

**STATE OF NEW MEXICO  
SECRETARY OF ENVIRONMENT**

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

**v.**

**NO. AQB FRO-0565-1301 (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 the Frontier. 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 NMAC (“Regulations”), and Air Quality Permit Number P123-R2 (“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. Frontier is a limited liability company doing business in New Mexico at the Maljamar Gas Plant (“Facility”), located in Lea County, New Mexico. The Facility is a gas processing plant that sweetens and dehydrates field natural gas, and extracts and produces natural gas liquids for transportation through pipelines and by truck to customers.

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

### VIOLATION 1 - BACKGROUND

3. Permit P123-R2 was issued on April 19, 2013, and Facility Specific Requirement A107.A provides in relevant part, maximum allowable startup, shutdown, and maintenance (“SSM”) and malfunction emission limits, for Unit M1 in Table 107.A. Unit M1 emission limits, Facility-wide, are 10 tons per year (“tpy”) for each of nitrogen oxides (“NOx”), carbon monoxide (“CO”), volatile organic compounds (“VOC”), and sulfur dioxide (“SO2”).

4. On November 27, 2013, the Bureau received a Title V semi-annual monitoring report (“Report 1”) from Frontier for monitoring activities at the Facility for the period May 1, 2013 to October 31, 2013.

5. As of June 2013, the 10 tpy limit had been exceeded for CO as demonstrated by data contained within Report 1. In succeeding months through the end of the reporting period (October 2013), accumulated malfunction emissions for CO came to 17 tons, or 7 tons over the 10 tpy limit.

6. A subsequent Title V semi-annual monitoring report (“Report 2”) was received by the Bureau on June 3, 2014, for monitoring activities at the Facility for the period November 1, 2013, to April 30, 2014. The Bureau’s review of Report 2 revealed additional accumulation of

CO malfunction emissions over the 10 tpy limit, and by November 2013, NO<sub>x</sub>, VOC, and SO<sub>2</sub> emissions had similarly exceeded the limits of 10 tpy for each pollutant.

7. Through April 2014, the total excess emissions of the four pollutants combined was 33.7 tons and the collective number of months over the 10 tpy limits was 29.

#### VIOLATION 2 - BACKGROUND

8. Permit P123-R2, Equipment Specific Requirement A206.B, provides in relevant part: "Assurance of Flare Combustion - Units 17, 18, 19 ... All flares used as a control device for sources subject to 40 CFR 60 or 40 CFR 63 require a thermocouple or any other equivalent device to detect the presence of a pilot flame. ... The fire eye, thermocouple, or equivalent device shall be continuously monitored and shall be equipped with an alarm system."

9. 40 CFR § 60.18(c)(2) provides in relevant part: "Flares shall be operated with a flame present at all times ... ."

10. On November 27, 2013, the Bureau received Report 1 from the Frontier for monitoring activities at the Facility for the period May 1, 2013, to October 31, 2013.

11. Between May 1, 2013, and October 31, 2013, there were 17 occurrences reported of the flame being out for the Acid Gas Flare (Unit 17). In Report 1, Frontier stated that high winds were the cause of the flame going out, and Frontier's corrective action was to relight the pilot, and in several cases to wait until the winds quit to relight the pilot.

12. Report 2 was received by the Bureau on June 3, 2014 for monitoring activities at the Facility for the period November 1, 2013, to April 30, 2014. In reviewing Report 2, the Bureau observed 9 additional occurrences of the Unit 17 flare being out, between November 1, 2013, and April 30, 2014.

13. A total of 26 occurrences of the Unit 17 flare being out, for a cumulative total of 165.1 hours or 6.9 days, was reported in Reports 1 and 2.

#### NOTICE OF VIOLATION AND CORRECTIVE ACTION

14. On November 21, 2014, the Bureau issued to Frontier Notice of Violation FRO-0565-1301 (“NOV”), alleging violations of the AQCA, the AQCR, and the Permit. The alleged violations consisted of:

- a. The failure of Frontier to keep Facility upset/malfunction emissions within the limits of 10 tpy for NO<sub>x</sub>, CO, VOC, and SO<sub>2</sub>; and
- b. The failure of Frontier to keep the pilot flame continuously lit at all times for control device Acid Gas Flare (Unit 17).

15. 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.

16. On December 22, 2014, the Bureau received the CAV from Frontier. The CAV was evaluated by Bureau staff. Frontier provided a plan for addressing the root causes of malfunctions, tracking them, and improving operational efficiency. The CAV included monthly progress reports on the monthly rolling 12-month total malfunction emissions. The CAV was determined to be satisfactory by the Bureau on April 10, 2015.

## **II. COMPROMISE AND SETTLEMENT**

### **A. GENERAL**

17. The Parties have engaged in settlement discussions to resolve the NOV without further proceedings. An Agreement in Principle was signed by Frontier on October 30, 2015.

18. 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.

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

**B. CIVIL PENALTY**

20. 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 \$65,472.00 to the State of New Mexico within 30 calendar days after the effective date of this Final Order.

21. 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

22. 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**

23. 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**

24. 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**

25. 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**

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

27. 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 23 and 24 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**

28. 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**

29. 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**

30. 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**

31. 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:   
MICHAEL VONDERHEIDE  
DIRECTOR

Date: 11/23/15

**FRONTIER FIELD SERVICES, LLC**

**By:**

  
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**BRIAN J. BRISCOE**  
**PRESIDENT/CHIEF OPERATING OFFICER**

**Date:**

11/17/15

**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.

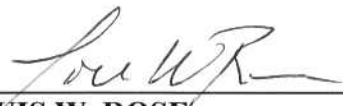
  
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**RYAN FLYNN**  
**SECRETARY**  
**ENVIRONMENT DEPARTMENT**

**Date:**

11/30/15

**APPROVED AS TO FORM:**

  
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**Attorney for the Division**

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