

**EXECUTIVE SUMMARY - ENFORCEMENT MATTER** Page 1 of 3  
**DOCKET NO.:** 2008-0096-AIR-E **TCEQ ID:** RN100825439 **CASE NO.:** 35207  
**RESPONDENT NAME:** DCP Midstream, LP

<b>ORDER TYPE:</b>		
<input checked="" type="checkbox"/> <b>1660 AGREED ORDER</b>	<input type="checkbox"/> <b>FINDINGS AGREED ORDER</b>	<input type="checkbox"/> <b>FINDINGS ORDER FOLLOWING SOAH HEARING</b>
<input type="checkbox"/> <b>FINDINGS DEFAULT ORDER</b>	<input type="checkbox"/> <b>SHUTDOWN ORDER</b>	<input type="checkbox"/> <b>IMMINENT AND SUBSTANTIAL ENDANGERMENT ORDER</b>
<input type="checkbox"/> <b>AMENDED ORDER</b>	<input type="checkbox"/> <b>EMERGENCY ORDER</b>	
<b>CASE TYPE:</b>		
<input checked="" type="checkbox"/> <b>AIR</b>	<input type="checkbox"/> <b>MULTI-MEDIA (check all that apply)</b>	<input type="checkbox"/> <b>INDUSTRIAL AND HAZARDOUS WASTE</b>
<input type="checkbox"/> <b>PUBLIC WATER SUPPLY</b>	<input type="checkbox"/> <b>PETROLEUM STORAGE TANKS</b>	<input type="checkbox"/> <b>OCCUPATIONAL CERTIFICATION</b>
<input type="checkbox"/> <b>WATER QUALITY</b>	<input type="checkbox"/> <b>SEWAGE SLUDGE</b>	<input type="checkbox"/> <b>UNDERGROUND INJECTION CONTROL</b>
<input type="checkbox"/> <b>MUNICIPAL SOLID WASTE</b>	<input type="checkbox"/> <b>RADIOACTIVE WASTE</b>	<input type="checkbox"/> <b>DRY CLEANER REGISTRATION</b>
<p><b>SITE WHERE VIOLATION(S) OCCURRED:</b> Latex Compressor Station, located on US Highway 79 North at Farm-to-Market Road 9, near Panola, Panola County</p> <p><b>TYPE OF OPERATION:</b> Natural gas transmission plant</p> <p><b>SMALL BUSINESS:</b>    <input type="checkbox"/> Yes    <input checked="" type="checkbox"/> No</p> <p><b>OTHER SIGNIFICANT MATTERS:</b> There are no complaints. There is no record of additional pending enforcement actions regarding this facility location.</p> <p><b>INTERESTED PARTIES:</b> No one other than the ED and the Respondent has expressed an interest in this matter.</p> <p><b>COMMENTS RECEIVED:</b> The <i>Texas Register</i> comment period expired on June 16, 2008. No comments were received.</p> <p><b>CONTACTS AND MAILING LIST:</b>  <b>TCEQ Attorney/SEP Coordinator:</b> Ms. Melissa Keller, SEP Coordinator, Enforcement Division, MC 219, (512) 239-1768  <b>TCEQ Enforcement Coordinator:</b> Mr. James Nolan, Enforcement Division, Enforcement Team 4, MC 149; Mr. Bryan Sinclair, Enforcement Division, MC 219, (512) 239-2171  <b>Respondent:</b> Ms. Susan Rosenberg, Senior Environmental Specialist, DCP Midstream, LP, 5718 Westheimer Road Suite 2000, Houston, Texas 77057  Mr. Geoffrey A. Sands, Vice President – EHS, DCP Midstream, LP, 5718 Westheimer Road Suite 2000, Houston, Texas 77057  <b>Respondent's Attorney:</b> Not represented by counsel on this enforcement matter</p>		

