



SUSANA MARTINEZ
Governor

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Lieutenant Governor

NEW MEXICO
ENVIRONMENT DEPARTMENT

Air Quality Bureau

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RYAN FLYNN
Cabinet Secretary

BUTCH TONGATE
Deputy Secretary

CERTIFIED MAIL - RETURN RECEIPT REQUESTED
RETURN RECEIPT NO:7012 1640 0000 0457 3893

APR 25 2014

Richard Rehm
Executive Vice President
Regency Field Services LLC
301 Commerce Street, Suite 700
Fort Worth, TX 76102

REVISED SETTLEMENT OFFER
FOR
Notice of Violation: REG-0569-1301

Dear Mr. Rehm:

On April 8, 2014, Air Quality Bureau ("Bureau") received a settlement offer from Regency Field Services LLC ("Regency") regarding Notice of Violation REG-0569-1301. The Bureau has taken into careful consideration Regency's request for reevaluation of the assessed civil penalty components. Accordingly, you will find enclosed a revised draft civil penalty calculation. The changes made, at the Bureau's discretion and for settlement purposes only, are as follows:

- Violation 1: The Extent of Deviation is reduced from Major to Minor.
- Violation 2: The Extent of Deviation is reduced from Moderate to Minor.
- Violation 3: The Extent of Deviation is reduced from Moderate to Minor.
- Violation 4: The Extent of Deviation is reduced from Moderate to Minor.

The changes listed above result in a reduction of the civil penalty from \$94,560.00 to \$69,312.00.

The attached revised draft civil penalty calculation includes an assessment for each violation described in the NOV. The New Mexico Air Quality Control Act, Sections 74-2-12 and 12.1, establishes a maximum penalty of fifteen thousand dollars (\$15,000) per day for each violation of the Act. The revised draft civil penalty calculation, which is less than the statutorily authorized penalty, is based on the approved Air Quality Bureau Civil Penalty Policy available at the following internet site:
http://www.nmenv.state.nm.us/aqb/enforce_compliance/CivilPenaltyPolicy.html

This letter constitutes an offer of settlement for NOV No. REG-0569-1301. This letter is not a demand for payment.

If you believe that any statement in the revised draft civil penalty calculation is erroneous, please contact Renae Held, Environmental Specialist, at the letterhead address, or by direct phone (505) 476-4365.

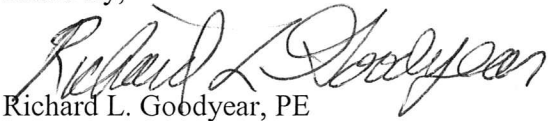
The Department offers to settle this NOV as follows:

1. Regency Field Services LLC agrees to a civil penalty of \$69,312.00. Payment shall be made in accordance with item 4 below.
2. Regency Field Services LLC will enter into a Settlement Agreement and Stipulated Final Compliance Order (SASFCO) with the New Mexico Environment Department (Department). The SASFCO will be based on the Department's standard template, and approved by the Department's Office of General Counsel.
3. When the SASFCO, executed on behalf of Regency Field Services LLC, is returned to the Bureau, the SASFCO will be signed by the NMED representative and will become effective.
4. Unless otherwise agreed, the payment shall be due within 30 days of the effective date of the SASFCO. The civil penalty shall be made by check payable to the *State of New Mexico, General Fund*.
5. The Department reserves the right to rely on the violation(s) alleged in the NOV and to offer proof thereof in connection with any administrative or judicial proceeding.

All correspondence pertaining to this matter must be submitted under cover of a properly completed Reporting Submittal Form. A copy of the form can be found online at http://www.nmenv.state.nm.us/aqb/enforce_compliance/SubmittalForms.htm.

