="" type="checkbox"/> |

Percent

>> **Programmatic Matrix**

| Falsification | Major | Moderate | Minor |
|----------------------|----------------------|----------------------|----------------------|
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |

Percent

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 as a result of the violation.

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

One single event is recommended, as documented by the investigation conducted on 4/25/06.

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. 30147
Reg. Ent. Reference No. RN100222330
Media [Statute] Air Quality
Violation No. 5

| Percent Interest | Years of Depreciation |
|------------------|-----------------------|
| 5.0 | 15 |

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

Delayed Costs

| | | | | | | | |
|--------------------------|---------|-------------|-------------|-----|-------|-----|-------|
| Equipment | | | | 0.0 | \$0 | \$0 | \$0 |
| Buildings | | | | 0.0 | \$0 | \$0 | \$0 |
| Other (as needed) | \$2,000 | 21-Jun-2004 | 25-Jun-2004 | 0.0 | \$0 | \$1 | \$2 |
| 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 | \$1,500 | 21-Jun-2004 | 31-Dec-2007 | 3.5 | \$265 | n/a | \$265 |
| 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 costs represent the amount to cap, plug, or repair the open ended lines and valves, and for training on the proper procedures for the repair and recording of the repair of open ended lines and valves, beginning on the date they were discovered not plugged, capped, or double valved according to the deviation report, and ending on the date they were capped or plugged, and on the projected date for the completion of the training.

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 \$3,500

TOTAL \$266

Screening Date 06-Jul-2006 **Docket No.** 2006-0958-AIR-E **PCW**
Respondent DCP Midstream, LP *Policy Revision 2 (September 2002)*
Case ID No. 30147 *PCW Revision April 25, 2006*
Reg. Ent. Reference No. RN100222330
Media [Statute] Air Quality
Enf. Coordinator Suzanne Walrath
Violation Number
Primary Rule Cite(s)
Secondary Rule Cite(s)
Violation Description
Base Penalty

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

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

OR

>> **Programmatic Matrix**

| Falsification | Major | Moderate | Minor | Percent |
|----------------------|-------------------------------------|----------------------|----------------------|----------------------------------|
| <input type="text"/> | <input checked="" type="checkbox"/> | <input type="text"/> | <input type="text"/> | <input type="text" value="25%"/> |

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

6

Violation Base Penalty

| Economic Benefit (EB) for this violation | Statutory Limit Test |
|--|--|
| Estimated EB Amount <input type="text" value="\$314"/> | Violation Final Penalty Total <input type="text" value="\$7,575"/> |
| This violation Final Assessed Penalty (adjusted for limits) <input type="text" value="\$7,575"/> | |

Economic Benefit Worksheet

Respondent DCP Midstream, LP
 Case ID No. 30147
 Reg. Ent. Reference No. RN100222330
 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 | \$2,500 | 08-Aug-2002 | 11-Feb-2005 | 2.5 | \$314 | n/a | \$314 |
| Other (as needed) | | | | 0.0 | \$0 | n/a | \$0 |

Notes for DELAYED costs: These costs represent permit Title V Permit renewal/revision costs beginning on the date the turbines began operation, and ending on the date the FOP revision was obtained.

| Item Description | 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

Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002)

PCW Revision April 25, 2006



| | | | | | | |
|-------|----------|-------------|-----------|-------------|---------|-------------|
| DATES | Assigned | 09-Oct-2006 | Screening | 11-Oct-2006 | EPA Due | 23-Jun-2007 |
| | PCW | 11-Feb-2008 | | | | |

| | |
|--|---|
| RESPONDENT/FACILITY INFORMATION | |
| Respondent | DCP Midstream, LP |
| Reg. Ent. Ref. No. | RN100222330 |
| Facility/Site Region | 7 - Midland <input type="checkbox"/> Major/Minor Source Major Source <input type="checkbox"/> |

| | | | |
|---------------------------------|--------------------------------------|-------------------|---|
| CASE INFORMATION | | | |
| Enf./Case ID No. | 30147 | No. of Violations | 1 |
| Docket No. | 2006-0958-AIR-E | Order Type | Findings <input type="checkbox"/> |
| Media Program(s) | Air Quality <input type="checkbox"/> | Enf. Coordinator | Suzanne Walrath <input type="checkbox"/> |
| Multi-Media | | EC's Team | Enforcement Team 4 <input type="checkbox"/> |
| Admin. Penalty \$ Limit Minimum | \$0 | Maximum | \$10,000 |

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties) Subtotal 1 **\$200**

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 **\$0**

Notes: The respondent has been issued one NOV without same or similar violations, has submitted two Notice of Intent to Audit letters, and has disclosed violations once.

