

**STATE OF NEW MEXICO
SECRETARY OF ENVIRONMENT**

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

NO. AQB ENT-0218-1301-R2 (NOV)

**ENTERPRISE 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 (“Department”) and the Respondent, Enterprise 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, §§74-2-1 to -17 (1953, as amended through 2009); the Air Quality Control Regulations (“AQCR”), 20.2 NMAC (1995, as amended through 2011) (“Regulations”), and Air Quality Permit Numbers P130 and 0220 as amended and modified (“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, Section 9-7A-4 (2005). 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 (2006). The Air Quality Bureau (“Bureau”) is an organizational unit of the Division.

2. The Respondent is a limited liability company doing business in New Mexico at the South Carlsbad Compressor Station (“Facility”). The Facility is a compressor station, and is located in Eddy County, New Mexico.

B. HISTORY AND ALLEGED VIOLATIONS

3. Permit 0220-M5-R1, Table 2.1 and P130-R2, Specific Requirement A.106.A., Table 106.A set forth allowable emissions for the regulated sources at the Facility. There is no allowable limit for volatile organic compounds (“VOC”) for the Pipeline Blowdown Valve in Table 2.1 in Permit 0220-M5-R1 and P130-R2, Specific Requirement A.106.A., Table 106.A.

4. Between April 26, 2012 and March 12, 2013 the Bureau received three Initial/Final Excess Emission Reports (“EERs”) from the Respondent. The EERs included excess emission calculations for VOC emissions from the Pipeline Blowdown Valve. There were four instances of a pollutant exceeding the allowable hourly limits, as summarized below.

Activity No.	Event Start Date	Duration (hr:min)	VOC Excess Emissions (pounds)	No. of Hours Affected	No. of Exceedances (Pollutants x Hours)
21805112011	04/17/12	00:05	15,357.52	1	1
218022220131	02/22/13	00:35	8,691.62	1	1
218022520133	02/25/13	01:50	8,027.63	2	2
TOTAL			32,076.77	SUM	4

5. 20.2.7.110 NMAC provides in relevant part: "NOTIFICATION. A. The owner or operator of a source having an excess emission shall report the following information to the department on forms provided by the department. The department may authorize the submittal of such reports in electronic format ... (1) Initial report: the owner or operator shall file an initial

report, no later than the end of the next regular business day after the time of discovery of an excess emission"

6. Between April 26, 2012 and March 12, 2013 the Air Quality Bureau received three Initial Excess Emission Reports ("EER") from the Respondent. The Initial EERs included excess emission calculations for VOC emissions from the Pipeline Blowdown Valve. The Initial EERs were not submitted within the required time, as summarized below.

Activity Number	Event Start Date	Unit	Facility Discovery Date	1st Business Day after Discovery/ Initial Due	Date Initial Report Received	Days Late
21805112011	04/17/12	Pipeline Blowdown Valve	04/17/12	04/18/12	04/26/12	6
218022220131	02/22/13	Pipeline Blowdown Valve	02/22/13	02/25/13	03/12/13	10
218022520133	02/25/13	Pipeline Blowdown Valve	02/25/13	02/26/13	03/12/13	11

7. 20.2.7.110 NMAC provides in relevant part: "NOTIFICATION. A. The owner or operator of a source having an excess emission shall report the following information to the department on forms provided by the department. The department may authorize the submittal of such reports in electronic format ... (2) Final report: the owner or operator shall file a final report ... no later than ten (10) days after the end of the excess emission"

8. NMSA 1978, Section 12-2A-7 (1997) provides in relevant part: "Computation of time. In computing a period of time prescribed or allowed by a statute or rule, the following rules apply. ... E. if the period is less than eleven days, a Saturday, Sunday or legal holiday is excluded from the computation"

9. On March 12, 2013 the Bureau received a Final EER from the Respondent. The Final EER included excess emission calculations for VOC emissions from the Pipeline Blowdown Valve. The Final EER was not submitted within the required time, as summarized below.

