

EXECUTIVE SUMMARY - ENFORCEMENT MATTER

Page 1 of 2

DOCKET NO.: 2009-0809-AIR-E **TCEQ ID:** RN100210822 **CASE NO.:** 37722**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: La Gloria Gas Plant, 641 County Road 405, Falfurrias, Jim Wells County</p> <p>TYPE OF OPERATION: Natural gas processing facility</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 9, 2009. No comments were received.</p> <p>CONTACTS AND MAILING LIST: TCEQ Attorney/SEP Coordinator: Mr. Phillip Hampsten, SEP Coordinator, Enforcement Division, MC 219, (512) 239-6732 TCEQ Enforcement Coordinator: Ms. Rebecca Johnson, Enforcement Division, Enforcement Team 5, MC R-14, (361) 825-3420; Ms. Cari-Michel La Caille, Enforcement Division, MC 219, (512) 239-1387 Respondent: Mr. John Onderek, Plant Manager, DCP Midstream, LP, 641 County Road 405, Falfurrias, Texas 78355 Mr. Jerry Barnhill, Vice President, EH&S, DCP Midstream, LP, 641 County Road 405, Falfurrias, Texas 78355 Respondent's Attorney: Not represented by counsel on this enforcement matter</p> | | |

VIOLATION SUMMARY CHART:

| VIOLATION INFORMATION | PENALTY CONSIDERATIONS | CORRECTIVE ACTIONS TAKEN/REQUIRED |
|--|---|---|
| <p>Type of Investigation: <input type="checkbox"/> Complaint <input type="checkbox"/> Routine <input type="checkbox"/> Enforcement Follow-up <input checked="" type="checkbox"/> Records Review</p> <p>Date(s) of Complaints Relating to this Case: None</p> <p>Date of Investigation Relating to this Case: March 4, 2009</p> <p>Date of NOV/NOE Relating to this Case: May 17, 2009 (NOE)</p> <p>Background Facts: This was a routine records review.</p> <p>AIR</p> <p>1) Failure to prevent unauthorized emissions during Incident No. 118447. Specifically, during the December 29, 2008 emissions event the following unauthorized emissions were released from emission point number F-1 over a period of one hour when an electronic failure in the control panel caused the hot oil system to shut down: 22,350.8 pounds ("lbs") of isobutane, 178.37 lbs of n-butane, and 15.91 lbs of propane. Since the emissions event was not properly reported, the demonstration criteria for an affirmative defense in 30 TEX. ADMIN. CODE § 101.222 were not met [Air Permit No. 74738, General Conditions, 30 TEX. ADMIN. CODE § 116.615(2), and TEX. HEALTH & SAFETY CODE § 382.085(b)].</p> <p>2) Failure to report Incident No. 118447 within 24 hours after discovery [30 TEX. ADMIN. CODE § 101.201(a)(1) and TEX. HEALTH & SAFETY CODE § 382.085(b)].</p> | <p>Total Assessed: \$10,139</p> <p>Total Deferred: \$0 <input type="checkbox"/> Expedited Settlement <input type="checkbox"/> Financial Inability to Pay</p> <p>SEP Conditional Offset: \$5,069</p> <p>Total Paid to General Revenue: \$5,070</p> <p>Site Compliance History Classification <input type="checkbox"/> High <input checked="" type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p>Person Compliance History Classification <input type="checkbox"/> High <input checked="" type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p>Major Source: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Applicable Penalty Policy: September 2002</p> <p>Findings Orders Justification: Environmental receptors have been exposed to pollutants which exceed levels that are protective.</p> | <p>Corrective Actions Taken:</p> <p>The Executive Director recognizes that on June 12, 2009, the Respondent installed a new flow meter and alarm that immediately notifies operations personnel when an incident occurs and continues to sound until physically acknowledged. In addition, operations personnel were trained on the new hardware and reporting procedure, which includes management notification once the alarm has sounded.</p> <p>Ordering Provisions:</p> <p>The Order will require the Respondent to implement and complete a Supplemental Environmental Project ("SEP"). (See SEP Attachment A.)</p> |

Additional ID No(s): JG0017B

Attachment A
Docket Number: 2009-0809-AIR-E

SUPPLEMENTAL ENVIRONMENTAL PROJECT

Respondent: DCP Midstream, LP

Payable Penalty Amount: Ten Thousand One Hundred Thirty-Nine Dollars (\$10,139)

SEP Amount: Five Thousand Sixty-Nine Dollars (\$5,069)

Type of SEP: Pre-approved

Third-Party Recipient: Texas Association of Resource Conservation and Development Areas, Inc. ("RC&D")- Clean School Buses

Location of SEP: Texas Air Quality Control Region 214 – Corpus Christi-Victoria

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 to the Third-Party Recipient pursuant to the agreement between the Third-Party Recipient and the TCEQ. Specifically, the contribution will be used to aid local school districts, area transit agencies, and local governments in need of funding assistance to pay for the cost of the following activities to reduce emissions: 1) replacing older diesel buses with alternative fuelled or clean diesel buses; or 2) retrofitting older diesel buses with new, cleaner technology. The funds will be disbursed on a needs-rated basis, using non-attainment area status, condition of buses, and economic status of the recipient as possible rating factors if competition for the funds exists. To maximize funds, retrofitting will take priority over replacement of buses. Older buses deemed not suitable for retrofitting will be permanently retired and sold only for scrap.