This offer expires thirty (30) days from issuance. If you would like to discuss this offer, please contact Ms. Held, Judy Fisher, Enforcement Manager, at (505) 476-4369, or Sandra Ely, Compliance and Enforcement Section Chief, at (505) 476-4373. If you accept these terms, please so indicate in the space provided below, and return this letter within 30 days of the date this letter was issued. If no response is received from you within 30 days, the matter will be referred to the Office of General Counsel for the initiation of a formal administrative or judicial proceeding.

Sincerely,



Richard L. Goodyear, PE

Bureau Chief

AGREEMENT IN PRINCIPLE

On behalf of Regency Field Services LLC, I, _____, hereby accept the terms of settlement as set forth above. I represent that I have authority on behalf of Regency Field Services LLC to enter into this agreement.

REGENCY FIELD SERVICES LLC

Name:
Title:

Date:

Company: Regency Field Services LLC
 Facility: Jal #3 Gas Plant
 NOV #: REG-0569-1301
 Permit #: 1092-M6 and P090-R1-M1

Calculations by: Renae Held
 Reviewed by: Judy Fisher
 Date of Calculation: 25-Apr-14
 Source Class: Major

VIOLATION 1

Permit 1092-M6, Condition A203 A. Tanks: Requirement: Failure to Limit Condensate Throughput to the Permitted Limit

At the Bureau's discretion and for settlement purposes only, the Extent of Deviation is reduced from Major to Minor.

A. Gravity Component

Potential for Harm	Extent of Deviation	Quantity	Penalty
Severe	Minor	3	\$12,000.00

Basis: The Potential for Harm is Severe and the Extent of Deviation is Major, as detailed in the Bureau's Civil Penalty Policy Sections VI.C.1.a, VI.C.1.b, and Appendix F, for the failure by a Major source to comply with operational requirements. However, at the Bureau's discretion and for settlement purposes only, the Extent of Deviation has been reduced to Minor. Permit 1092-M6, Condition A203 A. states in relevant part: "Tank Throughput (TK-2 and TK-46) Requirement: To demonstrate compliance with the emission limits, the total condensate throughput shall not exceed 321,702 gallons per year to TK-2...Recordkeeping: For each tank...the permittee shall record the monthly total throughput of liquids and each month the permittee shall use this value to calculate and record a monthly rolling, 12-month total throughput..."

On January 30 and August 14, 2013 the Air Quality Bureau received Semi-Annual Monitoring Reports (Semi-Annuals) from Regency Field Services LLC (Regency) for its Jal #3 Gas Plant Facility. The Semi-Annuals covered the reporting period of July 1 to December 31, 2012 and January 1 to June 30, 2013, respectively. In the Semi-Annuals, Regency stated that it had exceeded the total condensate throughput limit for Unit TK-2, as summarized below.

Rolling 12-month Period	Total Condensate Throughput (gallons)	Semi-Annual Received
September 2011 - August 2012	321,820.50	1/30/2013
December 2011 - November 2012	322,540.50	1/30/2013
January 2012 - December 2012	322,540.50	1/30/2013
March 2012 - February 2013	336,213.00	8/14/2013
April 2012 - March 2013	381,573.00	8/14/2013
May 2012 - April 2013	337,473.00	8/14/2013

B. Multi-Day Component

Number of Days	Multiplier	Quantity	Penalty
3	560.00	1	\$1,680.00

Basis: At its discretion, the Bureau considers 3 of the exceedances to be subsequent, consecutive occurrences following the initial day of an event and therefore are assessed in the multi-day component of this penalty.