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 a small x) |

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

Economic Benefit 0% Enhancement* Subtotal 6 **\$0**

| | | |
|----------------------------|-------|-----------------------------------|
| Total EB Amounts | \$11 | *Capped at the Total EB \$ Amount |
| Approx. Cost of Compliance | \$300 | |

SUM OF SUBTOTALS 1-7 Final Subtotal **\$200**

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 **\$200**

STATUTORY LIMIT ADJUSTMENT Final Assessed Penalty **\$200**

DEFERRAL 0% Reduction Adjustment **\$0**

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

Notes: No deferral as this is a findings order.

PAYABLE PENALTY **\$200**

Screening Date 11-Oct-2006

pcws\dukeGOLDsecondEAR Laurencia2112008.wb3.gpw
Docket No. 2006-0958-AIR-E

PCW

Respondent DCP Midstream, LP

Policy Revision 2 (September 2002)

Case ID No. 30147

PCW Revision April 25, 2006

Reg. Ent. Reference No. RN100222330

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) | 0 | 0% |
| | Other written NOVs | 1 | 2% |
| 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) | 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) | 1 | -2% |
| 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) 0%

>> 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 been issued one NOV without same or similar violatons, has submitted two Notice of Intent to Audit letters, and has disclosed violations once.

Total Adjustment Percentage (Subtotals 2, 3, & 7) 0%

Screening Date 11-Oct-2006

Docket No. 2006-0958-AIR-E

PCW

Respondent DCP Midstream, LP

Policy Revision 2 (September 2002)

Case ID No. 30147

PCW Revision April 25, 2006

Reg. Ent. Reference No. RN100222330

Media [Statute] Air Quality

Enf. Coordinator Suzanne Walrath

Violation Number 1

Primary Rule Cite(s)

30 Tex. Admin. Code § 101.201(b)(1)(H)

Secondary Rule Cite(s)

Tex. Health & Safety Code § 382.085(b)

Violation Description

Failed to include the correct authorized emissions limits for Scheduled Maintenance Incident No. 77400, and for Emissions Event Incident No. 79882 for the residue compression flare. Specifically, both incidents listed the authorized limits to be "0.00" for emissions from the residue compression flare, instead of the permitted allowables established in Air Permit No. 73563, which are 293.5 lbs./hr. for NOx, 293.4 lbs/hr for CO, and 2.4 lbs/hr for VOCs.

Base Penalty \$10,000

>> Environmental, Property and Human Health Matrix

| Release | Harm | | | Percent |
|-----------|-------|----------|-------|---------|
| | Major | Moderate | Minor | |
| Actual | | | | |
| Potential | | | | |

OR

>> Programmatic Matrix

| Falsification | Major | Moderate | Minor | Percent |
|---------------|-------|----------|-------|---------|
| | | | X | 1% |

Matrix Notes

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

Adjustment -\$9,900

Base Penalty Subtotal \$100

Violation Events

Number of Violation Events 2

2 Number of violation days

mark only one use a small x

| | |
|--------------|---|
| daily | |
| monthly | |
| quarterly | |
| semiannual | |
| annual | |
| single event | X |

Violation Base Penalty \$200

Two single events are recommended, as documented by the record review conducted on 9/26/06.

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount \$11

Violation Final Penalty Total \$200

This violation Final Assessed Penalty (adjusted for limits) \$200

Economic Benefit Worksheet

Respondent: DCP Midstream, LP
 Case ID No. 30147
 Reg. Ent. Reference No. RN100222330
 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 | 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) | \$300 | 14-Aug-2006 | 14-May-2007 | 0.7 | \$11 | n/a | \$11 |

Notes for DELAYED costs: These are estimated costs for the correct completion of two incident reports, beginning on the date the first final report was filed, and ending on the projected date of compliance for the incident report training.

| Item | 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 **\$300** TOTAL **\$11**