Acceptable retrofit technologies include particulate matter traps, diesel particulate matter filters, nitrogen oxides (NO_x) reduction catalyst technology in combination with diesel particulate filters, and other emission control technologies that are developed and approved by the United States Environmental Protection Agency ("EPA") or the California Air Resources Board.

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 reducing particulate matter and hydrocarbon emissions from buses, to meet the new, more stringent emissions standards introduced by the EPA which will be phased in between 2007 and 2010.

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 77802-2700

3. Records and Reporting

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

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.

DCP Midstream, LP
Agreed Order - Attachment A

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 October 30, 2008

| | | | | | | |
|--------------|-----------------|-------------|------------------|------------|----------------|-------------|
| DATES | Assigned | 26-May-2009 | Screening | 2-Jun-2009 | EPA Due | 15-Feb-2010 |
| | PCW | 2-Jun-2009 | | | | |

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

| | | | |
|--|-----------------|------------------------------|--------------------|
| CASE INFORMATION | | | |
| Enf./Case ID No. | 37722 | No. of Violations | 2 |
| Docket No. | 2009-0809-AIR-E | Order Type | Findings |
| Media Program(s) | Air | Government/Non-Profit | No |
| Multi-Media | | Enf. Coordinator | Rebecca Johnson |
| | | EC's Team | Enforcement Team 5 |
| Admin. Penalty \$ Limit Minimum | \$0 | Maximum | \$10,000 |

Penalty Calculation Section

| | | |
|---|---|--|
| TOTAL BASE PENALTY (Sum of violation base penalties) | Subtotal 1 | \$10,100 |
| ADJUSTMENTS (+/-) TO SUBTOTAL 1 | | |
| Subtotals 2-7 are obtained by multiplying the Total Base Penalty (Subtotal 1) by the indicated percentage. | | |
| Compliance History | 49.0% Enhancement | Subtotals 2, 3, & 7 \$4,949 |
| Notes | Penalty enhancement due to one NOV for same or similar violations, one NOV for unrelated violations, one agreed order with a denial of liability, and one agreed order without a denial of liability. Penalty reduction due to one Notice of Intended Audit and one Disclosure of Violations submitted. | |
| Culpability | No 0.0% Enhancement | Subtotal 4 \$0 |
| Notes | The Respondent does not meet the culpability criteria. | |
| Good Faith Effort to Comply Total Adjustments | Subtotal 5 | \$1,010 |
| Economic Benefit | 0.0% Enhancement | Subtotal 6 \$0 |
| Total EB Amounts | \$112 | *Capped at the Total EB \$ Amount |
| Approx. Cost of Compliance | \$5,000 | |
| SUM OF SUBTOTALS 1-7 | Final Subtotal | \$14,039 |
| OTHER FACTORS AS JUSTICE MAY REQUIRE | 0.0% | Adjustment \$0 |
| Reduces or enhances the Final Subtotal by the indicated percentage. | | |
| Notes | | |
| | Final Penalty Amount | \$14,039 |
| STATUTORY LIMIT ADJUSTMENT | Final Assessed Penalty | \$10,139 |
| DEFERRAL | 0.0% Reduction | Adjustment \$0 |
| Reduces the Final Assessed Penalty by the indicated percentage. (Enter number only; e.g. 20 for 20% reduction.) | | |
| Notes | No deferral is recommended for Findings Orders. | |
| PAYABLE PENALTY | | \$10,139 |

Screening Date: 2-Jun-2009

Docket No.: 2009-0809-AIR-E

PCW

Respondent: DCP Midstream, LP

Policy Revision 2 (September 2002)

Case ID No.: 37722

PCW Revision October 30, 2008

Reg. Ent. Reference No.: RN100210822

Media [Statute]: Air

Enf. Coordinator: Rebecca Johnson

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) | 1 | 5% |
| | Other written NOVs | 1 | 2% |
| Orders | Any agreed final enforcement orders containing a denial of liability (number of orders meeting criteria) | 1 | 20% |
| | Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission | 1 | 25% |
| Judgments and Consent Decrees | Any non-adjudicated final court judgments or consent decrees containing a denial of liability of this state or the federal government (number of judgements or consent decrees meeting criteria) | 0 | 0% |
| | Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government | 0 | 0% |
| Convictions | Any criminal convictions of this state or the federal government (number of counts) | 0 | 0% |
| Emissions | Chronic excessive emissions events (number of events) | 0 | 0% |
| Audits | Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (number of audits for which notices were submitted) | 1 | -1% |
| | Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (number of audits for which violations were disclosed) | 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) 49%

>> **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

Penalty enhancement due to one NOV for same or similar violations, one NOV for unrelated violations, one agreed order with a denial of liability, and one agreed order without a denial of liability. Penalty reduction due to one Notice of Intended Audit and one Disclosure of Violations submitted.