**VIOLATION SUMMARY CHART:**

VIOLATION INFORMATION	PENALTY CONSIDERATIONS	CORRECTIVE ACTIONS TAKEN/REQUIRED
<p><b>Type of Investigation:</b>  <input type="checkbox"/> Complaint  <input checked="" type="checkbox"/> Routine  <input type="checkbox"/> Enforcement Follow-up  <input type="checkbox"/> Records Review</p> <p><b>Date(s) of Complaints Relating to this Case:</b> None</p> <p><b>Date of Investigation Relating to this Case:</b> November 29, 2007</p> <p><b>Date of NOV/NOE Relating to this Case:</b> December 14, 2007 (NOE)</p> <p><b>Background Facts:</b> This was a routine investigation.</p> <p><b>AIR</b></p> <p>1) Failure to comply with the represented volatile organic compound ("VOC") emission rate for the Gunbarrel Separator in Standard Permit No. 72791, as documented during an investigation on November 29, 2007. Specifically, the Gunbarrel Separator (EPN No. ST-4) exceeded its represented limit of 29.10 tons per year ("tpy") during the 2005 and 2006 reporting periods with VOC emissions of 98.35 tpy and 118.71 tpy, respectively. The Respondent exceeded the represented VOC hourly emission rate of 6.64 pounds per hour ("lbs/hr"), with an estimated emission rate of 22.45 lbs/hr in the 2005 reporting period and 27.10 lbs/hr in the 2006 reporting period [30 TEX. ADMIN. CODE §§ 116.115(b)(2)(F), 116.615(2), and 122.143(4), TEX. HEALTH &amp; SAFETY CODE § 382.085(b), and General Operating Permit No. 514, Site-wide requirements (b)(2) and (7)(B)].</p> <p>2) Failure to report all instances of deviation to the Executive Director, as documented during an investigation conducted on November 29, 2007. Specifically, the Respondent failed to report the exceedance of the maximum allowable emission rate during the four deviation reporting periods from April 1, 2005 to December 31, 2006 [30 TEX. ADMIN. CODE §§ 122.143(4) and 122.145(2)(A), General Operating Permit</p>	<p><b>Total Assessed:</b> \$120,400</p> <p><b>Total Deferred:</b> \$24,080  <input checked="" type="checkbox"/> Expedited Settlement  <input type="checkbox"/> Financial Inability to Pay</p> <p><b>SEP Conditional Offset:</b> \$48,160</p> <p><b>Total Paid to General Revenue:</b> \$48,160</p> <p><b>Site Compliance History Classification</b>  <input checked="" type="checkbox"/> High <input type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p><b>Person Compliance History Classification</b>  <input type="checkbox"/> High <input checked="" type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p><b>Major Source:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><b>Applicable Penalty Policy:</b> September 2002</p>	<p><b>Corrective Actions Taken:</b></p> <p>The Executive Director recognizes that the Respondent reported the exceedance of the maximum allowable emission rate during the four deviation reporting periods from April 1, 2005 to December 31, 2006 on July 24, 2007.</p> <p><b>Ordering Provisions:</b></p> <p>1) The Order will require the Respondent to implement and complete a Supplemental Environmental Project (SEP). (See SEP Attachment A)</p> <p>2) The Order will also require the Respondent to:</p> <p>a. Within 30 days after the effective date of this Agreed Order:</p> <p>i. Submit written certification that improvements in training, design, operation, or maintenance procedures have been implemented in order to comply with existing permitted emissions limits for the Gunbarrel Separator; or</p> <p>ii. Submit an administratively complete request to amend Standard Permit No. 72791.</p> <p>b. If submitting a permit amendment application in accordance with Ordering Provision No. 2.a.ii, respond completely and adequately, as determined by the TCEQ, to all requests for information concerning the permit amendment within 30 days after the date of such requests, or by any other deadline specified in writing;</p> <p>c. If submitting a permit amendment application in accordance with Ordering Provision No. 2.a.ii, within 180 days after the effective date of this Agreed Order, submit written certification that the Respondent has either obtained authorization for an increase in allowable emissions of VOCs from the Gunbarrel Separator, and is in compliance with those allowable emissions limits, or has ceased all unauthorized emissions from the Gunbarrel Separator until such time that</p>

<p>No. 514, Site-wide requirements (b)(2), and TEX. HEALTH &amp; SAFETY CODE § 382.085(b)].</p>		<p>appropriate authorization is obtained; and</p> <p>d. The certifications required by Ordering Provisions 2.a.i and/or 2.c. shall include detailed supporting documentation including receipts, and/or other records to demonstrate compliance.</p>
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Additional ID No(s): PB00131



Attachment A  
Docket Number: 2008-0096-AIR-E

**SUPPLEMENTAL ENVIRONMENTAL PROJECT**

**Respondent:** DCP Midstream, LP

**Payable Penalty Amount:** Ninety-Six Thousand Three Hundred Twenty Dollars (\$96,320)

**SEP Amount:** Forty-Eight Thousand One Hundred Sixty Dollars (\$48,160)

**Type of SEP:** Pre-approved

**Third-Party Recipient:** Texas Association of Resource Conservation and Development Areas, Inc. (RC&D)-Household Hazardous Waste Clean-Up

**Location of SEP:** Panola County

The Texas Commission on Environmental Quality (“TCEQ”) agrees to offset a portion of the administrative Penalty Amount assessed in this Agreed Order for the Respondent to contribute to a Supplemental Environmental Project (“SEP”). The offset is equal to the SEP Amount set forth above and is conditioned upon completion of the project in accordance with the terms of this Attachment A.

**1. Project Description**

A. Project

The Respondent shall contribute the SEP Amount to the Third-Party Recipient pursuant to the agreement between the Third-Party Recipient and the TCEQ. Specifically, the contribution will be used to provide local residents with a means of properly disposing household hazardous wastes such as paint, thinners, pesticides, oil and gas, corrosive cleaners, and fertilizers in one day collection events. SEP monies will be used to pay for the associated labor, materials, and disposal costs. Citizens will not be charged disposal fees. The project is administered in accordance with TCEQ guidance on household hazardous waste and in compliance with federal, state, and local environmental laws and regulations. All dollars contributed will be used solely for the direct cost of the project and no portion will be spent on administrative costs.

