

STATE OF NEW MEXICO  
SECRETARY OF ENVIRONMENT

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

v.

NO. AQB FRO-0191-1302 (NOV)

FRONTIER FIELD SERVICES, LLC  
Respondent.

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**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 the Respondent, Frontier Field Services, LLC (“Frontier”) (collectively, the “Parties”) to resolve alleged statutory, regulatory, and permit violations by Frontier at the Empire Abo Gas Plant (“Facility”). The Department alleges violations of the New Mexico Air Quality Control Act (“AQCA”), NMSA 1978, Sections 74-2-1 to 74-2-17; the Air Quality Control Regulations (“AQCR”), 20.2.70 & 72 NMAC (“Regulations”), and Air Quality Permits Title V Permit P146-R2 and NSR Permit 0126-M7-R1 (“Permits”).

**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. Frontier is a Limited Liability Company doing business in New Mexico. Frontier owns and operates the Facility, which is located eight miles east-southeast of Artesia, New Mexico. The Facility is a Natural Gas Processing Plant.

## **B. HISTORY AND ALLEGED VIOLATIONS**

3. Permit P146-R2, Facility Allowable Emissions A107.A, states, "The maximum allowable Startup, Shutdown, and Maintenance (“SSM”) emission limits for this facility are found in Table 107.A." Table 107.A, Allowable SSM Units and Emission Limits, restricts SSM Sulfur Dioxide (“SO<sub>2</sub>”) emissions to 35.3 tons per year (“tpy”).

4. On March 3, 2014, the Bureau received a Title V Semi-Annual Report for the Empire Abo Gas Plant covering the period from August 1, 2013, to January 31, 2014. The report shows that Empire Abo Gas Plant exceeded the 12-month rolling total SO<sub>2</sub> SSM emission limit of 35.3 tpy in September 2013 (35.87 tpy), October 2013 (36.36.tpy), November 2013 (36.40 tpy), and December 2013 (37.11 tpy).

5. NSR Permit 0126-M7-R1, General Reporting Requirements B110.B states in relevant part: "The permittee shall notify the Department's Compliance Reporting Section...(3) the date when each new or modified emission source reaches the maximum production rate at which it will operate within fifteen (15) days after that date."

6. On March 3, 2014, the Bureau received a Title V Semi-Annual Report for the Empire Abo Gas Plant covering the period from August 1, 2013, to January 31, 2014. In the report, Frontier disclosed as a deviation the failure to submit a notification within 15 days after Emission Unit EAC39 reached its maximum production rate. Frontier stated that Emission Unit

EAC39 reached maximum production rate on December 24, 2013. In accordance with the NSR Permit 0126-M7-R1 requirements stated above, Frontier should have notified the Bureau by January 8, 2014.

7. On July 17, 2015, the Bureau issued to Frontier Notice of Violation FRO-0191-1302 (“NOV”), alleging violations of the AQCA, the AQCR, and the Permit. The alleged violations consisted of: 1) failure to Limit Emissions to Below Permitted Levels, which is a violation of Title V Permit P146-R2, Condition A107.A; and 2) failure to Submit Notification within 15 days of equipment reaching maximum production rate, which is a violation of NSR Permit 0126-M7-R1, Condition B110.B.

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

9. On August 31, 2015, the Bureau received the CAV from Frontier. The CAV was determined to be satisfactory by the Bureau on September 3, 2015.

## **II. COMPROMISE AND SETTLEMENT**

### **A. GENERAL**

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

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

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

### **B. CIVIL PENALTY**

13. In compromise and settlement of the alleged violations set forth in the NOV and upon consideration of the seriousness of the alleged violations and Frontier's good faith efforts to comply, the Parties agree that Frontier shall pay a civil penalty of \$9,900.00 to the State of New Mexico within 30 calendar days after the effective date of this Final Order.

14. 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

15. If Frontier fails to make timely and complete payment of the civil penalty, Frontier shall pay a stipulated penalty of \$250.00 per day for each day a payment is not timely or complete. Frontier 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 Frontier for the failure to make timely or complete payment.

### **III. OTHER TERMS AND CONDITIONS**

#### **A. RESERVATION OF RIGHTS AND DEFENSES**

16. This Final Order shall not be construed to prohibit or limit in any way the Department from requiring Frontier 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 Frontier not resolved herein. This Final Order shall not be construed to prohibit or limit in any way Frontier from raising any defense to a Department action seeking such relief.

#### **B. MUTUAL RELEASE**

17. 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**

18. Frontier 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 Frontier's performance of any obligation under this Final Order.

#### **D. EFFECTIVE DATE AND TERMINATION DATES**

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

20. Except as otherwise provided in this Paragraph, the terms of this Final Order shall terminate when Frontier has fulfilled the requirements of this Final Order. The reservations of

rights and defenses and the mutual release in Paragraphs 16 and 17 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**

21. 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**

22. 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**

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

**H. SIGNATURE AND COUNTERPARTS**

24. 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:   
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**MICHAEL VONDERHEIDE  
DIRECTOR**

Date: 4/14/16

**FRONTIER FIELD SERVICES, LLC**

**By:**   
\_\_\_\_\_  
**BRIAN BRISCOE**  
**PRESIDENT/CHIEF OPERATING OFFICER**

**Date:** 3/24/16

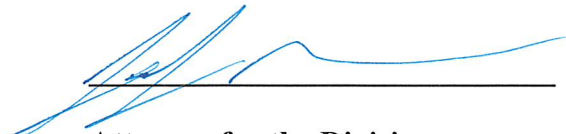
**STIPULATED FINAL COMPLIANCE ORDER**


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

*for* Butch Jorgate  
RYAN FLYNN  
SECRETARY  
ENVIRONMENT DEPARTMENT

Date: 4/18/16

**APPROVED AS TO FORM:**

  
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**Attorney for the Division**

  
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**LOUIS W. ROSE**  
**Attorney for Frontier**