Activity Number	Event Start Date	Event End Date	Unit	Due Date of Final Report	Date Final Report Received	Days Late
218022220131	02/22/13	02/22/13	Pipeline Blowdown Valve	03/08/13	03/12/13	2

10. 20.2.72.212. NMAC provides in relevant part: "Any owner or operator subject to this Part shall notify the Department in writing of or provide the Department with: ... D. Any necessary update or correction no more than sixty (60) days after the operator knows or should have known of the condition necessitating the update or correction of the permit."

11. Permit 0220-M5-R1, General Condition 1.a) provides in relevant part: "The Permittee shall notify the Department in writing of or provide the Department with: ... v) any necessary update or correction no more than sixty (60) days after the operator knows or should have known of the condition necessitating the update or correction of the permit."

12. On March 12, 2013, Bureau personnel conducted a Full Compliance Evaluation ("FCE") at the Facility. During the FCE, Bureau personnel discovered that the serial number for Emission Unit 2 (OHE12-C7057), a Solar Centaur T-4702 turbine, did not match the serial number on the permit (3001096). Pursuant to General Condition 1, notification regarding the replacement was due to the Bureau within 60 days after the replacement occurred. The notification that the like-kind replacement took place on August 30, 2012 was received at the Bureau on March 25, 2013. Therefore, the notification was required to be submitted to the Bureau on October 29, 2012, but was 144 days late.

13. Permit P130-R2, Specific Requirement A.202.D provides in part: "Data Collection (CAM Rule) Monitoring (For Dehydrator, Unit 3b, c): ... Monitoring: The permittee shall monitor the following indicators according to the approved CAM Plan in Section C103 and pursuant to 40 CFR 64.3(a) and (b): the temperature of non-condensable stream leaving the

condenser ... The frequency of data collection for the condenser exit temperature shall be at least once every hour and averaged every 24-hours"

14. Permit P130-R2 Specific Requirement A.202.D provides in part: "Data Collection (CAM Rule) Monitoring (For Dehydrator, Unit 3b, c) : ... Monitoring: The permittee shall monitor the following indicators according to the approved CAM Plan in Section C103 and pursuant to 40 CFR 64.3(a) and (b): the temperature of non-condensable stream leaving the condenser The frequency of data collection for the condenser exit temperature shall be at least once every hour and averaged every 24-hours"

15. Permit P130-R2, General Condition B108.H provides in relevant part: "If monitoring is new or is in addition to monitoring imposed by an existing applicable requirement, it shall become effective 120 days after the date of permit issuance"

16. On March 12, 2013, during the FCE, Bureau personnel requested records of the condenser exit temperature, which was required to be collected at least hourly, in accordance with Permit P130-R2. The Respondent was collecting the condenser exit temperature daily, as required in a previous permit (P130-R1-M3) and in its Compliance Assurance Monitoring plan. Permit P130-R2 was issued November 7, 2012 and the new monitoring condition took effect 120 days after issuance of the permit. Therefore, the Respondent was required to begin collecting hourly measurements on March 7, 2013, but failed to collect the temperature at least once every hour for 138 hours over a six day period.

17. Permits P130-R1-M1, P130-R1-M2, P130-R1-M3 and P130-R1-M4, Conditions 3.4.2.8.1 and Permits 0220-M5, 0220-M5-R1, and 0220-M5-R2, Conditions 3.d. provide in relevant part: "To demonstrate compliance with the vent VOC limit, the permittee shall monitor

each blowdown and log the date and time (start and ending) of occurrence, type of event (startup, shutdown, maintenance, etc), and the duration of the event"

18. Permits P130-R1-M1, P130-R1-M2, P130-R1-M3 and P130-R1-M4, Conditions 4.2.8.1, and Permits 0220-M5-R1 and 0220-M5-R2, Conditions 4.d. provide in relevant part: "The permittee shall maintain a 'blowdown' log ... for a period of 5 years"

19. Permits P130-R1-M1, P130-R1-M2 and P130-R1-M3, Conditions 4.2.8.2, and Permits 0220-M5, 0220-M5-R1 and 0220-M5-R2, Conditions 4.e. provide in relevant part: "Using the 'blowdown' log, the permittee shall calculate the monthly and 12-month rolling total of blowdown events"

20. Permit P130-R2, Condition A.107.C provides in relevant part: "SSM VOC Emissions ... records shall be kept of the monthly sum of total VOC emissions during the first 12 months and ... thereafter of the monthly rolling 12 month total of VOC emissions." (Issued November 7, 2012).