Total Adjustment Percentage (Subtotals 2, 3, & 7) 49%

Screening Date: 2-Jun-2009 **Docket No.:** 2009-0809-AIR-E **PCW**
Respondent: DCP Midstream, LP *Policy Revision 2 (September 2002)*
Case ID No.: 37722 *PCW Revision October 30, 2008*
Reg. Ent. Reference No.: RN100210822
Media [Statute]: Air
Enf. Coordinator: Rebecka Johnson

Violation Number:
Rule Cite(s): Air Permit No. 74738, General Conditions, 30 Tex. Admin. Code § 116.615(2), and Tex. Health & Safety Code § 382.085(b)
Violation Description: Failed to prevent unauthorized emissions during Incident No. 118447. Specifically, during the December 29, 2008 emissions event, the following unauthorized emissions were released from emission point number F-1 over a period of one hour when an electronic failure in the control panel caused the hot oil system to shut down: 22,350.8 pounds ("lbs") of isobutane, 178.37 lbs of n-butane, and 15.91 lbs of propane. Since the emissions event was not properly reported the demonstration criteria for an affirmative defense in 30 Tex. Admin. Code § 101.222 were not met.
Base Penalty:

>> Environmental, Property and Human Health Matrix

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

>> Programmatic Matrix

| Falsification | Major | Moderate | Minor | Percent |
|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="text" value="0%"/> |

Matrix Notes: Human health or the environment have been exposed to over 11 tons of pollutants as a result of the violation.
Adjustment:

Violation Events

Number of Violation Events: **Number of violation days:**

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

mark only one with an x
Violation Base Penalty:

One daily event is recommended based on the December 29, 2008 emissions event.

Good Faith Efforts to Comply

| | Before NOV | NOV to EDFRP/Settlement Offer |
|---------------|--|-------------------------------------|
| Extraordinary | <input type="checkbox"/> | <input type="checkbox"/> |
| Ordinary | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| N/A | <input type="checkbox"/> (mark with x) | |

Notes: The Respondent completed corrective actions on June 12, 2009, which was after the NOE issued on May 20, 2009.
Violation Subtotal:

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.: 37722
Reg. Ent. Reference No.: RN100210822
Media: Air
Violation No.: 1

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

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

Delayed Costs

| | | | | | | | |
|--------------------------|--|--|--|------|-----|-----|-----|
| Equipment | | | | 0.00 | \$0 | \$0 | \$0 |
| Buildings | | | | 0.00 | \$0 | \$0 | \$0 |
| Other (as needed) | | | | 0.00 | \$0 | \$0 | \$0 |
| Engineering/construction | | | | 0.00 | \$0 | \$0 | \$0 |
| Land | | | | 0.00 | \$0 | n/a | \$0 |
| Record Keeping System | | | | 0.00 | \$0 | n/a | \$0 |
| Training/Sampling | | | | 0.00 | \$0 | n/a | \$0 |
| Remediation/Disposal | | | | 0.00 | \$0 | n/a | \$0 |
| Permit Costs | | | | 0.00 | \$0 | n/a | \$0 |
| Other (as needed) | | | | 0.00 | \$0 | n/a | \$0 |

Notes for DELAYED costs

Economic Benefit for this violation is included in Violation No. 2.

Avoided Costs

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

| | | | | | | | |
|-------------------------------|--|--|--|------|-----|-----|-----|
| Disposal | | | | 0.00 | \$0 | \$0 | \$0 |
| Personnel | | | | 0.00 | \$0 | \$0 | \$0 |
| Inspection/Reporting/Sampling | | | | 0.00 | \$0 | \$0 | \$0 |
| Supplies/equipment | | | | 0.00 | \$0 | \$0 | \$0 |
| Financial Assurance [2] | | | | 0.00 | \$0 | \$0 | \$0 |
| ONE-TIME avoided costs [3] | | | | 0.00 | \$0 | \$0 | \$0 |
| Other (as needed) | | | | 0.00 | \$0 | \$0 | \$0 |