Compliance History

Customer/Respondent/Owner-Operator: CN601229917 DCP Midstream, LP Classification: AVERAGE Rating: 2.70
 Regulated Entity: RN100222330 GOLDSMITH GAS PLANT Classification: HIGH Site Rating: 0.00

| | | | |
|---------------|------------------------|----------------|---------|
| ID Number(s): | AIR OPERATING PERMITS | ACCOUNT NUMBER | EB0053J |
| | AIR OPERATING PERMITS | PERMIT | 804 |
| | AIR OPERATING PERMITS | PERMIT | 2585 |
| | AIR NEW SOURCE PERMITS | PERMIT | 10321 |
| | AIR NEW SOURCE PERMITS | PERMIT | 10532 |
| | AIR NEW SOURCE PERMITS | PERMIT | 12612A |
| | AIR NEW SOURCE PERMITS | PERMIT | 676A |
| | AIR NEW SOURCE PERMITS | PERMIT | 20589 |
| | AIR NEW SOURCE PERMITS | ACCOUNT NUMBER | EB0053J |
| | AIR NEW SOURCE PERMITS | REGISTRATION | 54944 |
| | AIR NEW SOURCE PERMITS | REGISTRATION | 73563 |
| | AIR NEW SOURCE PERMITS | AFS NUM | 22 |
| | AIR NEW SOURCE PERMITS | PERMIT | 73567 |
| | AIR NEW SOURCE PERMITS | REGISTRATION | 76810 |

Location: 0.6 Mi W of Goldsmith on Hwy 158, Ector County, TX Rating Date: September 01 07

TCEQ Region: REGION 07 - MIDLAND Repeat Violator NO

Date Compliance History Prepared: November 09, 2007

Agency Decision Requiring Compliance History: Enforcement

Compliance Period: July 12, 2001 to July 12, 2006

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? DCP Midstream, LP
4. If Yes, who was/were the prior owner(s)? GPM Gas Corporation
5. When did the change(s) in ownership occur? 12/3/2001

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 | 09/06/2001 | (136585) |
| 2 | 10/18/2001 | (136586) |
| 3 | 01/22/2002 | (136588) |
| 4 | 01/22/2002 | (136587) |
| 5 | 01/30/2002 | (136589) |
| 6 | 02/12/2003 | (24593) |
| 7 | 08/02/2004 | (283655) |
| 8 | 07/11/2005 | (371946) |
| 9 | 09/13/2005 | (431404) |
| 10 | 12/21/2005 | (449721) |
| 11 | 01/09/2006 | (449672) |
| 12 | 03/01/2006 | (457744) |
| 13 | 03/24/2006 | (460425) |
| 14 | 06/01/2006 | (480998) |
| 15 | 06/27/2006 | (481095) |

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

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

F. Environmental audits.

Notice of Intent Date: 01/10/2001 (32605)
Disclosure Date: 08/21/2001
Viol. Classification: Minor
Citation: 40 CFR Chapter 261, SubChapter I, PT 261, SubPT A
Description: Use of landfill not approved to receive CESQG waste.
Viol. Classification: Minor
Citation: 30 TAC Chapter 335, SubChapter C
Description: Use of landfill not approved to receive CESQG waste.
Viol. Classification: Minor
Citation: 30 TAC Chapter 330, SubChapter A
Description: Use of landfill not approved to receive CESQG waste.
Viol. Classification: Moderate
Citation: 40 CFR Chapter 261, SubChapter I, PT 261, SubPT A
Description: Failure to label drums containing hazardous material.
Viol. Classification: Moderate
Citation: 40 CFR Chapter 262, SubChapter I, PT 262, SubPT A
Description: Failure to label drums containing hazardous material.
Viol. Classification: Moderate
Citation: 40 CFR Chapter 279, SubChapter I, PT 279, SubPT C
Description: Failure to label drums containing hazardous material.
Viol. Classification: Moderate
Citation: 30 TAC Chapter 324, SubChapter A
Description: Failure to label drums containing hazardous material.
Viol. Classification: Moderate
Citation: 30 TAC Chapter 324, SubChapter A
Description: Failure to label drums containing hazardous material.
Viol. Classification: Moderate
Citation: 30 TAC Chapter 335, SubChapter C
Description: Failure to label drums containing hazardous material.
Viol. Classification: Moderate
Citation: 40 CFR Chapter 273, SubChapter I, PT 273, SubPT B
Description: Failure to properly label and store used lead-acid batteries..
Viol. Classification: Moderate
Citation: 40 CFR Chapter 273, SubChapter I, PT 273, SubPT B
Description: Failure to properly label and store used lead-acid batteries..
Viol. Classification: Moderate
Citation: 30 TAC Chapter 335, SubChapter H
Description: Failure to properly label and store used lead-acid batteries..
Notice of Intent Date: 02/16/2004 (265236)
No DOV Associated
Notice of Intent Date: 03/04/2004 (268959)
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
RN100222330**