21. On April 8, 2013, Bureau personnel requested records from the Respondent regarding Bureau requested records of the date, time, type and duration of blowdown events at the Facility. Requested records covered the time period from five years prior to the FCE (March 12, 2008) to the date the recordkeeping condition was removed from the Facility's permit (November 7, 2012). On May 2, 2013, the Respondent stated that it did not have detailed information for each blowdown event, but only had records of the total number of events and pounds of VOC emissions per month, as shown in Exhibit A. A total of 561 events, consisting of 1,615.68 lbs of VOC emissions, occurred from March 12, 2008 - November 7, 2012.

22. Additionally, on April 9, 2013, Bureau personnel requested records of the 12-month rolling total of blowdown events at the Facility. In accordance with the permit, the Facility was

required to calculate the 12-month rolling total for the time period of March 2008 - October 2012, which covered 56 12-month periods. On May 2, 2013, the Respondent stated that it did not have records for the 12-month rolling total of blowdown events.

23. 20.2.72.202 NMAC provides: "EXEMPTIONS: The following exemptions are made to the following requirements of 20.2.72.200 NMAC - 20.2.72.299 NMAC. ... B. The presence of the following new or modified sources and activities at the facility shall be reported as provided for in the permit application forms supplied by the Department. Emissions from such sources and activities shall not be included in the calculation of facility-wide potential emission rate under Paragraphs 1 or 2 of Subsection A of 20.2.72.200 NMAC ... (5) Any emissions unit, operation, or activity that has a potential emission rate of no more than one-half (1/2) ton per year of any pollutant for which a National or New Mexico Ambient Air Quality Standard has been set or one-half (1/2) ton per year of any VOC"

24. The Facility's permit lists the Emergency flare ("Flare") on the "insignificant activities list" with pilot light emissions only below 0.5 tons per year ("TPY"). An application for Permit 220-M5-R1, received at the Bureau on September 27, 2010, provided emissions calculations below 0.5 TPY for the Flare. In accordance with 20.2.72.202.B(5) NMAC, any emissions unit that has a potential emission rate of no more than one-half (1/2) TPY of any pollutant for which a National or New Mexico Ambient Air Quality Standard has been set or one-half (1/2) TPY of any VOC is exempt from being calculated in the facility-wide potential emission rate. Records for the Flare, submitted by the Respondent on February 7, 2014 at the request of the Bureau, indicated that emissions exceeded the 0.5 TPY threshold for VOCs, as early as March 12, 2011. Therefore, the Respondent failed to meet the 0.5 TPY exemption.

25. On July 16, 2014, the Bureau issued to the Respondent a Second Revised Notice of Violation ENT-0218-1301-R2 (“NOV”), alleging violations of the AQCA, the AQCR, and the Permit. The alleged violations consisted of the failure to: 1) limit emissions to the allowable limits, which is a violation of Permits 0220-M5-R1, Table 2.1 and P130-R2, Specific Requirement A.106.A., Table 106.A; 2) submit initial excess emissions reports within the time required, which is a violation of 20.2.7.110.A(1) NMAC; 3) submit a final excess emissions report within the time required, which is a violation of Permit 20.2.7.110.A(2) NMAC; 4) notify the Department in writing of a necessary update no more than sixty days after the like-kind turbine replacement, which is a violation of 20.2.72.212.D NMAC and Permit 0220 M5-R1 General Condition 1. a) v); 5) collect the condenser exit temperature a least once every hour, which is a violation of Permit P130-R2 Specific Requirement A.202.D; 6) log and maintain the date, time, type and duration of blowdown events and calculate the 12-month rolling total of blowdown events which is a violation of Permits P130-R1-M1, P103-R1-M2, P130-R1-M3 and P130-R1-M4, Conditions 3.4.2.8.1, and 4.2.8.1, Permits 0220-M5, 0220-M5-R1 and 0220-M5-R2, Conditions 3.d and 4.d, Permits P130-R1-M1, P103-R1-M2 and P130-R1-M3, Conditions 4.2.8.2, and Permits 0220-M5, 0220-M5-R1 and 0220-M5-R2, Conditions 4.e; and 7) meet an exemption, which is a violation of Permit Condition 20.2.72.202.B(5) NMAC.

