

**STATE OF NEW MEXICO  
ENVIRONMENT DEPARTMENT**

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

**NO. AQB DCP-0589-1001 (NOV)**

**DCP MIDSTREAM, LP.,  
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, DCP Midstream, LP (“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 74-2-17; the Air Quality Control Regulations (“AQCR”), 20.2. NMAC (“Regulations”), and Air Quality Permit Number P094-R1 (“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. The Respondent is a limited partnership doing business in New Mexico at the Linam Ranch Gas Plant (“Facility”). The main function of the Facility is to remove hydrogen sulfide from natural gas and separate natural gas liquids from the incoming gas stream. The Facility is located in Lea County, New Mexico.

**B. HISTORY AND ALLEGED VIOLATIONS**

3. 20.2.72.203 NMAC states in relevant part: “CONTENTS OF APPLICATIONS: A.... 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 through routine operations after construction, modification or installation is completed ....”

4. 20.2.70.300 NMAC states in relevant part: “PERMIT APPLICATIONS: A. Duty to apply. For each Part 70 source, the owner or operator shall submit a timely and complete permit application in accordance with this part...D. Content of application... All applications shall meet the following requirements. ..(5) For all emissions of all air pollutants for which the source is major and all emissions of regulated air pollutants, provide all emissions information, calculations and computations for the source and for each emissions unit....”

5. On December 15, 2010, Respondent notified the Bureau that previous applications submitted by Respondent pursuant to 20.2.70 NMAC and 20.2.72 NMAC did not include emissions from two condensate tanks located at the Facility. Respondent estimated that combined, the tanks emitted approximately 14.62 tons per year.

6. Permit Condition 6.4.1.1 states in relevant part: "... Annual compliance tests, for NOx and CO, are also required for units 36 & 37...."

7. On December 17, 2010, the Bureau received notice from Respondent that annual tests required on Emission Units 36 and 37 were not performed for the year 2010.

8. On June 19, 2011 the Bureau issued to Respondent Notice of Violation DCP-0589-1001 ("NOV"), alleging violations of the AQCA, the AQCR, and the Permit. The alleged violations were 1) failure to include emissions of regulated air contaminant from tanks in NSR permit applications; 2) failure to include emissions of regulated air contaminant from tanks in Title V permit applications; and 3) failure to conduct annual compliance tests on Emission Units 36 and 37.

9. The NOV included a Corrective Action Verification ("CAV") requiring Respondent to submit to the Bureau measures taken to ensure future compliance with the permit conditions.

10. On August 19, 2011, the Bureau received the CAV from Respondent. The CAV was determined to be satisfactory by the Bureau on August 22, 2011.

11. On October 25, 2011, the Bureau issued to Respondent a proposal of a civil penalty for the alleged violations at the Facility.

12. The parties have engaged in settlement discussion to resolve the NOV without further proceedings.

## **II. COMPROMISE AND SETTLEMENT OF NOTICE OF VIOLATIONS**

### **A. GENERAL**

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

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

**15.** In compromise and settlement of the alleged violations set forth in the NOV and upon consideration of the seriousness of the violations and good faith efforts to comply, the Parties agree to a total assessment of \$53,097.00, comprising of \$13,097.00 in cash equivalent and the balance in a Supplemental Environmental Project.

**B. CIVIL PENALTY**

**16.** Respondent shall pay a civil penalty of \$13,097.00 to the State of New Mexico within 30 calendar days after the effective date of this Final Order.

**17.** 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  
1301 Siler Rd., Building B  
Santa Fe, New Mexico 87507-3113

**18.** If Respondent fails to make timely and complete payment of the civil penalty, Respondent shall pay interest on the outstanding balance at the rate established for judgments and decrees under NMSA 1978, § 56-8-4.

**C. SUPPLEMENTAL ENVIRONMENTAL PROJECT**

**19.** Respondent shall perform the Supplemental Environmental Project (“SEP”) described in Exhibit A attached hereto.

**20.** The SEP shall be completed within 180 days of the effective date of this order, and Respondent shall submit a certified statement of all costs associated with the SEP within 30 days of the SEP completion date.

**21.** If Respondent fails to complete the SEP within 180 days of the effective date of this order, Respondent stipulates to pay a civil penalty of \$500.00 for each day thereafter until the SEP is completed.

**22.** If Respondent fails to submit a certified statement of all costs associated with the SEP on within 30 days of the SEP completion date, Respondent stipulates to pay a civil penalty of \$250.00 for each day thereafter until the certified statement of all costs associated with the SEP is submitted.

**23.** Within 10 days following its receipt of a written demand by the Department, Respondent shall make payment of any stipulated penalty. 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 17.

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

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

**24.** This Final Order shall not be construed to prohibit or limit in any way the Department from requiring Respondent to comply with any applicable state or federal requirement. 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 Respondent not resolved herein. This Final Order shall not be construed to prohibit or limit in any way Respondent from raising any defense to a Department action seeking such relief.

**B. MUTUAL RELEASE**

25. 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**

26. 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 Respondent's performance of any obligation under this Final Order.

**D. EFFECTIVE DATE AND TERMINATION DATES**

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

28. Except as otherwise provided in this Paragraph, the terms of this Final Order shall terminate when Respondent has fulfilled the requirements of this Final Order. The reservations of rights and defenses and the mutual release in Paragraphs 24 and 25 shall not terminate, and shall remain in effect as an agreement between the Parties.

**E. INTEGRATION**

29. 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**

30. 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**

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

**ENVIRONMENTAL PROTECTION DIVISION  
NEW MEXICO ENVIRONMENT DEPARTMENT**

By: Mary E Rose  
MARY ROSE  
ACTING DIRECTOR

Date: 4/19/12

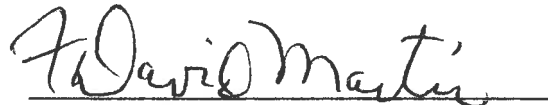
**DCP MIDSTREAM, LP**

By: [Signature]  
Print Name: DAVE A. LEDOWNE  
Print Title: VP OPERATIONS, PERMIAN.