Notes for AVOIDED costs

Approx. Cost of Compliance

\$0

TOTAL

\$0

| | | | | | | | | | | | | | | | | | |
|---|--|---|---|--------|----------------------|---------|----------------------|-----------|----------------------|------------|----------------------|--------|----------------------|--------------|-------------------------------------|--|--|
| Screening Date 2-Jun-2009 | Docket No. 2009-0809-AIR-E | PCW | | | | | | | | | | | | | | | |
| Respondent DCP Midstream, LP | | <small>Policy Revision 2 (September 2002)</small> | | | | | | | | | | | | | | | |
| Case ID No. 37722 | | <small>PCW Revision October 30, 2008</small> | | | | | | | | | | | | | | | |
| Reg. Ent. Reference No. RN100210822 | | | | | | | | | | | | | | | | | |
| Media [Statute] Air | | | | | | | | | | | | | | | | | |
| Enf. Coordinator Rebecca Johnson | | | | | | | | | | | | | | | | | |
| Violation Number 2 | | | | | | | | | | | | | | | | | |
| Rule Cite(s) | 30 Tex. Admin. § 101.201(a)(1) and Tex. Health Safety Code § 382.085(b) | | | | | | | | | | | | | | | | |
| Violation Description | Failed to report Incident No. 118447 within 24 hours after discovery. Specifically, Incident No. 118447 was discovered on December 30, 2008 at 10:12 a.m. and was not reported until December 31, 2008 at 8:02 p.m. | | | | | | | | | | | | | | | | |
| | Base Penalty | \$10,000 | | | | | | | | | | | | | | | |
| >> Environmental, Property and Human Health Matrix | | | | | | | | | | | | | | | | | |
| OR | Release | Harm | | | | | | | | | | | | | | | |
| | | Major Moderate Minor | | | | | | | | | | | | | | | |
| | Actual | | Percent <input type="text" value="0%"/> | | | | | | | | | | | | | | |
| | Potential | | | | | | | | | | | | | | | | |
| >> Programmatic Matrix | | | | | | | | | | | | | | | | | |
| | Falsification | Major Moderate Minor | | | | | | | | | | | | | | | |
| | | | Percent <input type="text" value="1%"/> | | | | | | | | | | | | | | |
| Matrix Notes | Less than 30% of the reporting requirements were not met. | | | | | | | | | | | | | | | | |
| | Adjustment | \$9,900 | | | | | | | | | | | | | | | |
| | | \$100 | | | | | | | | | | | | | | | |
| Violation Events | | | | | | | | | | | | | | | | | |
| | Number of Violation Events <input type="text" value="1"/> | <input type="text" value="1"/> | Number of violation days | | | | | | | | | | | | | | |
| <small>mark only one with an x</small> | <table border="1" style="width:100%; border-collapse: collapse;"> <tr><td>daily</td><td><input type="text"/></td></tr> <tr><td>weekly</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;"><input checked="" type="checkbox"/></td></tr> </table> | daily | <input type="text"/> | weekly | <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 <input type="text" value="\$100"/> |
| daily | <input type="text"/> | | | | | | | | | | | | | | | | |
| weekly | <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"/> | | | | | | | | | | | | | | | | |
| | One single event is recommended based on the one late report. | | | | | | | | | | | | | | | | |
| Good Faith Efforts to Comply | | <input type="text" value="10.0%"/> Reduction | <input type="text" value="\$10"/> | | | | | | | | | | | | | | |
| | | <small>Before NOV NOV to EDRP/Settlement Offer</small> | | | | | | | | | | | | | | | |
| | Extraordinary | <input type="text"/> | | | | | | | | | | | | | | | |
| | Ordinary | <input checked="" type="checkbox"/> | | | | | | | | | | | | | | | |
| | N/A | <small>(mark with x)</small> | | | | | | | | | | | | | | | |
| | Notes | The Respondent completed corrective actions on June 12, 2009, which was after the NOE issued on May 20, 2009. | | | | | | | | | | | | | | | |
| | | Violation Subtotal | \$90 | | | | | | | | | | | | | | |
| Economic Benefit (EB) for this violation | | Statutory Limit Test | | | | | | | | | | | | | | | |
| | Estimated EB Amount <input type="text" value="\$112"/> | Violation Final Penalty Total | <input type="text" value="\$139"/> | | | | | | | | | | | | | | |
| | | This violation Final Assessed Penalty (adjusted for limits) <input type="text" value="\$139"/> | | | | | | | | | | | | | | | |

Economic Benefit Worksheet

Respondent: DCP Midstream, LP
Case ID No.: 37722
Reg. Ent. Reference No.: RN100210822
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 |
|--------------------------------|-----------|---------------|------------|-----|----------------|---------------|-----------|
| <small>No commas or \$</small> | | | | | | | |

Delayed Costs

| | | | | | | | |
|--------------------------|---------|-------------|-------------|------|-------|-----|-------|
| Equipment | | | | 0.00 | \$0 | \$0 | \$0 |
| Buildings | | | | 0.00 | \$0 | \$0 | \$0 |
| Other (as needed) | | | | 0.00 | \$0 | \$0 | \$0 |
| Engineering/construction | | | | 0.00 | \$0 | \$0 | \$0 |
| Land | | | | 0.00 | \$0 | n/a | \$0 |
| Record Keeping System | | | | 0.00 | \$0 | n/a | \$0 |
| Training/Sampling | | | | 0.00 | \$0 | n/a | \$0 |
| Remediation/Disposal | | | | 0.00 | \$0 | n/a | \$0 |
| Permit Costs | | | | 0.00 | \$0 | n/a | \$0 |
| Other (as needed) | \$5,000 | 31-Dec-2008 | 12-Jun-2009 | 0.45 | \$112 | n/a | \$112 |

Notes for DELAYED costs

Estimated cost to improve reporting procedures and install a new flow meter and alarm system which will immediately notify operations personnel when an incident occurs. The date required is the date the emissions event was due to be reported. The final date is the date corrective actions were completed.