26. The Respondent submitted Corrective Action Verification (“CAV”) documenting measures taken to ensure future compliance with the permit conditions.

27. The CAV was determined to be satisfactory by the Bureau.

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

II. COMPROMISE AND SETTLEMENT

A. GENERAL

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

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

B. CIVIL PENALTY

31. In compromise and settlement of the alleged violations set forth in the NOV and upon consideration of the seriousness of the alleged violations and Respondent's good faith efforts to comply, the Parties agree to this settlement for a total of \$340,712.00; comprising \$36,203.00 in cash payment, and the balance discharged by the Respondent's performance of the Supplemental Environmental Project ("SEP") as provided in Exhibit B attached hereto. The Respondent shall pay a civil penalty of \$36,203.00 to the State of New Mexico within 30 calendar days after the effective date of this Final Order.

32. 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

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

34. Within 10 days following its receipt of a written demand by the Department, the Respondent shall make payment of any stipulated penalty. The Respondent shall make a cash payment, by certified or corporate check, of any stipulated penalty to the State of New Mexico General Fund, and sent to the address specified in Paragraph 32.

III. OTHER TERMS AND CONDITIONS

A. RESERVATION OF RIGHTS AND DEFENSES

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

B. MUTUAL RELEASE

36. 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

37. The 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

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

39. Except as otherwise provided in this Paragraph, the terms of this Final Order shall terminate when the Respondent has fulfilled the requirements of this Final Order. The reservations of rights and defenses and the mutual release in Paragraphs 35 and 36 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

40. 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

41. 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

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

H. SIGNATURE AND COUNTERPARTS

43. 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: 9/29/14


ENTERPRISE FIELD SERVICES, LLC

By: 
GRAHAM BACON
GROUP SENIOR VICE PRESIDENT

Date: 9/15/2014

STIPULATED FINAL COMPLIANCE ORDER

This Settlement Agreement and Stipulated Final Compliance Order, agreed to by the Division and the Respondent Enterprise Field Services, LLC, is hereby incorporated herein and **APPROVED AS A FINAL COMPLIANCE ORDER** issued pursuant to NMSA 1978, Section 74-2-12 (2006).



RYAN FLYNN
SECRETARY
ENVIRONMENT DEPARTMENT

Date: 9/29/2014

Exhibit A

**NOTICE OF VIOLATION ENT-0218-1301-R2
BLOWDOWN EVENTS**

Month-Year	No. of Blowdowns	lbs of VOCs
Mar-08	14	40.32
Apr-08	6	17.28
May-08	12	34.56
Jun-08	12	34.56
Jul-08	12	34.56
Aug-08	11	31.68
Sep-08	1	2.88
Oct-08	12	34.56
Nov-08	-	-
Dec-08	12	34.56
Jan-09	12	34.56
Feb-09	30	86.40
Mar-09	7	20.16
Apr-09	9	25.92
May-09	14	40.32
Jun-09	22	63.36
Jul-09	18	51.84
Aug-09	7	20.16
Sep-09	1	2.88
Oct-09	8	23.04
Nov-09	9	25.92
Dec-09	16	46.08
Jan-10	9	25.92
Feb-10	-	-
Mar-10	4	11.52
Apr-10	5	14.40
May-10	11	31.68
Jun-10	9	25.92
Jul-10	2	5.76
Aug-10	16	46.08
Sep-10	18	51.84
Oct-10	26	74.88
Nov-10	6	17.28
Dec-10	4	11.52
Jan-11	3	8.64
Feb-11	4	11.52
Mar-11	1	2.88
Apr-11	9	25.92
May-11	14	40.32
Jun-11	10	28.80
Jul-11	10	28.80
Aug-11	28	80.64
Sep-11	8	23.04
Oct-11	5	14.40
Nov-11	4	11.52
Dec-11	18	51.84
Jan-12	13	37.44
Feb-12	9	25.92
Mar-12	5	14.40
Apr-12	3	8.64
May-12	16	46.08
Jun-12	10	28.80
Jul-12	14	40.32
Aug-12	16	46.08
Sep-12	2	5.76
Oct-12	2	5.76
Nov-12	2	5.76
Total	561	1,615.68