The Respondent certifies that there is no prior commitment to do this project and that it is being performed solely in an effort to settle this enforcement action.

B. Environmental Benefit

This SEP will provide a discernible environmental benefit by providing a means of properly disposing household hazardous waste which might otherwise be disposed of in storm drains, the sewage system, or other means detrimental to the environment.



C. Minimum Expenditure

The Respondent shall contribute at least the SEP Amount to the Third-Party Recipient and comply with all other provisions of this SEP.

**2. Performance Schedule**

Within 30 days after the effective date of this Agreed Order, the Respondent must contribute the SEP Amount to the Third-Party Recipient. The Respondent shall mail the contribution, with a copy of the Agreed Order, to:

Texas Association of Resource Conservation and Development Areas, Inc.  
1716 Briarcrest Drive, Suite 510  
Bryan, Texas 77802

**3. Records and Reporting**

Concurrent with the payment of the SEP Amount, the Respondent shall provide the TCEQ SEP Coordinator with a copy of the check and transmittal letter indicating full payment of the SEP Amount to the Third-Party Recipient. The Respondent shall mail a copy of the check and transmittal letter to:

Enforcement Division  
Attention: SEP Coordinator, MC 219  
Texas Commission on Environmental Quality  
P.O. Box 13087  
Austin, Texas 78711-3087

**4. Failure to Fully Perform**

If the Respondent does not perform its obligations under this SEP in any way, including full payment of the SEP Amount and submittal of the required reporting described in Section 3 above, the Executive Director may require immediate payment of all or part of the SEP Amount.

The check for any amount due shall be made out to "Texas Commission on Environmental Quality" and mailed to:

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

The Respondent shall also mail a copy of the check to the TCEQ SEP Coordinator at the address in Section 3 above.



**5. Publicity**

Any public statements concerning this SEP made by or on behalf of the Respondent must include a clear statement that the project was performed as part of the settlement of an enforcement action brought by the TCEQ. Such statements include advertising, public relations, and press releases.

**6. Clean Texas Program**

The Respondent shall not include this SEP in any application made to TCEQ under the "Clean Texas" (or any successor) program(s). Similarly, the Respondent may not seek recognition for this contribution in any other state or federal regulatory program.

**7. Other SEPs by TCEQ or Other Agencies**

The SEP identified in this Agreed Order has not been, and shall not be, included as an SEP for the Respondent under any other Agreed Order negotiated with the TCEQ or any other agency of the state or federal government.





# Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002)

PCW Revision November 6, 2007

**TCEQ**

<b>DATES</b>	<b>Assigned</b>	17-Dec-2007	<b>Screening</b>	7-Jan-2008	<b>EPA Due</b>	14-Jun-2008
	<b>PCW</b>	14-Jan-2008				

<b>RESPONDENT/FACILITY INFORMATION</b>	
<b>Respondent</b>	DCP Midstream, LP
<b>Reg. Ent. Ref. No.</b>	RN100825439
<b>Facility/Site Region</b>	5-Tyler
<b>Major/Minor Source</b>	Major

<b>CASE INFORMATION</b>			
<b>Enf./Case ID No.</b>	35207	<b>No. of Violations</b>	2
<b>Docket No.</b>	2008-0096-AIR-E	<b>Order Type</b>	1660
<b>Media Program(s)</b>	Air	<b>Enf. Coordinator</b>	James Nolan
<b>Multi-Media</b>		<b>EC's Team</b>	Enforcement Team 4
<b>Admin. Penalty \$</b>	<b>Limit Minimum</b>	\$0	<b>Maximum</b>
			\$10,000

## Penalty Calculation Section

<b>TOTAL BASE PENALTY (Sum of violation base penalties)</b>	<b>Subtotal 1</b>	<b>\$120,400</b>
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### ADJUSTMENTS (+/-) TO SUBTOTAL 1

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

<b>Compliance History</b>	0% Enhancement	<b>Subtotals 2, 3, &amp; 7</b>	<b>\$0</b>
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<b>Notes</b>	No penalty enhancement due to average performer classification.
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<b>Culpability</b>	No	0% Enhancement	<b>Subtotal 4</b>	<b>\$0</b>
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<b>Notes</b>	The Respondent does not meet the culpability criteria.
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<b>Good Faith Effort to Comply</b>	0% Reduction	<b>Subtotal 5</b>	<b>\$0</b>
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	Before NOV	NOV to EDP RP/Settlement Offer
Extraordinary		
Ordinary		
N/A	X	(mark with x)

<b>Notes</b>	The Respondent does not meet the good faith criteria.
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<b>Good Faith Effort to Comply</b>	0% Enhancement*	<b>Subtotal 6</b>	<b>\$0</b>
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<b>Total EB Amounts</b>	\$1,725	<i>*Capped at the Total EB \$ Amount</i>
<b>Approx. Cost of Compliance</b>	\$10,000	

<b>SUM OF SUBTOTALS 1-7</b>	<b>Final Subtotal</b>	<b>\$120,400</b>
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<b>OTHER FACTORS AS JUSTICE MAY REQUIRE</b>	0%	<b>Adjustment</b>	<b>\$0</b>
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Reduces or enhances the Final Subtotal by the indicated percentage.