Avoided Costs

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

| | | | | | | | |
|-------------------------------|--|--|--|------|-----|-----|-----|
| Disposal | | | | 0.00 | \$0 | \$0 | \$0 |
| Personnel | | | | 0.00 | \$0 | \$0 | \$0 |
| Inspection/Reporting/Sampling | | | | 0.00 | \$0 | \$0 | \$0 |
| Supplies/equipment | | | | 0.00 | \$0 | \$0 | \$0 |
| Financial Assurance [2] | | | | 0.00 | \$0 | \$0 | \$0 |
| ONE-TIME avoided costs [3] | | | | 0.00 | \$0 | \$0 | \$0 |
| Other (as needed) | | | | 0.00 | \$0 | \$0 | \$0 |

Notes for AVOIDED costs

Approx. Cost of Compliance

\$5,000

TOTAL

\$112

Compliance History Report

Customer/Respondent/Owner-Operator: CN601229917 DCP Midstream, LP Classification: AVERAGE Rating: 2.68
Regulated Entity: RN100210822 LA GLORIA GAS PLANT Classification: AVERAGE Site Rating: 18.59

| | | | |
|---------------|----------------------------|----------------|------------|
| ID Number(s): | AIR OPERATING PERMITS | ACCOUNT NUMBER | JG0017B |
| | AIR OPERATING PERMITS | PERMIT | 2556 |
| | AIR NEW SOURCE PERMITS | PERMIT | 26974 |
| | AIR NEW SOURCE PERMITS | ACCOUNT NUMBER | JG0017B |
| | AIR NEW SOURCE PERMITS | AFS NUM | 4824900002 |
| | AIR NEW SOURCE PERMITS | PERMIT | 73507 |
| | AIR NEW SOURCE PERMITS | PERMIT | 73510 |
| | AIR NEW SOURCE PERMITS | REGISTRATION | 74738 |
| | AIR NEW SOURCE PERMITS | REGISTRATION | 80358 |
| | AIR NEW SOURCE PERMITS | PERMIT | 85162 |
| | PUBLIC WATER SYSTEM/SUPPLY | REGISTRATION | 1250021 |
| | WATER LICENSING | LICENSE | 1250021 |

Location: 641 COUNTY ROAD 405, FALFURRIAS, JIM WELLS COUNTY

TCEQ Region: REGION 14 - CORPUS CHRISTI

Date Compliance History Prepared: June 02, 2009

Agency Decision Requiring Compliance History: Enforcement

Compliance Period: June 02, 2004 to June 02, 2009

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

Name: Rebecca Johnson Phone: (361) 825-3420

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/operator of the site during the compliance period? No
3. If Yes, who is the current owner/operator? N/A
4. If Yes, who was/were the prior owner(s)/operator(s)? N/A
5. When did the change(s) in owner or operator occur? N/A
6. Rating Date: 9/1/2008 Repeat Violator: NO

Components (Multimedia) for the Site :

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

Effective Date: 11/11/2004

ADMINORDER 2003-1122-AIR-E

Classification: Moderate

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

5C THC Chapter 382, SubChapter A 382.085(b)

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

Classification: Moderate

Citation: 30 TAC Chapter 101, SubChapter F 101.201(a)(1)

5C THC Chapter 382, SubChapter D 382.085(b)

Description: Failed to submit Initial notification for the February 28, 2006 emissions event within 24 hours of discovery.

Classification: Moderate

Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)

5C THC Chapter 382, SubChapter D 382.085(b)

Rqmt Prov: Permit No. 73507, Special Cond. No. 1 OP

Description: Failed to prevent the unauthorized release of 382,947.02 lbs of nonmethane/nonethane natural gas during and emissions event that began February 28, 2006 and lasted 176 hours.

Classification: Moderate

Citation: 30 TAC Chapter 101, SubChapter F 101.201(a)(1)

5C THC Chapter 382, SubChapter D 382.085(b)

Description: Failed to submit initial notification for the October 18, 2005 emissions event within 24 hours of discovery.

Classification: Moderate

Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)

5C THC Chapter 382, SubChapter D 382.085(b)

Rqmt Prov: Permit No. 73507, Special Cond. No. 1 OP

Description: Failed to prevent the unauthorized release of 33,342.64 lbs of nonmethane/nonethane natural gas during an emissions event that began October 18, 2005 and lasted 282 hours.

Classification: Moderate

Citation: 30 TAC Chapter 101, SubChapter F 101.211(a)

5C THC Chapter 382, SubChapter D 382.085(b)

Description: Failed to give notification for a scheduled start-up activity (incident number 67924) prior to the commencement of the activity. Specifically, the initial notification was submitted on November 13, 2005 at 1958 hours as an air startup activity instead of an emissions event, but started on Nov. 13, 2005 at 0830 hours.

Classification: Moderate

Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)

5C THC Chapter 382, SubChapter D 382.085(b)

Rqmt Prov: Permit No. 73507, Special Cond. No. 1 OP

Description: Failed to prevent the unauthorized release of 15,390.53 lbs of nonmethane/nonethane natural gas during an emissions event that began November 13, 2005 and lasted 7 hours and 45 minutes.