Exhibit B



September 9, 2014

Federal Express

Sandra Ely
New Mexico Environment Department
Air Quality Bureau
525 Camino de los Marquez, Suite 2
Santa Fe, New Mexico 87505-1816

**Re: South Carlsbad Compressor Station and Treating Plant
Supplemental Environmental Project (SEP)
Notice of Violation: ENT-0218-1301-R2**

Dear Ms. Ely:

This letter provides a detailed description of the supplemental environmental project for the South Carlsbad Compressor Station, the implementation schedule for that project, the emissions reductions resulting from the project and the verified costs for the project.

Detailed SEP Description

The South Carlsbad SEP involves the installation of a Vapor Recovery Unit (VRU) at the South Carlsbad Compressor Station and Treating Plant to reduce the volume of process unit waste gas that would otherwise be flared. The following is a brief description of the VRU process.

The rich inlet gas stream is routed through a Dew Point skid which, through the use of temperature and pressure changes, forces heavier hydrocarbons to condense and fall out in liquid form. These liquids are then routed to a flash tank which operates at a lower pressure allowing the lighter hydrocarbons to flash off creating a stabilized liquid that can then be sent to atmospheric storage tanks. The flash vapors are routed to the VRU for injection back into the pipeline system to be transported to downstream facilities for further processing.

The implementation schedule, emissions reductions, and verified costs associated with this project are described below.

Implementation Schedule

Enterprise originally proposed this project to your department on July 10, 2013 as part of a proposal to settle the notice of violation. Most of the required equipment for the project was ordered, assembled and delivered to the South Carlsbad site by October 10, 2013. On-site construction of the VRU commenced shortly thereafter and was completed by November 15, 2013. The VRU was placed in operation as of December 18, 2013.

Emissions Reductions

The VRU will be environmentally beneficial and achieve a significant reduction in the amount of NOx, CO, and VOC from operation of the South Carlsbad facility. Specifically, the VRU will reduce emissions as follows:

<u>Emissions Reduction</u>		lb/hr	ton/yr
Total 2013 Flare Emissions based on total vapor to flare listed below that are now going to the VRU			
	NOx	2.10	9.23
	CO	3.54	15.50
	VOC	8.76	38.36
Total vapor to flare in 2013	71.65 MMSCF		
Average SCF/day to flare 2013	219.122 MSCF		
Total Recovered by VRU in 2014 to date	129 MMSCF		
Average SCF/day to VRU 2014	606.7 MSCF		

Verified Costs


The VRU does not involve the management or administration of either the project or funds for the project by the New Mexico Environment Department, Air Quality Bureau. Enterprise has incurred a total cost of \$1,763,664.82 in connection with the VRU. Those costs are detailed below:

Engineering and Survey Costs	\$ 49,722.61
Equipment and Material Costs	\$ 270,504.62
<u>Construction and installation Costs</u>	<u>\$1,443,437.59</u>
Total	\$1,763,664.82

Please let me know if you should have any questions or require any additional information concerning this matter.

Sincerely,

Enterprise Products Operating LLC



Ivan W. Zirbes
Sr. Director, Environmental

/sjn