

APR 22 2015

STATE OF NEW MEXICO
SECRETARY OF ENVIRONMENT

ENVIRONMENTAL PROTECTION DIVISION
OF THE NEW MEXICO ENVIRONMENT DEPARTMENT,

Complainant,

v.

NO. AQB DCP-Multi-1301 (NOV)

DCP Midstream, LP,

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 (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, Sections 74-2-1 to 74-2-17; the Air Quality Control Regulations (“AQCR”), 20.2. NMAC (“Regulations”), and NSR and Operating Permits (“Permits”) for the Artesia Gas Plant, Pecos Diamond Gas Plant, Nash Draw Compressor Station, Linam Ranch Gas Plant, Golf Course Booster Station, Monument Booster Station, Eunice Gas Plant, Lusk Booster Station, South Hat Mesa Booster Station, and Oil Center Booster Station (“Facilities”).

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 Facilities, located in Lea and Eddy Counties, New Mexico. The Facilities are natural gas compression booster stations and gas processing plants.

B. HISTORY AND ALLEGED VIOLATIONS

3. The Permits provide in relevant parts: "Periodic emissions tests (periodic monitoring) may be conducted...by utilizing a portable analyzer. Periodic monitoring utilizing a portable analyzer shall be conducted in accordance with the requirements of ASTM D6522-00...." Specifically, ASTM D6522-00, Section 12 is concerned with the reporting of pretest and post-test calibration error checks and emission test results regarding linearity, interference, and stability checks.

4. Through the review of semi-annual reports for the monitoring period from January 1, 2013 to September 30, 2013, Bureau staff identified that a number of portable analyzer tests on emission units at the Facilities were not conducted in accordance with the requirements of ASTM D6522-00, as required in the Permits. See Attachment 1, Testing Deviations.

5. On November 6, 2014, the Bureau issued to the Respondent Notice of Violation DCP-Multi-1301 (“NOV”), alleging violations of the Permits for the failure to meet portable analyzer requirements while conducting periodic emissions tests at the Facilities in accordance with the protocols provided in ASTM D6522-00. The NOV included a Corrective Action Verification (“CAV”) requiring the Respondent to submit to the Bureau measures taken to ensure future compliance with the permit conditions.

6. On December 17, 2014, the Bureau received the CAV from the Respondent. The CAV was determined to be satisfactory by the Bureau on December 18, 2014.

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

II. COMPROMISE AND SETTLEMENT

A. GENERAL

8. 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.

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

B. CIVIL PENALTY

10. 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 that the Respondent shall pay a civil penalty of \$18,240.00 to the State of New Mexico within 30 calendar days after the effective date of this Final Order.

11. 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

12. 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.

III. OTHER TERMS AND CONDITIONS

A. RESERVATION OF RIGHTS AND DEFENSES

13. 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

14. 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

15. 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

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

17. 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 13 and 14 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

18. 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

19. 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

20. 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

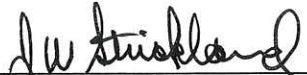
21. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement.

**ENVIRONMENTAL PROTECTION DIVISION
NEW MEXICO ENVIRONMENT DEPARTMENT**

By: 
MICHAEL VONDERHEIDE
DIRECTOR

Date: 4/29/15

DCP MIDSTREAM, LP

By: 
Print Name: Jackie Strickland
Print Title: Permian General Manager

Date: 4-15-2015

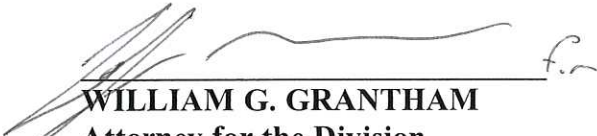
STIPULATED FINAL COMPLIANCE ORDER


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.

for Butch Longate
RYAN FLYNN
SECRETARY
ENVIRONMENT DEPARTMENT

Date: 5/4/15

APPROVED AS TO FORM:


WILLIAM G. GRANTHAM
Attorney for the Division


LOUIS W. ROSE
Attorney for DCP Midstream