C. Adjustment Factors

Basis:	I. Effort to Comply	Cooperation	0.0
	Regency stated in its Corrective Action Verification Form, received at the Bureau on December 9, 2013 that it is looking at the feasibility of modifying the tanks to more accurately track the condensate throughput and limit the condensate routed to the tanks if needed. This study will be completed by January 2014 and the project should be "conducted shortly thereafter".		
Basis:	II. Negligence/Willfulness	Negligent	0.2
	The company violated a condition of the New Mexico Administrative Code (NMAC) and/or Permit 1092-M6 and P090-R1-M1. The Department considers such a violation to be negligent in that the company is reasonably presumed to have knowledge of these conditions.		
Basis:	III. History of Non-Compliance	Substantial History of Noncompliance	0.6
	Review of Air Quality Bureau files indicates a substantial history of noncompliance for Regency Field Services LLC within the past five years.		
Basis:	IV. Financial Condition	Gross Sales Greater than \$100,000,000	0.6
	ReferenceUSA Report, obtained on February 5, 2014.		
Basis:	V. Unique Adjustment		1.0
	N/A		

Factor Total = (1.0 + Adjustment Factors I+II+III+IV) * V 2.4

D. Economic Benefit

\$0.00

Basis: The Bureau made a preliminary determination that an insignificant economic benefit was received; therefore the total is \$0.00. The Bureau reserves the right to assess an economic benefit if one is found to exist.

Violation Total:	\$32,832.00
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Company: Regency Field Services LLC
 Facility: Jal #3 Gas Plant
 NOV #: REG-0569-1301
 Permit #: 1092-M6 and P090-R1-M1

Calculations by: Renae Held
 Reviewed by: Judy Fisher
 Date of Calculation: 25-Apr-14
 Source Class: Major

VIOLATION 2

Permit 1092-M6, Condition A204 A. Heaters/Boilers: Recordkeeping: Failure to Maintain a Record of a Monthly Operational Inspection of the Boiler

At the Bureau's discretion and for settlement purposes only, the Extent of Deviation is reduced from Moderate to Minor.

A. Gravity Component

Potential for Harm	Extent of Deviation	Quantity	Penalty
Significant	Minor	1	\$2,000.00

Basis: The Potential for Harm is Significant and the Extent of Deviation is Moderate, as detailed in the Bureau's Civil Penalty Policy Sections VI.C.1.a, VI.C.1.b, and Appendix F, for the failure by a Major source to comply with recordkeeping requirements. However, at the Bureau's discretion and for settlement purposes only, the Extent of Deviation has been reduced to Minor.

Permit 1092-M6, Condition A204 A. states in relevant part: "A. Operational Inspection (Heaters, Units 7H and 11H and Boiler, Unit 31B)...Monitoring: The permittee shall conduct operational inspections...monthly for Unit 31B...Recordkeeping: The permittee shall maintain records of the operational inspections, including a description of the visual and other sensory observations for insufficient or excessive combustion air in accordance with Section B109."

On January 30, 2013 the Air Quality Bureau received a Semi-Annual Monitoring Report (Semi-Annual) from Regency Field Services LLC (Regency) for its Jal #3 Gas Plant Facility. The Semi-Annual covered the reporting period of July 1 to December 31, 2012. In the Semi-Annual, Regency stated, "July monthly inspection for unit 31B was not recorded." Therefore, Regency failed to maintain a record of a monthly operational inspection of the Boiler, Unit 31B.

B. Multi-Day Component

Number of Days	Multiplier	Quantity	Penalty
0	320.00	1	\$0.00

Basis: At its discretion, the Bureau considered this violation a discrete event, and not subject to multi-day penalty calculations.

C. Adjustment Factors

Basis:	I. Effort to Comply	Cooperation	0.0
	Regency stated in its Corrective Action Verification Form, received at the Bureau on December 9, 2013 that the failure to conduct the required monthly inspection was attributed to the failure to update the facility's compliance calendar and reminder system after a personnel change. The compliance calendar has been reviewed and verified with key responsible personnel. Additional personnel have been added to the reminder tasks to prevent any recurrence.		
Basis:	II. Negligence/Willfulness	Negligent	0.2
	The company violated a condition of the New Mexico Administrative Code (NMAC) and/or Permit 1092-M6 and P090-R1-M1. The Department considers such a violation to be negligent in that the company is reasonably presumed to have knowledge of these conditions.		
Basis:	III. History of Non-Compliance	Substantial History of Noncompliance	0.6
	Review of Air Quality Bureau files indicates a substantial history of noncompliance for Regency Field Services LLC within the past five years.		
Basis:	IV. Financial Condition	Gross Sales Greater than \$100,000,000	0.6
	ReferenceUSA Report, obtained on February 5, 2014.		
Basis:	V. Unique Adjustment		1.0
	N/A		