§
§
§
§
§
§

**BEFORE THE

TEXAS COMMISSION ON

ENVIRONMENTAL QUALITY**

**AGREED ORDER
DOCKET NO. 2006-0958-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, 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 plant located three miles west of Goldsmith on Highway 158, Ector County, Texas (the "Plant").
2. The Plant consists of one or more sources as defined in TEX. HEALTH & SAFETY CODE § 382.003(12).

3. During an inspection conducted on April 25, 2006 and a record review conducted on September 26, 2006, a TCEQ Midland Regional Office investigator documented that DCP Midstream:
 - a. Failed to prevent the unauthorized release of air contaminants into the atmosphere. Specifically, on October 19, 2004, during a 44 hour and 30 minutes event at the sulfur recovery unit ("SRU"), 689,380.19 pounds ("lbs") (344.69 tons) of sulfur dioxide was released to the atmosphere from the acid gas flare (EPN No. FLR-01).
 - b. Failed to maintain the sulfur recovery efficiency in the SRU of at least 98 percent based on a rolling seven-day average. Specifically, during calendar year 2005, there were nine rolling seven-day averages that ranged between 97.08% and 97.98% sulfur recovery efficiency rate.
 - c. Failed to submit complete and accurate deviation reports for the periods of January 1, 2005 through June 30, 2005, and July 1, 2005 through December 31, 2005. DCP Midstream submitted deviation reports that were missing the deviations for not maintaining the SRU efficiency rate at 98% or greater. Specifically, the five SRU efficiency rate instances which occurred from March 25, 2005 to March 29, 2005 should have been included on the report for the period of January 1, 2005 through June 30, 2005, and the failure to report those deviations should have been included again on the next report for the period of July 1, 2005 through December 31, 2005, and the four SRU efficiency rate instances which occurred on December 14, 2005 to December 17, 2005 should have also been included on the report for the period of July 1, 2005 through December 31, 2005.
 - d. Failed to submit a startup and a construction notification for modifications to the amine treater unit during 2002 as required. Specifically, the unit was shutdown on August 4, 2002, and restarted on August 8, 2002 after the modifications were made. The startup notice was due on September 4, 2002. Both notices were not submitted until September 30, 2002.
 - e. Failed to plug, cap, or double-valve an unreported number of open ended volatile organic compound ("VOC") lines and valves. Specifically, DCP Midstream submitted a deviation report for the time period of July 1, 2004 to December 31, 2004 which indicated that the plant had an unreported number of open ended VOC valves during the time period of June 21, 2004 through June 25, 2004.
 - f. Failed to revise Title V Federal Operating Permit ("FOP") No. O-00804 to include one turbine, and two compressor engines (EPN Nos. TUR-B, 22R-1 and 29R-2) prior to the startup of the units. Specifically, the turbine and both engines began operating on August 8, 2002, and the FOP No. O-00804 revision was not obtained until February 11, 2005.

- g. Failed to include the correct authorized emissions limits for Scheduled Maintenance Incident No. 77400, and for Emissions Event Incident No. 79882 for the residue compression flare. Specifically, both incidents listed the authorized limits to be "0.00" for emissions from the residue compression flare, instead of the permitted allowables established in Air Permit No. 73563, which are 293.5 lbs./hr for NOx, 293.4lbs/hr for CO, and 2.4 lbs/hr for VOCs.
4. DCP Midstream received notice of the violations on or about July 1, 2006 and October 8, 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. On June 25, 2004, plugged and capped an unreported number of open ended VOC lines and valves.
 - b. On October 28, 2004, repaired the SRU.
 - c. On February 11, 2005, Title V FOP No. O-00804 was voided and replaced with a revised FOP No. O-02585, which includes the turbine, and two compressor engines (EPN Nos. TUR-B and 29R-2).

