

**STATE OF NEW MEXICO  
ENVIRONMENT DEPARTMENT**

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

**NO. AQB TAR-0602-1201 (NOV)**

**TARGA MIDSTREAM SERVICES, 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, Targa Midstream Services, LP (“Respondent”) (collectively, the “Parties”) to resolve an alleged statutory, regulatory, and permit violation by the Respondent. The Department alleges a violation 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 P082-R1M2 (“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 as the operator of the Eunice North Compressor Station ("Facility"). The Facility, located in Lea County, New Mexico, compresses sour natural gas prior to sending it via pipeline to Eunice Gas Processing Plant.

## **B. HISTORY AND ALLEGED VIOLATION**

3. Permit P082-R1M2 Condition A101. A states, "This permit P082R1M1 supersedes permit P082R1, and will expire on 01/15/2013. Application for renewal of this permit is due twelve (12) months prior to the date of expiration."

4. The permit renewal application for Permit P082-R1M2 was due no later than January 15, 2012. The application was received on January 23, 2012, which is nine days late.

5. On February 13, 2012, the Bureau issued to Respondent Notice of Violation TAR-0602-1201 ("NOV") alleging a violation of the AQCA, the AQCR, and the Permit. The alleged violation was the failure to timely submit application for renewal of P082-R1M2 (i.e.: the application was allegedly submitted 9 days late).

6. 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.

7. On February 27, 2012, the Bureau received the CAV from Respondent. The CAV was determined to be satisfactory by the Bureau on February 29, 2012.

8. The Parties have engaged in settlement discussion to resolve the NOV without further proceedings.

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

### **A. GENERAL**

9. 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 violation in the NOV.

10. The Parties admit jurisdiction and consents to the relief specified herein.

**B. CIVIL PENALTY**

11. In compromise and settlement of the alleged violation set forth in the NOV and upon consideration of the seriousness of the violation and good faith efforts to comply, the Parties agree that Respondent shall pay a civil penalty of \$6,000.00 to the State of New Mexico within 30 calendar days after the effective date of this Final Order.

12. 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

13. 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.

**III. OTHER TERMS AND CONDITIONS**

**A. RESERVATION OF RIGHTS AND DEFENSES**

14. 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 violations 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**

15. The Parties mutually release each other from all claims that each party raised or could have raised against the other regarding the facts and violation alleged in the NOV. Such release applies only to civil liability.

**C. WAIVER OF STATE LIABILITY**

16. 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**

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

18. 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 14 and 15 shall not terminate, and shall remain in effect as an agreement between the Parties.

**E. INTEGRATION**

19. 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**

20. 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**

21. 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 Rose  
MARY ROSE  
ACTING DIRECTOR

Date: 4/3/12

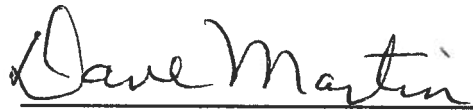
**TARGA MIDSTREAM SERVICES, LP**

By: Clark White  
CLARK WHITE  
VICE PRESIDENT *CBW*

Date: 3/27/2012

**STIPULATED FINAL COMPLIANCE ORDER**

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

  
\_\_\_\_\_  
**DAVE MARTIN**  
**SECRETARY OF ENVIRONMENT**

Date: 4-12-12