Factor Total = (1.0 + Adjustment Factors I+II+III+IV) * V 2.4

D. Economic Benefit

Basis: The Bureau made a preliminary determination that an insignificant economic benefit was received; therefore the total is \$0.00. The Bureau reserves the right to assess an economic benefit if one is found to exist.

Violation Total:	\$4,800.00
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Company: Regency Field Services LLC
 Facility: Jal #3 Gas Plant
 NOV #: REG-0569-1301
 Permit #: 1092-M6 and P090-R1-M1

Calculations by: Renae Held
 Reviewed by: Judy Fisher
 Date of Calculation: 25-Apr-14
 Source Class: Major

VIOLATION 3

Permit P090-R1-M1, Condition A210 A. Acid Gas Injection System: Recordkeeping: Failure to Record Monthly Duct Integrity Inspection

At the Bureau's discretion and for settlement purposes only, the Extent of Deviation is reduced from Moderate to Minor.

A. Gravity Component

	Potential for Harm	Extent of Deviation	Quantity	Penalty
	Significant	Minor	1	\$2,000.00
Basis:	The Potential for Harm is Significant and the Extent of Deviation is Moderate, as detailed in the Bureau's Civil Penalty Policy Sections VI.C.1.a, VI.C.1.b, and Appendix F, for the failure by a Major source to comply with recordkeeping requirements. However, at the Bureau's discretion and for settlement purposes only, the Extent of Deviation has been reduced to Minor.			
	Permit P090-R1-M1, Condition A210 A. states in relevant part: "40 CFR 64: CAM Plan (Unit AGI)...Monitoring:...The permittee shall follow the CAM plan in Appendix A of this permit..."			
	On January 30, 2013 the Air Quality Bureau received a Semi-Annual Monitoring Report (Semi-Annual) from Regency Field Services LLC (Regency) for its Jal #3 Gas Plant Facility. The Semi-Annual covered the reporting period of July 1 to December 31, 2012. In the Semi-Annual, Regency stated that pertaining to Condition A210 A, "July monthly inspection was not conducted."			

B. Multi-Day Component

	Number of Days	Multiplier	Quantity	Penalty
	0	320.00	1	\$0.00
Basis:	At its discretion, the Bureau considered this violation a discrete event, and not subject to multi-day penalty calculations.			

C. Adjustment Factors

	I. Effort to Comply	Cooperation		0.0
Basis:	Regency stated in its Corrective Action Verification Form, received at the Bureau on December 9, 2013 that the failure to conduct the required monthly inspection was attributed to the failure to update the facility's compliance calendar and reminder system after a personnel change. The compliance calendar has been reviewed and verified with key responsible personnel. Additional personnel have been added to the reminder tasks to prevent any recurrence.			
	II. Negligence/Willfulness	Negligent		0.2
Basis:	The company violated a condition of the New Mexico Administrative Code (NMAC) and/or Permit 1092-M6 and P090-R1-M1. The Department considers such a violation to be negligent in that the company is reasonably presumed to have knowledge of these conditions.			
	III. History of Non-Compliance	Substantial History of Noncompliance		0.6
Basis:	Review of Air Quality Bureau files indicates a substantial history of noncompliance for Regency Field Services LLC within the past five years.			
	IV. Financial Condition	Gross Sales Greater than \$100,000,000		0.6
Basis:	ReferenceUSA Report, obtained on February 5, 2014.			
	V. Unique Adjustment			1.0
Basis:	N/A			
Factor Total = (1.0 + Adjustment Factors I+II+III+IV) * V				2.4

D. Economic Benefit

		\$0.00
Basis:	The Bureau made a preliminary determination that an insignificant economic benefit was received; therefore the total is \$0.00. The Bureau reserves the right to assess an economic benefit if one is found to exist.	