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 and 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 the unauthorized release of air contaminants into the atmosphere, in violation of 30 TEX. ADMIN. CODE § 116.115(c), Air Permit No. 676A, Special Condition No. 1 and TEX. HEALTH & SAFETY CODE § 382.085(b).
3. As evidenced by Finding of Fact No. 3.b., DCP Midstream has failed to maintain the sulfur recovery efficiency in the SRU of at least 98 percent based on a rolling seven-day average, in violation of 30 TEX. ADMIN. CODE § 116.115(c), Air Permit No. 676A, Special Condition No. 2 and TEX. HEALTH & SAFETY CODE § 382.085(b).
4. As evidenced by Finding of Fact No. 3.c., DCP Midstream has failed to submit complete and

accurate deviation reports for the periods of January 1, 2005 through June 30, 2005, and July 1, 2005 through December 31, 2005, in violation of 30 TEX. ADMIN. CODE § 122.145(2)(A) and TEX. HEALTH & SAFETY CODE § 382.085(b).

5. As evidenced by Finding of Fact No. 3.d., DCP Midstream has failed to submit a startup and a construction notification for modifications to the amine treater unit during 2002 as required, in violation of 30 TEX. ADMIN. CODE §§ 101.20(1) and 116.115(c), 40 C.F. R. § 60.7(a), and Air Permit No. 676A, Special Condition No. 7 and TEX. HEALTH & SAFETY CODE § 382.085(b).
6. As evidenced by Finding of Fact No. 3.e., DCP Midstream has failed to plug, cap, or double-valve an unreported number of open ended VOC lines and valves, in violation of 30 TEX. ADMIN. CODE § 101.20(1) and 40 C.F. R. § 60.482-6(a)(1), and TEX. HEALTH & SAFETY CODE § 382.085(b).
7. As evidenced by Finding of Fact No. 3.f., DCP Midstream has failed to revise FOP No. O-00804 to include one turbine, and two compressor engines (EPN Nos. TUR-B, 22R-1 and 29R-2) prior to the startup of the units, in violation of 30 TEX. ADMIN. CODE § 122.121, and TEX. HEALTH & SAFETY CODE § 382.085(b).
8. As evidenced by Finding of Fact No. 3.g., DCP Midstream has failed to include the correct authorized emissions limits for Scheduled Maintenance Incident No. 77400, and for Emissions Event Incident No. 79882 for the residue compression flare, in violation of 30 TEX. ADMIN. CODE § 101.201(b)(1)(H), and TEX. HEALTH & SAFETY CODE § 382.085(b).
9. 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.
10. An administrative penalty in the amount of forty two thousand fourteen dollars (\$42,014.00) 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 twenty-one thousand eight dollars (\$21,008.00) administrative penalty. Twenty-one thousand six dollars (\$21,006.00) 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 forty two thousand fourteen dollars (\$42,014.00) as set forth in Conclusion of Law No. 10 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. 2006-0958-AIR-E; Enforcement ID No. 30147" 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. Twenty-one thousand six dollars (\$21,006.00) 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. DCP Midstream shall undertake the following technical requirements:
 - a. Within 30 days after the effective date of this Agreed Order:
 - i. Implement training procedures for all plant personnel responsible for completing and submitting emission event reports, deviation report, startup and a construction notification for modifications on all the requirements of 30 TEX. ADMIN. CODE §§ 101.20, 101.201, 122.145;
 - ii. Implement training procedures for all plant personnel responsible for operating the acid gas flare (FLR-01), specifically personnel responsible for

all emissions that are routed to that flare, detailing all proper procedures and precautions that should be followed during operations; and

- iii. Ensure that all acid gas is routed to a SRU during normal operations which provides a sulfur recovery efficiency of at least 98% based on a rolling 7-day average during normal operations. Startup, shutdown, and maintenance operations and the associated emissions are not considered to be normal operations.
- b. Within 45 days after the effective date of this Agreed Order, submit written certification to demonstrate compliance with Ordering Provision No. 3.a.i. through 3.a.iii.
- c. The certifications shall be notarized by a State of Texas Notary Public and include the following certification language:

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

Submit certifications 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 407
Midland, Texas 79705-5404

4. 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.
5. If DCP Midstream 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 Midstream's failure to comply is not a violation of this Agreed Order. DCP Midstream has the burden of establishing to the Executive Director's satisfaction that such an event has occurred. DCP Midstream shall notify the Executive Director within seven days after DCP Midstream 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 Midstream shall be made in writing to the Executive Director. Extensions are not effective until DCP Midstream receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.
7. 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.
8. 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.
9. 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.
10. 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.
11. 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 Pennington

For the Executive Director

10/9/07

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.