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 | 03/21/2005 | (374388) |
| 2 | 08/09/2005 | (401542) |
| 3 | 11/16/2005 | (434687) |
| 4 | 12/06/2005 | (435823) |
| 5 | 12/13/2005 | (438832) |
| 6 | 01/02/2006 | (439385) |
| 7 | 03/27/2006 | (459870) |
| 8 | 04/27/2006 | (463051) |
| 9 | 06/28/2006 | (483295) |
| 10 | 06/29/2006 | (463278) |
| 11 | 08/29/2006 | (463419) |
| 12 | 08/31/2006 | (510907) |
| 13 | 10/12/2006 | (511063) |
| 14 | 03/09/2007 | (517532) |
| 15 | 06/06/2007 | (561119) |

16 08/20/2007 (609178)
 17 12/03/2007 (610577)
 18 12/07/2007 (610761)
 19 02/14/2008 (616038)
 20 02/24/2008 (615188)
 21 03/25/2008 (638144)
 22 04/21/2008 (619033)
 23 05/21/2009 (737811)
 24 05/26/2009 (745598)
 25 05/26/2009 (745765)

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

Date: 04/22/2008 (619033)

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 116, SubChapter B 116.115(b)(2)(G)
 30 TAC Chapter 122, SubChapter B 122.143(4)
 5C THSC Chapter 382 382.085(b)
 General Conditions PERMIT
 Special Condition 3 PERMIT
 Special Term & Condition 9 OP

Description: Failure to maintain all air pollution emission capture and abatement equipment in good working order and operating properly

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 116, SubChapter F 116.615(9)
 30 TAC Chapter 122, SubChapter B 122.143(4)
 5C THSC Chapter 382 382.085(b)
 General Conditions PERMIT
 Special Term and Condition 11.B OP

Description: Failure to maintain all air pollution emission capture and abatement equipment in good working order and operating properly during normal facility operation.

Date: 05/27/2009 (745598)

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 111, SubChapter A 111.111(a)(1)(F)
 30 TAC Chapter 122, SubChapter B 122.143(4)
 5C THSC Chapter 382 382.085(b)
 O-2556, Special Condition No. 3B(iii) OP

Description: Failure to determine compliance with the applicable stationary vent visible emissions limit provided in Title 30 TAC §111.111(a)(1). Specifically, DCP Midstream failed to determine the opacity of visible emissions that exited the stack of the 2650 horsepower Superior 16SGTB Residue Compressor Engine (Emission Point No. C-104), located at the La Gloria Gas Plant. The visible emissions occurred for twenty minutes on May 29, 2007.

Self Report? NO Classification: Moderate

Citation: 30 TAC Chapter 122, SubChapter B 122.143(4)
 5C THSC Chapter 382 382.085(b)
 O-2556, Special Condition No. 7 OP

Description: Failure to comply with the compliance assurance monitoring requirements as specified in Federal Operating Permit No. O-2556 Compliance Assurance Monitoring Summary. Specifically, DCP Midstream failed to maintain records of alarm events and duration of alarm events for Acid Gas Flare F-2 (Emission Point No. X-314), located at the La Gloria Gas Plant, from December 16, 2004 to January 24, 2008.

Self Report? NO Classification: Minor

Citation: 30 TAC Chapter 122, SubChapter B 122.143(4)
 30 TAC Chapter 122, SubChapter B 122.145(2)
 5C THSC Chapter 382 382.085(b)
 O-2556, Special Condition No. 7A OP

Description: Failure to report, in writing, to the executive director all instances of deviations, for the reporting periods between July 1, 2004 to June 30, 2008, the probable cause of the deviations, and any corrective actions or preventative measures taken for each emission unit addressed in the permit. Specifically, DCP Midstream failed to report non-compliance with compliance assurance monitoring

requirements as a deviation in previously submitted semi-annual Deviation Reports.