<b>Notes</b>	
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<b>Final Penalty Amount</b>	<b>\$120,400</b>
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<b>STATUTORY LIMIT ADJUSTMENT</b>	<b>Final Assessed Penalty</b>	<b>\$120,400</b>
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<b>DEFERRAL</b>	20%	Reduction	<b>Adjustment</b>	<b>-\$24,080</b>
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Reduces the Final Assessed Penalty by the indicated percentage. (Enter number only; e.g. 20 for 20% reduction.)

<b>Notes</b>	Deferral offered for expedited settlement.
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<b>PAYABLE PENALTY</b>	<b>\$96,320</b>
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**Screening Date** 7-Jan-2008  
**Respondent** DCP Midstream, LP  
**Case ID No.** 35207  
**Reg. Ent. Reference No.** RN100825439  
**Media [Statute]** Air  
**Enf. Coordinator** James Nolan

**Docket No.** 2008-0096-AIR-E

**PCW**

Policy Revision 2 (September 2002)  
 PCW Revision November 6, 2007

**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 judgments 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)	0	0%
	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%
<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)** 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**

No penalty enhancement due to average performer classification.

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

<b>Screening Date</b> 7-Jan-2008	<b>Docket No.</b> 2008-0096-AIR-E	<b>PCW</b>		
<b>Respondent</b> DCP Midstream, LP	<small>Policy Revision 2 (September 2002)</small>			
<b>Case ID No.</b> 35207	<small>PCW Revision November 6, 2007</small>			
<b>Reg. Ent. Reference No.</b> RN100825439				
<b>Media [Statute]</b> Air				
<b>Enf. Coordinator</b> James Nolan				
<b>Violation Number</b> <input type="text" value="1"/>				
<b>Rule Cite(s)</b>	30 Tex. Admin. Code §§ 116.115(b)(2)(F), 116.615(2), and 122.143(4), Tex. Health & Safety Code § 382.085(b), and General Operating Permit No. 514, Site-wide requirements (b)(2) and (7)(B)			
<b>Violation Description</b>	Failed to comply with the represented volatile organic compound ("VOC") emission rate for the Gunbarrel Separator in Standard Permit No. 72791, as documented during an investigation on November 29, 2007. Specifically, the Gunbarrel Separator (EPN No. ST-4) exceeded its represented limit of 29.10 tons per year ("tpy") during the 2005 and 2006 reporting periods with VOC emissions of 98.35 tpy and 118.71 tpy, respectively. The Respondent exceeded the represented VOC hourly emission rate of 6.64 pounds per hour ("lbs/hr"), with an estimated emission rate of 22.45 lbs/hr in the 2005 reporting period and 27.10 lbs/hr in the 2006 reporting period.			
<b>Base Penalty</b>		<input type="text" value="\$10,000"/>		
<b>&gt;&gt; Environmental, Property and Human Health Matrix</b>				
OR	<b>Harm</b>			
	<b>Release</b>	<b>Major</b>	<b>Moderate</b>	<b>Minor</b>
	Actual	<input type="text"/>	<input checked="" type="text" value="x"/>	<input type="text"/>
	Potential	<input type="text"/>	<input type="text"/>	<input type="text"/>
		<b>Percent</b>	<input type="text" value="50%"/>	
<b>&gt;&gt; Programmatic Matrix</b>				
	<b>Falsification</b>	<b>Major</b>	<b>Moderate</b>	<b>Minor</b>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
		<b>Percent</b>	<input type="text" value="0%"/>	
<b>Matrix Notes</b>	Human health or the environment has been exposed to significant amounts of pollutants which do not exceed levels that are protective of human health or environmental receptors as a result of the violation.			
		<b>Adjustment</b>	<input type="text" value="\$5,000"/>	
		<input type="text" value="\$5,000"/>		
<b>Violation Events</b>				
	<b>Number of Violation Events</b>	<input type="text" value="24"/>	<input type="text" value="730"/>	<b>Number of violation days</b>
<small>mark only one with an x</small>	daily	<input type="text"/>	<input checked="" type="text" value="x"/>	<input type="text"/>
	monthly	<input type="text"/>	<input type="text"/>	<input type="text"/>
	quarterly	<input type="text"/>	<input type="text"/>	<input type="text"/>
	semiannual	<input type="text"/>	<input type="text"/>	<input type="text"/>
	annual	<input type="text"/>	<input type="text"/>	<input type="text"/>
	single event	<input type="text"/>	<input type="text"/>	<input type="text"/>
		<b>Violation Base Penalty</b>	<input type="text" value="\$120,000"/>	
Twenty-four monthly events are recommended.				
<b>Economic Benefit (EB) for this violation</b>			<b>Statutory Limit Test</b>	
	<b>Estimated EB Amount</b>	<input type="text" value="\$1,634"/>	<b>Violation Final Penalty Total</b>	<input type="text" value="\$120,000"/>
			<b>This violation Final Assessed Penalty (adjusted for limits)</b>	<input type="text" value="\$120,000"/>