Violation Total:	\$4,800.00
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Company: Regency Field Services LLC
 Facility: Jal #3 Gas Plant
 NOV #: REG-0569-1301
 Permit #: 1092-M6 and P090-R1-M1

Calculations by: Renae Held
 Reviewed by: Judy Fisher
 Date of Calculation: 25-Apr-14
 Source Class: Major

VIOLATION 4

Permit 1092-M6, Condition A207 E. Sulfur Recovery Unit: Monitoring: Failure to Sample the H2S Concentration in the Acid Gas from the Sweetening Unit Each 24-Hour Period

At the Bureau's discretion and for settlement purposes only, the Extent of Deviation is reduced from Moderate to Minor.

A. Gravity Component

	Potential for Harm	Extent of Deviation	Quantity	Penalty
	Significant	Minor	1	\$2,000.00
Basis:	The Potential for Harm is Significant and the Extent of Deviation is Moderate, as detailed in the Bureau's Civil Penalty Policy Sections VI.C.1.a, VI.C.1.b, and Appendix F, for the failure by a Major source to comply with monitoring requirements. However, at the Bureau's discretion and for settlement purposes only, the Extent of Deviation has been reduced to Minor.			
	Permit 1092-M6, Condition A207 E. states in relevant part: "...Monitoring: The permittee shall monitor and make a record of each of the parameters listed below...2. The H2S concentration in the acid gas from the sweetening unit for each 24-hour period: At least one sample per 24-hour period shall be collected and analyzed...."			
	On January 30 and August 14, 2013 the Air Quality Bureau received Semi-Annual Monitoring Reports (Semi-Annuals) from Regency Field Services LLC (Regency) for its Jal #3 Gas Plant Facility. The Semi-Annuals covered the reporting period of July 1 to December 31, 2012 and January 1 to June 30, 2013, respectively. In the Semi-Annuals, Regency stated that it had failed to sample the H2S concentration in the acid gas from the sweetening unit for each 24-hour period for the period of September 16 to 25, 2012 and June 30, 2013, for a total of eleven 24-hour periods.			

B. Multi-Day Component

	Number of Days	Multiplier	Quantity	Penalty
	10	320.00	1	\$3,200.00
Basis:	The violation continued from September 16, 2012 to September 25, 2012 and June 30, 2013 for a total of eleven 24-hour periods. At the Bureau's discretion, and for settlement purposes only, ten 24-hour periods were used for calculating the multi-day component of the penalty. One day is accounted for in the Gravity Component.			

C. Adjustment Factors

Basis:	I. Effort to Comply	Cooperation		0.0
	Regency stated in its Corrective Action Verification Form, received at the Bureau on December 9, 2013 that the failure to conduct a measurement of the H2S concentration has been attributed to a failure to conduct a back up draeger tube testing of the H2S concentration when the analyzer was out of service. A new replacement analyzer, installed on June 21, 2013, has an additional high level and low level alarm to alert personnel when the analyzer is down, and a draeger tube back up sample is required to be taken.			
Basis:	II. Negligence/Willfulness	Negligent		0.2
	The company violated a condition of the New Mexico Administrative Code (NMAC) and/or Permit 1092-M6 and P090-R1-M1. The Department considers such a violation to be negligent in that the company is reasonably presumed to have knowledge of these conditions.			
Basis:	III. History of Non-Compliance	Substantial History of Noncompliance		0.6
	Review of Air Quality Bureau files indicates a substantial history of noncompliance for Regency Field Services LLC within the past five years.			
Basis:	IV. Financial Condition	Gross Sales Greater than \$100,000,000		0.6
	ReferenceUSA Report, obtained on February 5, 2014.			
Basis:	V. Unique Adjustment			1.0
	N/A			