Bygona Ar
Signature

6-1-07
Date

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

Vice President - EHS
Title

Attachment A

Docket Number: 2006-0958-MWD-E

SUPPLEMENTAL ENVIRONMENTAL PROJECT

| | |
|-------------------------------|---|
| Respondent: | DCP Midstream, LP (Goldsmith Gas Plant) |
| Penalty Amount: | Forty-Two Thousand Sixteen Dollars (\$42,016) |
| SEP Amount: | Twenty-One Thousand Eight Dollars (\$21,008) |
| Type of SEP: | Pre-approved |
| Third-Party Recipient: | Texas Association of Resource Conservation & Development Areas, Inc. ("RC&D") |
| Location of SEP: | Ector County |

The Texas Commission on Environmental Quality ("TCEQ") agrees to offset a portion of the administrative Penalty Amount assessed in this Agreed Order for 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

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 and Development Areas, Inc. ("RC&D")* for clean up of unauthorized trash dumps to be conducted within Ector County. In the alternative, if the project cannot be completed for tire clean ups, the Third-Party Recipient may perform clean up of illegal dumpsites, wastewater treatment assistance, or other projects approved pursuant to the agreement between the Third-Party Recipient and the TCEQ. Specifically, SEP monies will pay for the labor and disposal costs associated with proper clean up and disposal of wastes, debris, or abandoned tires, assistance to low-income residents with failing on site wastewater systems, plugging of abandoned wells, household hazardous waste collection, or antifreeze recycling. The projects will be administered in accordance with federal, state, and local environmental laws and regulations.

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

The illegal dump and abandoned tire clean up portions of this project will provide a discernable environmental benefit by providing for the proper disposal of debris and waste, reducing the potential health threats associated with illegally dumped wastes, helping rid the community of hazardous contaminants that may leach into the soil and water, and helping to prevent the release of harmful chemicals into the air should illegally dumped tires catch fire.

The wastewater portion of this SEP will provide a discernible environmental benefit by preventing the release of sewage into the environment. Raw sewage can carry bacteria, viruses, protozoa (parasitic organisms), helminthes (intestinal worms), and bioaerosols (inhalable molds and fungi). The diseases they may cause range in severity from mild gastroenteritis (causing stomach cramps and diarrhea) to life-threatening ailments such as cholera, dysentery, infectious hepatitis, and severe gastroenteritis.

People can be exposed through:

- Sewage in drinking water sources.
- Direct contact in areas of public access such as basements, lawns or streets, or waters used for recreation.
- Shellfish harvested from areas contaminated by raw sewage.
- Inhalation and skin absorption.

Sewage overflows may cause damage to the environment. A key concern with sewage overflows is the effect on rivers, lakes, streams, or aquifer systems. In addition to potential spread of disease, sewage in the environment contributes excess nutrients, metals, and toxic pollutants that contaminate water quality, cause excess algae blooms, and kill fish and other organisms in aquatic habitats.

The plugging of abandoned wells provides an environmental benefit by reducing the potential for contamination of groundwater and aquifers from pollutants that may be dumped into the well opening.

Recycling of antifreeze provides an environmental benefit by providing a convenient disposal method for used antifreeze. Antifreeze (ethylene glycol) is a common coolant for automobile engines. Ingestion of antifreeze and its derivatives may lead to kidney failure and harmful effects to the liver. Exposure to ethylene glycol may cause eye and skin irritation. If improperly disposed in the environment, ethylene glycol may be ingested by domestic animals or wildlife. Ingestion may be fatal to small animals. A sudden release of ethylene / propylene glycol into a waterway can produce adverse impacts upon fresh water and marine environments. Glycol degradation in the environment has a high oxygen demand and as a result threatens or negatively impacts aquatic life. Ammonia gas is also released to the environment by the degradation of glycols.

C. Minimum Expenditure

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, Respondent shall contribute the SEP Amount to the Third-Party Recipient. 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, 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. 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 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 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

Respondent shall not include this SEP in any application made to TCEQ under the "Clean Texas" (or any successor) program(s). Similarly, 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 Respondent under any other Agreed Order negotiated with the TCEQ or any other agency of the state or federal government.