

**STATE OF NEW MEXICO  
SECRETARY OF ENVIRONMENT**

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

v.

**NO. AQB FRO-0191-1401-SD-R1 (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. 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 and 20.2.72 NMAC (“Regulations”), and Air Quality Permit Numbers 126-M7, 126-M8, and P146-R2 (“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 at the Empire Abo Gas Plant (“Facility”), located in Eddy 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 compression and transportation through pipelines and trucks to customers.

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

### VIOLATION 1 - BACKGROUND

3. 20.2.72.203 NMAC provides in relevant part: "Contents of Applications: A. Any person seeking a permit...shall do so by filing a written application with the Department. ....All applications shall, as required by the Department: ... (3) Provide all information, including all calculations and computations, to describe the specific chemical and physical nature and to estimate the maximum quantities of any regulated air contaminants the source will emit... ."

4. On February 14, 2014, the Bureau received a self-disclosure notification from Frontier that two installed compressor engines (Units EAC40 and EAC41) did not represent the units in Permit 126-M7 (issued July 11, 2011).

5. The units in question were installed on October 20, 2011, and had greater horsepower (hp) than represented in Permit 126-M7. Subsequently, the incorrect information was incorporated into the Title V operating permit, Permit P146-R2, which was issued July 2, 2012.

6. Correction of unit hp and allowable emissions began with receipt of the application for Permit126-M8 (February 14, 2014), which was later issued on September 9, 2014.

7. There is no evidence that actual or tested emissions exceeded the allowable emission limits in Permit 126-M7.

#### VIOLATION 2 - BACKGROUND

8. Permits 126-M7, 126-M8, and P146-R2, General Conditions B111.A provide in relevant part, "(4) Testing of emissions shall be conducted with the emissions unit operating at 90 to 100 percent of the maximum operating rate allowed by the permit...the source may test at a lower operating rate, subject to approval by the Department. ... (5) Testing performed at less than 90 percent...will limit emission unit operation to 110 percent...until a new test is conducted."

9. In Frontier's February 14, 2014 self-disclosure notification to the Bureau, Frontier stated "No excess emissions were determined to have occurred as a result of installing these different units."

10. In verifying Frontier's statement of no excess emissions, Bureau staff discovered that Unit EAC41 had an initial compliance stack test (March 28, 2012), performed at 704 hp, which was 67 percent of maximum operating rate. The test report submittal form stated the test was performed under "normal operating conditions" with no explanation as to why the test was performed at less than 90 percent.

#### VIOLATION 3 - BACKGROUND

11. Permit 126-M7, Facility Specific Requirement A106.A provides in relevant part: "Table 106.A: Allowable Emissions" listing the volatile organic compound ("VOC") emission limits for Unit EAC41 as 0.8 pounds per hour ("pph") and 3.3 tons per year ("tpy").

12. The Bureau's discovery of the stack test discrepancy described in Paragraph 10, led to the discovery of potential excess VOC emissions. The Bureau determined cumulative

excess emissions of 0.9 tons of VOC over 1054 days from unit installation date on October 20, 2011, to permit correction on September 9, 2014.

NOTICE OF VIOLATION AND CORRECTIVE ACTION

**13.** On February 11, 2015, the Bureau issued to Frontier Notice of Violation FRO-0191-1401-SD (“NOV”), alleging violations of the AQCA, the AQCR, and the Permits. The alleged violations consisted of:

- a. The failure of Frontier to provide all required information, including all calculations, computations, and maximum quantities of any regulated air contaminants within a permit application, which is a violation of 20.2.72.203 NMAC;
- b. The failure of Frontier to test Unit EAC41 at 90 to 100 percent capacity, which is a violation of Permits 126-M7, 126-M8, and P146-R2, General Conditions B111.A; and
- c. The failure of Frontier to stay within the allowable emission limits for VOC for Unit EAC41, which is a violation of Permit 126-M7, Facility Specific Requirement A106.A, Table 106.A.

**14.** 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.

**15.** On March 12, 2015, the Bureau received the CAV from Frontier. The CAV was evaluated by Bureau staff. Frontier provided additional information on unit operating capacity and several historical stack test results. The CAV was determined to be satisfactory by the Bureau on July 10, 2015.

16. On August 5, 2015, the Bureau issued to Frontier Revised Notice of Violation FRO-0191-1401-SD-R1 (“revised NOV”), alleging violations of the AQCA, the AQCR, and the Permits. The revised NOV withdrew original Violation Number 3 (Paragraph 13.c), leaving two alleged violations:

- a. The failure of Frontier to provide all required information, including all calculations, computations, and maximum quantities of any regulated air contaminants within a permit application, which is a violation of 20.2.72.203 NMAC; and
- b. The failure of Frontier to test Unit EAC41 at 90 to 100 percent capacity, which is a violation of Permits 126-M7, 126-M8, and P146-R2, General Conditions B111.A.

## **II. COMPROMISE AND SETTLEMENT**

### **A. GENERAL**

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

18. Frontier does not admit any of the allegations in the revised 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 revised 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 revised NOV and upon consideration of the seriousness of the alleged violations and Respondent’s good

faith efforts to comply, the Parties agree that Frontier shall pay a civil penalty of \$13,800.00 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 revised 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:   
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**MICHAEL VONDERHEIDE  
DIRECTOR**

Date: 11/23/15



FRONTIER FIELD SERVICES, LLC

By:

  
\_\_\_\_\_  
BRIAN J. BRISCOE  
PRESIDENT/CHIEF OPERATING OFFICER

Date:

11/17/15  
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**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**