Factor Total = (1.0 + Adjustment Factors I+II+III+IV) * V 2.4

D. Economic Benefit

Basis:	The Bureau made a preliminary determination that an insignificant economic benefit was received; therefore the total is \$0.00. The Bureau reserves the right to assess an economic benefit if one is found to exist.	\$0.00
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Violation Total:	\$12,480.00
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Company: Regency Field Services LLC
 Facility: Jal #3 Gas Plant
 NOV #: REG-0569-1301
 Permit #: 1092-M6 and P090-R1-M1

Calculations by: Renae Held
 Reviewed by: Judy Fisher
 Date of Calculation: 25-Apr-14
 Source Class: Major

VIOLATION 5

Permit 1092-M6, Condition A204 B. Excess Air (Boiler, Unit 31B): Monitoring: Failure to Monitor the Excess Air Level in the Flue Gas Semi-Annually

A. Gravity Component

Potential for Harm	Extent of Deviation	Quantity	Penalty
Significant	Moderate	1	\$3,000.00
<p>Basis: The Potential for Harm is Significant and the Extent of Deviation is Moderate, as detailed in the Bureau's Civil Penalty Policy Sections VI.C.1.a, VI.C.1.b, and Appendix F, for the failure by a Major source to comply with monitoring requirements.</p> <p>Permit 1092-M6, Condition A204 B. states in relevant part: "...Monitoring: The permittee shall monitor the excess air level in the flue gas semi-annually...."</p> <p>On August 14, 2013 the Air Quality Bureau received a Semi-Annual Monitoring Report (Semi-Annual) from Regency Field Services LLC (Regency) for its Jal #3 Gas Plant Facility. The Semi-Annual covered the reporting period of January 1 to June 30, 2013. In the Semi-Annual, Regency stated that it failed to monitor the excess air level in flue gas for the semi-annual period of January 1 to June 30, 2013. The excess air level was subsequently monitored on July 24, 2013.</p>			

B. Multi-Day Component

Number of Days	Multiplier	Quantity	Penalty
0	400.00	1	\$0.00
<p>Basis: At its discretion, the Bureau considered this violation a discrete event, and not subject to multi-day penalty calculations.</p>			

C. Adjustment Factors

Basis:	I. Effort to Comply	Cooperation	0.0
<p>Regency stated in its Corrective Action Verification Form, received at the Bureau on December 9, 2013 that the failure to conduct the required monitoring was attributed to the failure to update the facility's compliance calendar and reminder system after a personnel change. The compliance calendar has been reviewed and verified with key responsible personnel. Additional personnel have been added to the reminder tasks to prevent any recurrence.</p>			
Basis:	II. Negligence/Willfulness	Negligent	0.2
<p>The company violated a condition of the New Mexico Administrative Code (NMAC) and/or Permit 1092-M6 and P090-R1-M1. The Department considers such a violation to be negligent in that the company is reasonably presumed to have knowledge of these conditions.</p>			
Basis:	III. History of Non-Compliance	Substantial History of Noncompliance	0.6
<p>Review of Air Quality Bureau files indicates a substantial history of noncompliance for Regency Field Services LLC within the past five years.</p>			
Basis:	IV. Financial Condition	Gross Sales Greater than \$100,000,000	0.6
<p>ReferenceUSA Report, obtained on February 5, 2014.</p>			
Basis:	V. Unique Adjustment		1.0
<p>N/A</p>			
<p>Factor Total = (1.0 + Adjustment Factors I+II+III+IV) * V</p>			2.4

D. Economic Benefit

Basis:	The Bureau made a preliminary determination that an insignificant economic benefit was received; therefore the total is \$0.00. The Bureau reserves the right to assess an economic benefit if one is found to exist.	\$0.00
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Violation Total:	\$7,200.00
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Company: Regency Field Services LLC
 Facility: Jal #3 Gas Plant
 NOV #: REG-0569-1301
 Permit #: 1092-M6 and P090-R1-M1