- Self Report? NO Classification: Moderate
Citation: 30 TAC Chapter 122, SubChapter B 122.143(4)
40 CFR Chapter 60, SubChapter C, PT 60, SubPT JJJ 60.632(a)
40 CFR Chapter 60, SubChapter C, PT 60, SubPT VV 60.482-6(a)(1)
5C THSC Chapter 382 382.085(b)
O-2556, Special Condition No. 1A OP
- Description: Failure to equip each open-ended valve or line with a cap, blind flange, plug, or a second valve. Specifically, DCP Midstream discovered missing caps or plugs on valves 9315, 9317, 9318, and 9321 on September 25, 2007, on valve 3356 on September 27, 2007, on valves 2883, 2995, 2998, 3357, 0668, 1967, 1982c, 0304d, 0310, 0351c, 0373, 0374, 1280, 1281, 1300, 9302, 9318, and 2176 on June 23, 2008, and on three unidentified valves, referenced in Company Event Number 170, on October 1, 2008.
- Self Report? NO Classification: Minor
Citation: 30 TAC Chapter 122, SubChapter B 122.143(4)
40 CFR Chapter 60, SubChapter C, PT 60, SubPT A 60.7(a)(1)
5C THSC Chapter 382 382.085(b)
O-2556, Special Condition No. 4A OP
- Description: Failure to submit notification of the date construction of an affected facility commenced, postmarked no later than 30 days after such date. Specifically, DCP Midstream began construction of Tank T-53 on December 15, 2007; however, construction notification was not submitted to the Agency until January 28, 2009.
- Self Report? NO Classification: Minor
Citation: 30 TAC Chapter 122, SubChapter B 122.143(4)
40 CFR Chapter 63, SubChapter C, PT 63, SubPT A 63.9(h)(2)(ii)
40 CFR Chapter 63, SubChapter C, PT 63, SubPT ZZZZ 63.6645(h)
5C THSC Chapter 382 382.085(b)
O-2556, Special Condition 1A OP
- Description: Failure to submit a Notification of Compliance Status before the close of business on the 60th day following the completion of the relevant compliance demonstration activity. Specifically, DCP Midstream conducted a performance test for Generator G-5 on October 27, 2007, but did not submit the performance test results to the Agency until January 15, 2008.
- Self Report? NO Classification: Minor
Citation: 30 TAC Chapter 122, SubChapter B 122.143(4)
40 CFR Chapter 60, SubChapter C, PT 60, SubPT A 60.7(a)(3)
5C THSC Chapter 382 382.085(b)
O-2556, Special Condition No. 4A OP
- Description: Failure to submit a notification of the actual date of initial start-up of an affected facility postmarked within 15 days after such date. Specifically, DCP Midstream failed to submit Initial Start-up Notifications, to the Agency, for Tanks T-52 and T-53 within 15 days after the tanks were put into service. Tank T-52 commenced initial start-up on March 8, 2008 and Tank T-53 commenced initial start-up on February 29, 2008. The Initial Start-up Notifications were submitted on March 28, 2008.
- Self Report? NO Classification: Minor
Citation: 30 TAC Chapter 122, SubChapter B 122.143(4)
40 CFR Chapter 63, SubChapter C, PT 63, SubPT A 63.7(b)(1)
40 CFR Chapter 63, SubChapter C, PT 63, SubPT ZZZZ 63.6645(g)
5C THSC Chapter 382 382.085(b)
O-2556, Special Condition No. 1A OP
- Description: Failure to submit a Notification of Intent to conduct a performance test at least 60 days before the performance test is scheduled to begin. Specifically, DCP Midstream submitted a Notification of Intent to conduct a performance test on Compressor Engine C-105 on May 28, 2008. The performance test was conducted on June 19, 2008.

Notice of Intent Date: 03/04/2004 (268215)

Disclosure Date: 11/16/2004

Viol. Classification: Minor

Citation: 30 TAC Chapter 101, SubChapter A 101.10

Description: Failure to include flash gas emissions in EIQ.

Notice of Intent Date: 04/26/2007 (564285)

No DOV Associated

G. Type of environmental management systems (EMSs).

N/A

H. Voluntary on-site compliance assessment dates.

N/A

I. Participation in a voluntary pollution reduction program.

N/A

J. Early compliance.

N/A

Sites Outside of Texas

N/A

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



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

§
§
§
§
§

BEFORE THE
TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

AGREED ORDER
DOCKET NO. 2009-0809-AIR-E

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 presented this agreement to the Commission.

The Respondent 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, the Respondent agrees to waive all notice and procedural rights.

It is further understood and agreed that this Order represents the complete and fully-integrated settlement 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 the Respondent.

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

I. FINDINGS OF FACT

1. The Respondent owns and operates a natural gas processing facility at 641 County Road 405 in Falfurrias, Jim Wells County, Texas (the "Plant").

2. The Plant consists of one or more sources as defined in TEX. HEALTH & SAFETY CODE § 382.003(12).
3. During a record review on March 4, 2009, TCEQ staff documented the release of unauthorized emissions during Incident No. 118447. Specifically, during the December 29, 2008 emissions event the following unauthorized emissions were released from emission point number F-1 over a period of one hour when an electronic failure in the control panel caused the hot oil system to shut down: 22,350.8 pounds ("lbs") of isobutane, 178.37 lbs of n-butane, and 15.91 lbs of propane.
4. During a record review on March 4, 2009, TCEQ staff documented that Incident No. 118447 was not properly reported since it was discovered on December 30, 2008 at 10:12 a.m. and was not reported until December 31, 2008 at 3:02 p.m.
5. The Respondent received notice of the violations on May 22, 2009.
6. The Executive Director recognizes that on June 12, 2009, the Respondent installed a new flow meter and alarm that immediately notifies operations personnel when an incident occurs and continues to sound until physically acknowledged. In addition, operations personnel were trained on the new hardware and reporting procedure, which includes management notification once the alarm has sounded.

