

**STATE OF NEW MEXICO
SECRETARY OF ENVIRONMENT**

**ENVIRONMENTAL PROTECTION DIVISION
OF THE NEW MEXICO ENVIRONMENT DEPARTMENT,
Complainant,**

NO. AQB FRO-0191-1701-R1 (NOV)

**FRONTIER FIELD SERVICES, LLC,
Respondent.**

SETTLEMENT AGREEMENT AND STIPULATED FINAL COMPLIANCE ORDER

This Settlement Agreement and Stipulated Final Compliance Order (“Final Order”) is entered into between the Environmental Protection Division (“Division”) of the New Mexico Environment Department (the “Department”) and Respondent, Frontier Field Services, LLC (“Respondent”) (collectively, the “Parties”), to resolve alleged statutory, regulatory, and permit violations by the Respondent. The Department alleges violations of the New Mexico Air Quality Control Act (“AQCA”), NMSA 1978, Sections 74-2-1 to -17; the Air Quality Control Regulations (“AQCR”), 20.2. NMAC (“Regulations”), and Air Quality Permit Number Permit 0126M9R1 (“Permit”).

I. BACKGROUND

A. PARTIES

1. The Department is an agency of the executive branch of the State of New Mexico, created pursuant to NMSA 1978, § 9-7A-4. The Division is an organizational unit of the Department. The Secretary of the Department has delegated to the Director of the Division the authority to seek administrative enforcement of the AQCA and the AQCR, including assessing

civil penalties for violations thereof. NMSA 1978, § 74-2-12. The Air Quality Bureau (“Bureau”) is an organizational unit of the Division.

2. Respondent is a company doing business in New Mexico at the Empire Abo Gas Plant (“Facility”), located in Lea County, New Mexico. The function of the Facility is to process natural field gas, and extract and produce natural gas for transportation.

B. HISTORY AND ALLEGED VIOLATIONS

3. Permit 0126M9R1, Facility Specific Requirement A107.A, Table 107.A "Allowable SSM and Malfunction Units, Activities, and Emission Limits", presents in part for Scenario 1 (Operating as a natural gas processing plant):

Unit No.	NOx pph	NOx tpy	CO pph	CO tpy	VOC pph	VOC tpy	SO ₂ pph	SO ₂ tpy	H ₂ S pph	H ₂ S tpy
D-2301 and D-2302 SSM Flaring of Inlet and Residue gas stream		20.7		46.8		26.7		65.2		1.9
Malfunctions – flaring of inlet and residue gas streams through D-2301 and D-2302	264.4	10.0	599.8	10.0	399.6	10.0	2799.7	10.0	29.8	5.0

4. Between September 23, 2016 and December 8, 2016, the Bureau received five (5) excess emissions reports from Respondent pertaining to the Facility. Emissions were from Units D-2301 (EAF24) and D-2302 (EAF25). Excess emissions reported were for sulfur dioxide. There were a total of five (5) monthly ton per year exceedances with a sum total of excess emissions at 250,627.83 pounds.

5. On March 23, 2017, the Bureau issued to Respondent a Notice of Violation FRO-0191-1701 (“NOV”), alleging one (1) violation of the AQCA, the AQCR, and the Permit. The alleged violation consisted of: Failure to stay within permitted allowable malfunction and startup, shutdown, and maintenance emissions.

6. The NOV included a Corrective Action Verification (“CAV”) requiring Respondent to submit to the Bureau measures taken to ensure future compliance with the permit conditions.

7. On April 14, 2017, the Bureau received the final CAV from Respondent for the Facility with data supporting that the excess emissions reported were tons per year exceedances, and not exceeding the pounds per hour limits. The CAV was determined to be satisfactory by the Bureau.

8. On July 31, 2017, the Bureau issued to Respondent a Revised Notice of Violation FRO-0191-1701-R1, revising the NOV to reflect tons per year exceedances.

9. The Parties have engaged in settlement discussions to resolve the NOV without further proceedings.

II. COMPROMISE AND SETTLEMENT

A. GENERAL

10. Respondent does not admit any of the allegations in the NOV. To avoid further legal proceedings, the Division and Respondent agree to the terms and conditions in this Final Order to resolve the alleged violations in the revised NOV.

