

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

TARGA MIDSTREAM SERVICES
LIMITED PARTNERSHIP

AI # 26859

PROCEEDINGS UNDER THE LOUISIANA
ENVIRONMENTAL QUALITY ACT
LA. R.S. 30:2001, ET SEQ.

* Settlement Tracking No.
* SA-AE-10-0021
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* Enforcement Tracking No.
* AE-CN-07-0190
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SETTLEMENT

The following Settlement is hereby agreed to between Targa Midstream Services Limited Partnership (“Respondent”) and the Department of Environmental Quality (“DEQ” or “the Department”), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. (“the Act”).

I

Respondent is a limited partnership that owns and/or operates a natural gas processing plant known as the Stingray Gas Plant located in Cameron Parish, Louisiana (“the Facility”).

II

On December 8, 2008, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. AE-CN-07-0190, which was based upon the following findings of fact:

The Respondent owns and/or operates a natural gas processing plant known as the Stingray Gas Plant (the facility) located approximately nine (9) miles west of Holley Beach on the north side

of Louisiana State Highway 82 in Cameron Parish, Louisiana. The facility operates under Title V Permit No. 0560-00020-V0 issued on October 7, 2004.

On or about September 7, 2007, inspections of the facility were performed to determine the degree of compliance with the Act and the Air Quality Regulations. The inspection noted areas of concern which were referred to the Department's Enforcement Division. Based on the areas of concern noted during the inspection, the Department sent a Warning Letter dated November 5, 2007, to the Respondent. The Department received a response dated November 26, 2007, to the Warning Letter from the Respondent. The Department also received additional information from the Respondent in the letter dated October 1, 2008. The Department reviewed the responses from the Respondent and took them into consideration.

The following violations were noted during the course of the inspection and file review:

- A. During the Department's previous inspection performed on or about June 8, 2006, it was noted by a representative of the Department that a variance was issued for the use of two (2) portable fuel tanks at the facility. The variance which was issued on November 7, 2005, expired on March 17, 2006. At the time of the June 8, 2006 inspection, it was stated by a representative of the Respondent that a variance would be needed for one (1) more month, and a new variance would be requested from the Department. At the time of the September 7, 2007 inspection, the representative of the Department requested the representative of the Respondent produce the variance for the time period that the two (2) portable fuel tanks operated after expiration of the Temporary Variance on March 17, 2006. It was stated by a representative of the Respondent on September 24, 2007, that a variance request had not been submitted to the Department for operation of the two (2) portable fuel tanks after the Temporary Variance issued on November 7, 2005, expired on March 17, 2006. The Respondent operated a 7,000 gallon gasoline storage tank and a 7,400 gallon diesel storage tank from March 18, 2006 through July of 2006 without prior approval from the permitting authority. This is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- B. In the Title V semiannual monitoring report dated September 25, 2006, and the Title V annual compliance certification dated March

30, 2007, the Respondent reported emissions of smoke in which the shade or appearance exceeded 20 percent opacity from the Flare Stack (Emission Point No. 4-76) for a combined total of six (6) hours in ten (10) consecutive days for the ten (10) consecutive day periods ending on April 30, 2006; May 18, 2006; May 26, 2006; and June 12, 2006. The Respondent reported smoke in which the shade or appearance exceeded 20 percent opacity for a combined total number of hours in excess of six (6) hours as follows: one and one-half (1.5) hours for the ten (10) consecutive days ending on April 30, 2006; one and one-half (1.5) hours for the ten (10) consecutive days ending on May 18, 2006; four (4) hours for the ten (10) consecutive days ending on May 26, 2006; and two (2) hours for the ten (10) consecutive days ending on June 12, 2006. Each failure to control the emission of smoke from a flare or other similar device used for burning in connection with pressure valve releases for control over process upsets so that the shade or appearance of the emission does not exceed 20 percent opacity for a combined total of six (6) hours in any ten (10) consecutive days is a violation of LAC 33:III.1105.A, Federally Enforceable Specific Condition B for the Flare Stack (Emission Point No. 4-76) of Title V Permit No. 0560-00020-V0, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