Calculations by: Renae Held
 Reviewed by: Judy Fisher
 Date of Calculation: 25-Apr-14
 Source Class: Major

VIOLATION 6

Permit 1092-M6, Condition A207 B. SO2 CEMS Operation (Unit SRU and 9S):
 Monitoring: Failure to Meet the Minimum Data Capture Level of at Least 90% for the SO2 CEMS

A. Gravity Component

Potential for Harm	Extent of Deviation	Quantity	Penalty
Significant	Moderate	1	\$3,000.00

Basis: The Potential for Harm is Significant and the Extent of Deviation is Moderate, as detailed in the Bureau's Civil Penalty Policy Sections VI.C.1.a, VI.C.1.b, and Appendix F, for the failure by a Major source to comply with monitoring requirements.

Permit 1092-M6, Condition A207 B. states in relevant part: "...Monitoring:...The minimum acceptable level of data capture for the SO2 monitoring system shall be at least ninety percent (90%) for the calibration quarter..."

On August 14, 2013 the Air Quality Bureau received a Semi-Annual Monitoring Report (Semi-Annual) from Regency Field Services LLC (Regency) for its Jal #3 Gas Plant Facility. The Semi-Annual covered the reporting period of January 1 to June 30, 2013. In the Semi-Annual, Regency stated that it failed to meet the minimum data capture level of at least 90% for the SO2 CEMS for the 2nd Quarter of 2013. The data capture level was listed in the Semi-Annual as 78.0% for the 2nd Quarter of 2013. The low capture rate was attributed to problem with the stack flow meter pitot tube. A new pitot tube was installed on the unit on September 24, 2013.

B. Multi-Day Component

Number of Days	Multiplier	Quantity	Penalty
0	400.00	1	\$0.00

Basis: At its discretion, the Bureau considered this violation a discrete event, and not subject to multi-day penalty calculations.

C. Adjustment Factors

I. Effort to Comply	Cooperation	0.0
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Basis: Regency stated in its Corrective Action Verification Form, received at the Bureau on December 9, 2013 that a new pitot tube was installed on the unit on September 24, 2013. In addition, a back up pitot tube has been ordered.

II. Negligence/Willfulness	Negligent	0.2
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Basis: The company violated a condition of the New Mexico Administrative Code (NMAC) and/or Permit 1092-M6 and P090-R1-M1. The Department considers such a violation to be negligent in that the company is reasonably presumed to have knowledge of these conditions.

III. History of Non-Compliance	Substantial History of Noncompliance	0.6
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Basis: Review of Air Quality Bureau files indicates a substantial history of noncompliance for Regency Field Services LLC within the past five years.

IV. Financial Condition	Gross Sales Greater than \$100,000,000	0.6
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Basis: ReferenceUSA Report, obtained on February 5, 2014.

V. Unique Adjustment		1.0
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Basis: N/A

Factor Total = (1.0 + Adjustment Factors I+II+III+IV) * V	2.4
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D. Economic Benefit

\$0.00

Basis: The Bureau made a preliminary determination that an insignificant economic benefit was received; therefore the total is \$0.00. The Bureau reserves the right to assess an economic benefit if one is found to exist.