11. The Parties admit jurisdiction and consent to the relief specified herein.

B. CIVIL PENALTY

12. In compromise and settlement of the alleged violation set forth in the revised NOV and upon consideration of the seriousness of the alleged violation and Respondent’s good faith efforts to comply, the Parties agree that the Respondent shall pay a civil penalty of \$75,000.00 to the State of New Mexico within 30 calendar days after the effective date of this Final Order.

13. Payment shall be made to the *State of New Mexico General Fund* by certified or corporate check and sent to the following address:

New Mexico Environment Department
Air Quality Bureau
c/o Compliance and Enforcement Manager
525 Camino de los Marquez, Suite 1
Santa Fe, New Mexico 87505

14. If Respondent fails to make timely and complete payment of the civil penalty, Respondent shall pay a stipulated penalty of \$250.00 per day for each day a payment is not timely or complete. Respondent shall not contest or dispute in any way the stipulated penalty of \$250.00 per day in the event that the Department brings an action against the Respondent for the failure to make timely or complete payment.

III. OTHER TERMS AND CONDITIONS

A. RESERVATION OF RIGHTS AND DEFENSES

15. This Final Order shall not be construed to prohibit or limit in any way the Department from requiring Respondent to comply with any applicable state or federal requirement not resolved herein. This Final Order shall not be construed to prohibit or limit in any way the Department from seeking any relief authorized by the AQCA for violation of any state or federal requirement applicable to Respondent not resolved herein. This Final Order shall not be construed to prohibit or limit in any way Respondent from raising any defense to a Department action seeking such relief.

B. MUTUAL RELEASE

16. The Parties mutually release each other from all claims that each party raised or could have raised against the other regarding the facts and violations alleged in the NOV. Such release applies only to civil liability.

C. WAIVER OF STATE LIABILITY

17. Respondent shall assume all costs and liabilities incurred in performing all obligations under this Final Order. The Department, on its own behalf and on behalf of the State of New Mexico, does not assume any liability for the Respondent's performance of any obligation under this Final Order.

D. EFFECTIVE DATE AND TERMINATION DATES

18. This Final Order shall become effective on the date it has been signed by the Department Secretary.

19. Except as otherwise provided in this Paragraph, the terms of this Final Order shall terminate when Respondent has fulfilled the requirements of this Final Order. The reservations of rights and defenses and the mutual release in Paragraphs 15 and 16 shall survive the execution and performance of this Final Order, and shall remain in full force and effect as an agreement between the Parties.

E. INTEGRATION

20. This Final Order merges all prior written and oral communications between the Parties concerning the subject matter of this Final Order, contains the entire agreement between the Parties, and shall not be modified without the express written agreement of the Parties.

F. BINDING EFFECT

21. This Final Order shall be binding on the Parties and their officers, directors, employees, agents, subsidiaries, successors, assigns, trustees, or receivers.

G. AUTHORITY OF SIGNATORIES

22. The persons executing this Final Order on behalf of Respondent and the Division, respectively, represent that he or she has the authority to execute this Final Order on behalf of the Respondent and the Division.

H. SIGNATURE AND COUNTERPARTS

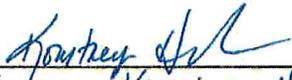
23. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement.

**ENVIRONMENTAL PROTECTION DIVISION
NEW MEXICO ENVIRONMENT DEPARTMENT**

By: 
RICHARD L. GOODYEAR, P.E.
DIRECTOR

Date: 5 Oct '17

FRONTIER FIELD SERVICES, LLC

By: 
Print Name: Kourtney Hadrick
Print Title: President/COO

Date: 10/2/2017

STIPULATED FINAL COMPLIANCE ORDER

This Settlement Agreement and Stipulated Final Compliance Order, agreed to by the Division and Respondent, Frontier Field Services, LLC, is hereby incorporated herein and **APPROVED AS A FINAL COMPLIANCE ORDER** issued pursuant to NMSA 1978, §74-2-12.



BUTCH TONGATE
SECRETARY
ENVIRONMENT DEPARTMENT

Date: 10/6/17