### Economic Benefit Worksheet

Respondent DCP Midstream, LP  
 Case ID No. 35207  
 Reg. Ent. Reference No. RN100825439  
 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
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No commas or \$

**Delayed Costs**

Equipment	\$2,500	1-Apr-2005	7-Jul-2008	3.3	\$27	\$545	\$572
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	1-Apr-2005	7-Jul-2008	3.3	\$245	n/a	\$245
Remediation/Disposal				0.0	\$0	n/a	\$0
Permit Costs	\$5,000	1-Apr-2005	7-Jul-2008	3.3	\$817	n/a	\$817
Other (as needed)				0.0	\$0	n/a	\$0

Notes for DELAYED costs

Estimated cost of revising permits to reflect actual VOC output of the Gunbarrel Separator and engineering controls. Date required is the date the first deviation reporting period began. Final date is the estimated 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

\$9,000

**TOTAL**

\$1,634

<b>Screening Date</b> 7-Jan-2008	<b>Docket No.</b> 2008-0096-AIR-E	<b>PCW</b>
<b>Respondent</b> DCP Midstream, LP		<i>Policy Revision 2 (September 2002)</i>
<b>Case ID No.</b> 35207		<i>PCW Revision November 6, 2007</i>
<b>Reg. Ent. Reference No.</b> RN100825439		
<b>Media [Statute]</b> Air		
<b>Enf. Coordinator</b> James Nolan		
<b>Violation Number</b> <input type="text" value="2"/>		
<b>Rule Cite(s)</b>	30 Tex. Admin. Code §§ 122.143(4) and 122.145(2)(A), General Operating Permit No. 514, Site-wide requirements (b)(2), and Tex. Health & Safety Code § 382.085(b)	
<b>Violation Description</b>	Failed to report all instances of deviation to the Executive Director, as documented during an investigation conducted on November 29, 2007. Specifically, the Respondent failed to report the exceedance of the maximum allowable emission rate during the four deviation reporting periods from April 1, 2005 to December 31, 2006.	
	<b>Base Penalty</b>	<input type="text" value="\$10,000"/>

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

<b>OR</b>	<b>Harm</b>				
	<b>Release</b>	Major	Moderate		Minor
	Actual	<input type="text"/>	<input type="text"/>		<input type="text"/>
Potential	<input type="text"/>	<input type="text"/>	<input type="text"/>	<b>Percent</b> <input type="text" value="0%"/>	

**>> Programmatic Matrix**

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

**Matrix Notes**

**Adjustment**

**Violation Events**

Number of Violation Events	<input type="text" value="4"/>	<input type="text" value="639"/>	Number of violation days													
<i>mark only one with an x</i>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td>daily</td><td><input type="text"/></td></tr> <tr><td>monthly</td><td><input type="text"/></td></tr> <tr><td>quarterly</td><td><input type="text"/></td></tr> <tr><td>semiannual</td><td><input type="text"/></td></tr> <tr><td>annual</td><td><input type="text"/></td></tr> <tr><td>single event</td><td style="text-align: center;">x</td></tr> </table>	daily	<input type="text"/>	monthly	<input type="text"/>	quarterly	<input type="text"/>	semiannual	<input type="text"/>	annual	<input type="text"/>	single event	x		<b>Violation Base Penalty</b>	<input type="text" value="\$400"/>
daily	<input type="text"/>															
monthly	<input type="text"/>															
quarterly	<input type="text"/>															
semiannual	<input type="text"/>															
annual	<input type="text"/>															
single event	x															

<b>Economic Benefit (EB) for this violation</b>	<b>Statutory Limit Test</b>
Estimated EB Amount <input type="text" value="\$91"/>	Violation Final Penalty Total <input type="text" value="\$400"/>
<b>This violation Final Assessed Penalty (adjusted for limits)</b> <input type="text" value="\$400"/>	

## Economic Benefit Worksheet

Respondent DCP Midstream, LP  
 Case ID No. 35207  
 Reg. Ent. Reference No. RN100825439  
 Media Air  
 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
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	\$1,000	1-Oct-2005	24-Jul-2007	1.8	\$91	n/a	\$91
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

Estimated cost of preparation and submittal of accurate deviation reports. Date required is the date the first accurate deviation report was due. Final date is the 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

\$1,000

TOTAL

\$91

# Compliance History

Customer/Respondent/Owner-Operator: CN601229917 DCP Midstream, LP Classification: AVERAGE Rating: 2.77  
 Regulated Entity: RN100825439 LATEX COMPRESSOR STATION Classification: HIGH Site Rating: 0.00  
 ID Number(s): AIR OPERATING PERMITS ACCOUNT NUMBER PB0013I  
 AIR OPERATING PERMITS PERMIT 446  
 AIR NEW SOURCE PERMITS PERMIT 28642  
 AIR NEW SOURCE PERMITS ACCOUNT NUMBER PB0013I  
 AIR NEW SOURCE PERMITS PERMIT 56368  
 AIR NEW SOURCE PERMITS REGISTRATION 72791  
 AIR NEW SOURCE PERMITS AFS NUM 4836500026  
 Location: HWY 79 NORTH AT FM 9 NEAR PANOLA TX 75685 Rating Date: 9/1/2007 Repeat Violator: NO  
 TCEQ Region: REGION 05 - TYLER  
 Date Compliance History Prepared: January 07, 2008  
 Agency Decision Requiring Compliance History: Enforcement  
 Compliance Period: January 07, 2003 to January 07, 2008