Violation Total:	\$7,200.00
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Company: Regency Field Services LLC
 Facility: Jal #3 Gas Plant
 NOV #: REG-0569-1301
 Permit #: 1092-M6 and P090-R1-M1

Calculations by: Renae Held
 Reviewed by: Judy Fisher
 Date of Calculation: 25-Apr-14
 Source Class: Major

TOTAL CALCULATED PENALTY

Violation 1 Permit 1092-M6, Condition A203 A. Tanks: Requirement:Failure to Limit Condensate Throughput to the Permitted Limit

A. Gravity Component	\$12,000.00
B. Multi-Day Component	\$1,680.00
Adjustments (Gravity + Multiday) x Factors	\$32,832.00
C. Economic Benefit	\$0.00
D. Total Penalty	\$32,832.00

Violation 2 Permit 1092-M6, Condition A204 A. Heaters/Boilers: Recordkeeping:Failure to Maintain a Record of a Monthly Operational Inspection of the Boiler

A. Gravity Component	\$2,000.00
B. Multi-Day Component	\$0.00
Adjustments (Gravity + Multiday) x Factors	\$4,800.00
C. Economic Benefit	\$0.00
D. Total Penalty	\$4,800.00

Violation 3 Permit P090-R1-M1, Condition A210 A. Acid Gas Injection System: Recordkeeping:Failure to Record Monthly Duct Integrity Inspection

A. Gravity Component	\$2,000.00
B. Multi-Day Component	\$0.00
Adjustments (Gravity + Multiday) x Factors	\$4,800.00
C. Economic Benefit	\$0.00
D. Total Penalty	\$4,800.00

Violation 4 Permit 1092-M6, Condition A207 E. Sulfur Recovery Unit: Monitoring:Failure to Sample the H2S Concentration in the Acid Gas from the Sweetening Unit Each 24-Hour Period

A. Gravity Component	\$2,000.00
B. Multi-Day Component	\$3,200.00
Adjustments (Gravity + Multiday) x Factors	\$12,480.00
C. Economic Benefit	\$0.00
D. Total Penalty	\$12,480.00

Violation 5 Permit 1092-M6, Condition A204 B. Excess Air (Boiler, Unit 31B): Monitoring:Failure to Monitor the Excess Air Level in the Flue Gas Semi-Annually

A. Gravity Component	\$3,000.00
B. Multi-Day Component	\$0.00
Adjustments (Gravity + Multiday) x Factors	\$7,200.00
C. Economic Benefit	\$0.00
D. Total Penalty	\$7,200.00

Company: Regency Field Services LLC
Facility: Jal #3 Gas Plant
NOV #: REG-0569-1301
Permit #: 1092-M6 and P090-R1-M1

Calculations by: Renae Held
Reviewed by: Judy Fisher
Date of Calculation: 25-Apr-14
Source Class: Major

Permit 1092-M6, Condition A207 B. SO2 CEMS Operation (Unit SRU and 9S):
Monitoring: Failure to Meet the Minimum Data Capture Level of at Least 90% for the SO2
CEMS

Violation 6

A. Gravity Component	\$3,000.00
B. Multi-Day Component	\$0.00
Adjustments (Gravity + Multiday) x Factors	\$7,200.00
C. Economic Benefit	\$0.00
D. Total Penalty	\$7,200.00

Combined Total \$69,312.00

Company: Regency Field Services LLC
 Facility: Jal #3 Gas Plant
 NOV #: REG-0569-1301
 Permit #: 1092-M6 and P090-R1-M1

Calculations by: Renae Held
 Reviewed by: Judy Fisher
 Date of Calculation: 25-Apr-14
 Source Class: Major

MAXIMUM ALLOWABLE PENALTY

Maximum allowable penalty is for comparison purposes only. \$15,000 per violation per day may be assessed as per New Mexico Air Quality Control Act Section 74-2-12.B.

	<u>Maximum Daily Penalty</u>	<u>Number of Days</u>	<u>Quantity</u>	<u>Max Penalty</u>
Violation 1	\$15,000	1	6	\$90,000.00
Violation 2	\$15,000	1	1	\$15,000.00
Violation 3	\$15,000	1	1	\$15,000.00
Violation 4	\$15,000	10	1	\$150,000.00
Violation 5	\$15,000	1	1	\$15,000.00
Violation 6	\$15,000	1	1	\$15,000.00
Maximum Total				\$300,000.00