Date: 4/16/12

**STIPULATED FINAL COMPLIANCE ORDER**

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



**F. DAVID MARTIN**  
**SECRETARY OF ENVIRONMENT**

Date: 4-23-12





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## **New Mexico Junior College Off-Grid Solar and Small Wind Project**

Growing concerns surrounding traditional fuels, the volatility of oil prices, vanishing fossil fuels, and energy security have increased the public interest in clean and sustainable energy resources. Residential and Small Business generation systems harnessing wind and solar energy are seen as a potential answer to individual energy concerns. This opportunity has created a need for trained workers and projects that demonstrate the feasibility and effectiveness of small wind and solar (PV) generation systems in Lea County and the surrounding regions of New Mexico and West Texas.

Additionally creating systems that support off the grid, micro-grid, and smart grid usages, is vital to rural and remote development

To accomplish this New Mexico Junior College is proposing an off-grid hybrid demonstration system to provide energy for the Energy Training Field Lighting System. This facility consists of a variety of outdoor light arrays and related equipment.

### **System Criteria**

The optimal renewable energy system would be a 2.5kwh KWH wind/solar/propane hybrid. Because of the training aspect and need to demonstrate how micro-grid/smart-grid system function, the project would ideally be photovoltaic and wind system with a backup generation system. This would supply approximately 80 percent of the energy usage of this facility. Approximate cost of the installation would be \$40,000.

### **Project Cost**

Equipment:

Solar/Wind/propane system

Total Project Cost \$40,000 for DCP Midstream.

*(All costs will in accordance with New Mexico Procurement Code)*

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**Equipment Breakdown:**

- 2 Hybrid Off-Grid Renewable Energy System. (1080 Watt), complete with battery bank to provide back up for three (days) of autonomy. (no wind, no solar) \$32,400
- 1 Wind Generator (400 Watt) integrated onto structure \$2,500
- 2 2.5 KWH Propane Generators \$3,000
- 1 Trailer for mobility. \$1,700
- 1 Labor for Installation and Certification \$3,000

The equipment including installation, training and warranty will cost \$40,000 for DCP Midstream. Additional costs will be the responsibility of NMJC.

The Lighting system to be used to Micro Grid is part of the NMJC Alternative Energy Training area.

**Energy Savings and Emission Reduction.**

Additionally, New Mexico Junior College has developed a renewable energy training ground adjacent to the Energy Training Complex. It is an approximate 8-acre site with a caliche base and security fence. Additionally NMJC has installed a grid tied system of approx 45 KWH wind and 45 KWH solar.

Expected outcomes of the project include:

- Annual Renewable energy production 5,000 KWH
- Energy savings of approximately 80 percent.
- Carbon dioxide reduction of 4.5 metric tons per year\*
  - \*(U.S. EPA Greenhouse Gas Equivalencies Calculator  
<http://www.epa.gov/RDEE/energy-resources/calculator.html>)
- Creating a trained workforce capable of not only installing the systems but of entering the energy workforce as technicians.

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- Providing additional training to new and incumbent workers on micro-grid and smart-grid operations
  - Increasing public awareness of the benefits of renewable energy, developing a knowledge base to assist the residents, farmers, and small business owners who wish to develop their own generation systems.
  - A broad range of outreach activities will be organized for various audiences including homeowners, students, faculty members, and entrepreneurs. The local community has shown significant interest in the project and related training. It is anticipated that homeowners and small business owners would be interested in installing similar generation systems on their properties.

#### **Time Line for Activity:**

- Site Assessment and Development will begin within 30 days of award. (15-30 days to complete)
- Site preparation will begin approximately 60 days after award (30 days to complete)
- Equipment purchase will begin 30 days after award (60 days to complete)
- Installation of equipment will begin within 90 day of award (anticipated to take 120 to 180 days to complete)
- New Mexico Junior College working with support from industry and from state agencies has developed a 10-acre alternative energy site. In addition to providing a source of renewable energy to the campus, it supports our alternative energy programs. The Proposal for an Off-Grid solar/wind system provides a needed resource for on-going programs and the ability to address the training programs throughout our region.

#### **Programmatic Details:**

New Mexico Junior College through its Training and Outreach Center has an energy technology training program. Through this program, NMJC has developed certificate and degree bearing programs. NMJC also provides workforce training for new and

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incumbent workers throughout eastern and southeastern New Mexico. This training includes Wind, Solar, bio-fuels, and other alternative energy programs, in addition to traditional energy programs. All training programs are nationally accredited and New Mexico Junior College participates in the National Solar Instructor Training Network In partnership with the U.S. Departments of Labor and Education, the U.S. Department of Energy (DOE). This program addresses workforce development barriers within the solar industry.

As is always the challenge in workforce training, the ability and access to field and industrial equipment is limited and although useful simulators cannot provide the breadth of training desirable.

The project proposed would provide students access to a working site and it would allow NMJC to transport the system to training sites around the area. This is especially useful in our programs with the area high schools.

NMJC currently has 150 students in our energy technology program. NMJC works with industry, area schools, and the workforce boards to cover the cost of the training.

For More Information, Please Contact:

***Dr. Robert Rhodes***, Vice-President of Training and Outreach, New Mexico Junior College

1 Thunderbird Circle, Hobbs, New Mexico 88240, 575.492-4708 phone, 575-602-9201 cellular, [rrhodes@nmjc.edu](mailto:rrhodes@nmjc.edu)