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

Name: James Nolan Phone: (512) 239-6634

### 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)? Gulf South Pipeline Company LP
5. When did the change(s) in ownership occur? 04/01/2005

### Components (Multimedia) for the Site :

- A. Final Enforcement Orders, court judgements, and consent decrees of the state of Texas and the federal government.  
N/A
- B. Any criminal convictions of the state of Texas and the federal government.  
N/A
- C. Chronic excessive emissions events.  
N/A
- D. The approval dates of investigations. (CCEDS Inv. Track. No.)
 

1	08/29/2003	(153043)
2	08/11/2004	(289193)
3	08/22/2005	(406099)
4	08/22/2005	(406089)
5	11/18/2005	(437084)
6	05/22/2006	(466801)
7	01/25/2007	(534796)
8	05/23/2007	(561103)
9	12/14/2007	(600025)
- E. Written notices of violations (NOV). (CCEDS Inv. Track. No.)  
N/A
- F. Environmental audits.  
N/A
- 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  
RN100825439

§  
§  
§  
§  
§

BEFORE THE  
TEXAS COMMISSION ON  
ENVIRONMENTAL QUALITY

## AGREED ORDER DOCKET NO. 2008-0096-AIR-E

### I. JURISDICTION AND STIPULATIONS

At its \_\_\_\_\_ agenda, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding DCP Midstream, LP ("the Respondent") under the authority of TEX. HEALTH & SAFETY CODE ch. 382 and TEX. WATER CODE ch. 7. The Executive Director of the TCEQ, through the Enforcement Division, and the Respondent appear before the Commission and together stipulate that:

1. The Respondent owns and operates a natural gas transmission plant on US Highway 79 North at Farm-to-Market Road 9, near Panola in Panola County, Texas (the "Plant").
2. The Plant consists of one or more sources as defined in TEX. HEALTH & SAFETY CODE § 382.003(12).
3. The Commission and the Respondent agree that the Commission has jurisdiction to enter this Agreed Order, and that the Respondent is subject to the Commission's jurisdiction.
4. The Respondent received notice of the violations alleged in Section II ("Allegations") on or about December 19, 2007.
5. The occurrence of any violation is in dispute and the entry of this Agreed Order shall not constitute an admission by the Respondent of any violation alleged in Section II ("Allegations"), nor of any statute or rule.
6. An administrative penalty in the amount of One Hundred Twenty Thousand Four Hundred Dollars (\$120,400) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent has paid Forty-Eight Thousand One Hundred Sixty Dollars (\$48,160) of the administrative penalty and Twenty-Four Thousand Eighty Dollars



(\$24,080) is deferred contingent upon the Respondent's timely and satisfactory compliance with all the terms of this Agreed Order. The deferred amount will be waived upon full compliance with the terms of this Agreed Order. If the Respondent fails to timely and satisfactorily comply with all requirements of this Agreed Order, the Executive Director may require the Respondent to pay all or part of the deferred penalty. Forty-Eight Thousand One Hundred Sixty Dollars (\$48,160) shall be conditionally offset by the Respondent's completion of a Supplemental Environmental Project ("SEP").

7. Any notice and procedures, which might otherwise be authorized or required in this action, are waived in the interest of a more timely resolution of the matter.
8. The Executive Director of the TCEQ and the Respondent have agreed on a settlement of the matters alleged in this enforcement action, subject to the approval of the Commission.
9. The Executive Director recognizes that the Respondent reported the exceedance of the maximum allowable emission rate during the four deviation reporting periods from April 1, 2005 to December 31, 2006 on July 24, 2007.
10. The Executive Director may, without further notice or hearing, refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings if the Executive Director determines that the Respondent has not complied with one or more of the terms or conditions in this Agreed Order.
11. This Agreed Order shall terminate five years from its effective date or upon compliance with all the terms and conditions set forth in this Agreed Order, whichever is later.
12. The provisions of this Agreed Order are deemed severable and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Agreed Order unenforceable, the remaining provisions shall be valid and enforceable.