II. CONCLUSIONS OF LAW

1. The Respondent is subject to the jurisdiction of the TCEQ pursuant to TEX. HEALTH & SAFETY CODE ch. 382 and TEX. WATER CODE ch. 7 and the rules of the Commission.
2. As evidenced by Findings of Fact No. 3, the Respondent failed to prevent unauthorized emissions during Incident No. 118447, in violation of Air Permit No. 74738, General Conditions, 30 TEX. ADMIN. CODE § 116.615(2), and TEX. HEALTH & SAFETY CODE § 382.085(b). Since the emissions event was not properly reported the demonstration criteria for an affirmative defense in 30 TEX. ADMIN. CODE § 101.222 were not met.
3. As evidenced by Findings of Fact No. 4, the Respondent failed to report Incident No. 118447 within 24 hours after discovery, in violation of 30 TEX. ADMIN. CODE § 101.201(a)(1) and TEX. HEALTH & SAFETY CODE § 382.085(b).
4. Pursuant to TEX. WATER CODE § 7.051, the Commission has the authority to assess an administrative penalty against the Respondent 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.
5. An administrative penalty in the amount of Ten Thousand One Hundred Thirty-Nine Dollars (\$10,139) 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. The Respondent has paid Five Thousand Seventy Dollars (\$5,070) of the administrative penalty. Five Thousand Sixty-Nine Dollars (\$5,069) shall

be conditionally offset by the Respondent's completion of a Supplemental Environmental Project ("SEP").

III. ORDERING PROVISIONS

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

1. The Respondent is assessed an administrative penalty in the amount of Ten Thousand One Hundred Thirty-Nine Dollars (\$10,139) as set forth in Section II, Paragraph 5 above, for violations of TCEQ rules and state statutes. The payment of this administrative penalty and the Respondent'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 "TCEQ" and shall be sent with the notation "Re: DCP Midstream, LP, Docket No. 2009-0809-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 SEP in accordance with TEX. WATER CODE § 7.067. As set forth in Section II, Paragraph 5 above, Five Thousand Sixty-Nine Dollars (\$5,069) 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. 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.
4. 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.
5. 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

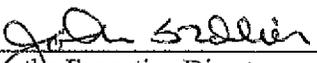
made in writing to the Executive Director. Extensions are not effective until the Respondent receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.

6. 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 the Respondent if the Executive Director determines that the Respondent has not complied with one or more of the terms or conditions in this Agreed Order.
7. 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.
8. 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.
9. This Agreed Order may be executed in multiple counterparts, which together shall constitute a single original instrument. Any executed signature page to this Agreed Order may be transmitted by facsimile transmission to the other parties, which shall constitute an original signature for all purposes under this Agreed Order.
10. The Chief Clerk shall provide a copy of this Agreed Order to each of the parties. By law, the effective date of this Agreed Order is the third day after the mailing date, as provided by 30 TEX. ADMIN. CODE § 70.10(b) and TEX. GOV'T CODE § 2001.142.

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission



For the Executive Director

10/9/2009
Date

I, the undersigned, have read and understand the attached Agreed Order in the matter of DCP Midstream, LP. 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 failure to comply with the Ordering Provisions, if any, in this order and/or failure to timely pay the penalty amount, may result in:

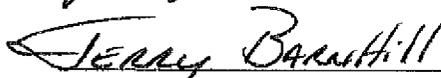
- A negative impact on compliance history;
- Greater scrutiny of any permit applications submitted;
- Referral of this case to the Attorney General's Office for contempt, injunctive relief, additional penalties, and/or attorney fees, or to a collection agency;
- Increased penalties in any future enforcement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

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



Signature

8/31/09
Date



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

VP EH&S
Title

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

Attachment A
Docket Number: 2009-0809-AIR-E

SUPPLEMENTAL ENVIRONMENTAL PROJECT

| | |
|--------------------------------|--|
| Respondent: | DCP Midstream, LP |
| Payable Penalty Amount: | Ten Thousand One Hundred Thirty-Nine Dollars (\$10,139) |
| SEP Amount: | Five Thousand Sixty-Nine Dollars (\$5,069) |
| Type of SEP: | Pre-approved |
| Third-Party Recipient: | Texas Association of Resource Conservation and Development Areas, Inc. ("RC&D")- Clean School Buses |
| Location of SEP: | Texas Air Quality Control Region 214 – Corpus Christi-Victoria |

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 to the Third-Party Recipient pursuant to the agreement between the Third-Party Recipient and the TCEQ. Specifically, the contribution will be used to aid local school districts, area transit agencies, and local governments in need of funding assistance to pay for the cost of the following activities to reduce emissions: 1) replacing older diesel buses with alternative fuelled or clean diesel buses; or 2) retrofitting older diesel buses with new, cleaner technology. The funds will be disbursed on a needs-rated basis, using non-attainment area status, condition of buses, and economic status of the recipient as possible rating factors if competition for the funds exists. To maximize funds, retrofitting will take priority over replacement of buses. Older buses deemed not suitable for retrofitting will be permanently retired and sold only for scrap.

Acceptable retrofit technologies include particulate matter traps, diesel particulate matter filters, nitrogen oxides (NO_x) reduction catalyst technology in combination with diesel particulate filters, and other emission control technologies that are developed and approved by the United States Environmental Protection Agency ("EPA") or the California Air Resources Board.

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 reducing particulate matter and hydrocarbon emissions from buses, to meet the new, more stringent emissions standards introduced by the EPA which will be phased in between 2007 and 2010.

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 77802-2700

3. **Records and Reporting**

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

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.

DCP Midstream, LP
Agreed Order - Attachment A

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.