## II. ALLEGATIONS

As owner and operator of the Plant, the Respondent is alleged to have:

1. Failed to comply with the represented volatile organic compound ("VOC") emission rate for the Gunbarrel Separator in Standard Permit No. 72791, in violation of 30 TEX. ADMIN. CODE §§ 116.115(b)(2)(F), 116.615(2), and 122.143(4), TEX. HEALTH & SAFETY CODE § 382.085(b), and General Operating Permit No. 514, Site-wide requirements (b)(2) and (7)(B), as documented during an investigation conducted on November 29, 2007. Specifically, the Gunbarrel Separator (EPN No. ST-4) exceeded its represented limit of 29.10 tons per year ("tpy") during the 2005 and 2006 reporting periods with VOC emissions of 98.35 tpy and 118.71 tpy, respectively. The Respondent exceeded the represented VOC hourly emission rate of 6.64 pounds per hour ("lbs/hr"), with an estimated emission rate of 22.45 lbs/hr in the 2005 reporting period and 27.10 lbs/hr in the 2006 reporting period.
2. Failed to report all instances of deviation to the Executive Director, in violation of 30 TEX. ADMIN. CODE §§ 122.143(4) and 122.145(2)(A), General Operating Permit No. 514, Site-wide requirements (b)(2), and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an



investigation conducted on November 29, 2007. Specifically, the Respondent failed to report the exceedance of the maximum allowable emission rate during the four deviation reporting periods from April 1, 2005 to December 31, 2006.

### III. DENIALS

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

### IV. ORDERING PROVISIONS

1. It is, therefore, ordered by the TCEQ that the Respondent pay an administrative penalty as set forth in Section I, Paragraph 6 above. The payment of this administrative penalty and the Respondent's compliance with all the terms and conditions set forth in this Agreed Order resolve only the allegations in Section II. The Commission shall not be constrained in any manner from requiring corrective action or penalties for violations which are not raised here. Administrative penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: DCP Midstream, LP, Docket No. 2008-0096-AIR-E" to:

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

2. The Respondent shall implement and complete a Supplemental Environmental Project in accordance with TEX. WATER CODE § 7.067. As set forth in Section I, Paragraph 6 above, Forty-Eight Thousand One Hundred Sixty Dollars (\$48,160) of the assessed administrative penalty shall be offset with the condition that the Respondent implement the SEP defined in Attachment A, incorporated herein by reference. The Respondent's obligation to pay the conditionally offset portion of the administrative penalty assessed shall be discharged upon final completion of all provisions of the SEP agreement.
3. It is further ordered that the Respondent shall undertake the following technical requirements:
  - a. Within 30 days after the effective date of this Agreed Order:
    - i. Submit written certification that improvements in training, design, operation, or maintenance procedures have been implemented in order to comply with existing permitted emissions limits for the Gunbarrel Separator; or
    - ii. Submit an administratively complete request to amend Standard Permit No. 72791 to:



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

- b. If submitting a permit amendment application in accordance with Ordering Provision No. 3.a.ii, respond completely and adequately, as determined by the TCEQ, to all requests for information concerning the permit amendment within 30 days after the date of such requests, or by any other deadline specified in writing;
- c. If submitting a permit amendment application in accordance with Ordering Provision No. 3.a.ii, within 180 days after the effective date of this Agreed Order, submit written certification that the Respondent has either obtained authorization for an increase in allowable emissions of VOCs from the Gunbarrel Separator, and is in compliance with those allowable emissions limits, or has ceased all unauthorized emissions from the Gunbarrel Separator until such time that appropriate authorization is obtained; and
- d. The certifications required by Ordering Provisions 3.a.i and/or 3.c. shall include detailed supporting documentation including receipts, and/or other records to demonstrate compliance, be notarized by a State of Texas Notary Public and include the following certification language:

"I certify under penalty of law that I have personally examined and am familiar with the information submitted and all attached documents, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations"; and

The certifications shall be submitted to:

Order Compliance Team  
Enforcement Division, MC 149A  
Texas Commission on Environmental Quality  
P.O. Box 13087  
Austin, Texas 78711-3087

with a copy to:

Manager, Air Section  
Tyler Regional Office  
Texas Commission on Environmental Quality  
2916 Teague Drive  
Tyler, Texas 75701-3734

- 4. The provisions of this Agreed Order shall apply to and be binding upon the Respondent. The Respondent is ordered to give notice of the Agreed Order to personnel who maintain day-to-day control over the Plant operations referenced in this Agreed Order.



5. If the Respondent fails to comply with any of the Ordering Provisions in this Agreed Order within the prescribed schedules, and that failure is caused solely by an act of God, war, strike, riot, or other catastrophe, the Respondent's failure to comply is not a violation of this Agreed Order. The Respondent shall have the burden of establishing to the Executive Director's satisfaction that such an event has occurred. The Respondent shall notify the Executive Director within seven days after the Respondent becomes aware of a delaying event and shall take all reasonable measures to mitigate and minimize any delay.
6. The Executive Director may grant an extension of any deadline in this Agreed Order or in any plan, report, or other document submitted pursuant to this Agreed Order, upon a written and substantiated showing of good cause. All requests for extensions by the Respondent shall be made in writing to the Executive Director. Extensions are not effective until the Respondent receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.
7. This Agreed Order, issued by the Commission, shall not be admissible against the Respondent in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Agreed Order; or (2) pursue violations of a statute within the Commission's jurisdiction, or of a rule adopted or an order or permit issued by the Commission under such a statute.
8. This agreement may be executed in multiple counterparts, which together shall constitute a single original instrument. Any executed signature page to this Agreement may be transmitted by facsimile transmission to the other parties, which shall constitute an original signature for all purposes.
9. Under 30 TEX. ADMIN. CODE § 70.10(b), the effective date is the date of hand-delivery of the Order to the Respondent, or three days after the date on which the Commission mails notice of the Order to the Respondent, whichever is earlier. The Chief Clerk shall provide a copy of this Agreed Order to each of the parties.



## SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

\_\_\_\_\_  
For the Commission

*John Bradley*  
For the Executive Director

5/21/2008  
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.

*Geoffrey A. Sands*  
Signature

3/28/08  
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 I of this Agreed Order.



**Attachment A**  
**Docket Number: 2008-0096-AIR-E**

**SUPPLEMENTAL ENVIRONMENTAL PROJECT**

**Respondent:** DCP Midstream, LP

**Payable Penalty Amount:** Ninety-Six Thousand Three Hundred Twenty Dollars (\$96,320)

**SEP Amount:** Forty-Eight Thousand One Hundred Sixty Dollars (\$48,160)

**Type of SEP:** Pre-approved

**Third-Party Recipient:** Texas Association of Resource Conservation and Development Areas, Inc. (RC&D)-Household Hazardous Waste Clean-Up

**Location of SEP:** Panola County

The Texas Commission on Environmental Quality (“TCEQ”) agrees to offset a portion of the administrative Penalty Amount assessed in this Agreed Order for the Respondent to contribute to a Supplemental Environmental Project (“SEP”). The offset is equal to the SEP Amount set forth above and is conditioned upon completion of the project in accordance with the terms of this Attachment A.

**1. Project Description**

A. Project

The Respondent shall contribute the SEP Amount to the Third-Party Recipient pursuant to the agreement between the Third-Party Recipient and the TCEQ. Specifically, the contribution will be used to provide local residents with a means of properly disposing household hazardous wastes such as paint, thinners, pesticides, oil and gas, corrosive cleaners, and fertilizers in one day collection events. SEP monies will be used to pay for the associated labor, materials, and disposal costs. Citizens will not be charged disposal fees. The project is administered in accordance with TCEQ guidance on household hazardous waste and in compliance with federal, state, and local environmental laws and regulations. All dollars contributed will be used solely for the direct cost of the project and no portion will be spent on administrative costs.

The Respondent certifies that there is no prior commitment to do this project and that it is being performed solely in an effort to settle this enforcement action.

B. Environmental Benefit

This SEP will provide a discernible environmental benefit by providing a means of properly disposing household hazardous waste which might otherwise be disposed of in storm drains, the sewage system, or other means detrimental to the environment.



C. Minimum Expenditure

The Respondent shall contribute at least the SEP Amount to the Third-Party Recipient and comply with all other provisions of this SEP.

**2. Performance Schedule**

Within 30 days after the effective date of this Agreed Order, the Respondent must contribute the SEP Amount to the Third-Party Recipient. The Respondent shall mail the contribution, with a copy of the Agreed Order, to:

Texas Association of Resource Conservation and Development Areas, Inc.  
1716 Briarcrest Drive, Suite 510  
Bryan, Texas 77802

**3. Records and Reporting**

Concurrent with the payment of the SEP Amount, the Respondent shall provide the TCEQ SEP Coordinator with a copy of the check and transmittal letter indicating full payment of the SEP Amount to the Third-Party Recipient. The Respondent shall mail a copy of the check and transmittal letter to:

Enforcement Division  
Attention: SEP Coordinator, MC 219  
Texas Commission on Environmental Quality  
P.O. Box 13087  
Austin, Texas 78711-3087

**4. Failure to Fully Perform**

If the Respondent does not perform its obligations under this SEP in any way, including full payment of the SEP Amount and submittal of the required reporting described in Section 3 above, the Executive Director may require immediate payment of all or part of the SEP Amount.

The check for any amount due shall be made out to ATexas Commission on Environmental Quality@ and mailed to:

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

The Respondent shall also mail a copy of the check to the TCEQ SEP Coordinator at the address in Section 3 above.



**5. Publicity**

Any public statements concerning this SEP made by or on behalf of the Respondent must include a clear statement that the project was performed as part of the settlement of an enforcement action brought by the TCEQ. Such statements include advertising, public relations, and press releases.

**6. Clean Texas Program**

The Respondent shall not include this SEP in any application made to TCEQ under the "Clean Texas" (or any successor) program(s). Similarly, the Respondent may not seek recognition for this contribution in any other state or federal regulatory program.

**7. Other SEPs by TCEQ or Other Agencies**

The SEP identified in this Agreed Order has not been, and shall not be, included as an SEP for the Respondent under any other Agreed Order negotiated with the TCEQ or any other agency of the state or federal government.



**Attachment A**  
**Docket Number: 2008-0096-AIR-E**

**SUPPLEMENTAL ENVIRONMENTAL PROJECT**

**Respondent:** DCP Midstream, LP

**Payable Penalty Amount:** Ninety-Six Thousand Three Hundred Twenty Dollars (\$96,320)

**SEP Amount:** Forty-Eight Thousand One Hundred Sixty Dollars (\$48,160)

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Financial Administration Division, Revenues  
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