- C. The Respondent did not keep records of the exhaust temperature of the Ethylene Glycol Recon Vent (Emission Point No. 10-76) from April 2006 through December 21, 2006 to demonstrate compliance with LAC 33:III.2116.B.1.b. Each failure to keep records is a violation of State Only Specific Condition 2.A and Federally Enforceable Specific Condition 4 for the Ethylene Glycol Recon Vent (Emission Point No. 10-76) of Title V Permit No. 0560-00020-V0, LAC 33:III.2116.F.3.a, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).
- D. The Respondent failed to conduct weekly visual pump seal inspections for the weeks beginning September 11, 2006; September 18, 2006; September 25, 2006; November 6, 2006 and November 13, 2006. The Respondent noted in its response letter dated November 26, 2007, that during plant outages, the daily visual pump seal inspections were temporarily suspended as the plant was not running. The response letter indicated that the plant was shut down from September 6, 2006 through September 26, 2006; September 27, 2006 through October 3, 2006; November 6, 2006 through November 7, 2006 and November 11, 2006 through January 26, 2007. Each failure to conduct weekly visual pump seal inspections is a violation of LAC 33:III.2121.C.2.a and La. R.S. 30:2057(A)(2).

- E. The following emissions data was reported by the Respondent in the 2005 Annual Emissions Statement/Emissions Inventory received by the Department on March 31, 2006, or in the letter from the Respondent dated October 1, 2008:

Emission Point Number	Pollutant	Equipment ID	2005 Actual Emissions (tons/yr)	Permitted Emissions (tons/yr)
10-76	Benzene	Ethylene	2.5223	1.29
	Toluene	Glycol	0.8471	0.27
	Ethyl Benzene	Recon. Vent	0.0280	0.01
	Xylene		0.1531	0.06
16-76	CO	Waukesha Engine	0.53*	0.48
17-76	NO _x	Fire Water	0.29*	0.01
	CO	Pump	0.02*	0.01
19-76	Total VOC	Fugitive Emissions	62.3917	58.58

*exceedance of the permit limits due to operating in excess of the amount of time that the emissions were based upon as specified in the permit application and supplemental information used as the basis for Title V Permit No. 0560-00020-V0.

Based on the information from the Respondent, each exceedance of the individual pollutant limits on the Emissions Inventory Questionnaires for the permitted emissions points is a violation of General Condition III of Title V Permit No. 0560-00020-V0, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

- F. The following emissions data was reported by the Respondent in the 2006 Annual Emissions Statement/Emissions Inventory received by the Department on March 30, 2007, or in the letter from the Respondent dated October 1, 2008:

Emission Point Number	Pollutant	Equipment ID	2006 Actual Emissions (tons/yr)	Permitted Emissions (tons/yr)
10-76	Benzene	Ethylene Glycol Recon. Vent	2.00	1.29
17-76	NO _x	Fire Water	1.05*	0.01
	CO	Pump	0.07*	0.01
18-76	Total VOC	Glycol Storage Tank	1.00	0.00

*exceedance of the permit limits due to operating in excess of the amount of time that the emissions were based upon as specified in the permit application and supplemental information used as the basis for Title V Permit No. 0560-00020-V0.

Based on the information from the Respondent, each exceedance of the individual pollutant limits on the Emissions Inventory Questionnaires for the permitted emissions points is a violation of General Condition III of Title V Permit No. 0560-00020-V0, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

- G. Based on the Respondent's letter dated November 26, 2007, a calculation error was discovered for the emission rate for VOC for the Cooper GMVA-12 Compressor Engine (Emission Point 14-76). The calculation error yielded total VOC emissions limits of 0.03 pounds per hour and 0.13 tons per year. According to the Respondent, the correct calculation should have yielded 0.3 pounds per hour and 1.314 tons per year. The Respondent's failure to submit a permit application which accurately reflected the total VOC emissions from Emission Point 14-76 is a violation of LAC 33:III.517.D.3.d and La. R.S. 30:2057(A)(2).

III

Respondent submitted a response dated December 17, 2008, to the Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. AE-CN-07-0190. In its response, the Respondent noted that for paragraph II letter F, the total VOC emissions were recalculated for the Glycol Storage Tank (Emission Point No. 18-76). The Respondent noted that the emissions had

been incorrectly calculated. Emissions for the Glycol Storage Tank for calendar year 2006 were calculated to be 0.24 pounds per year.

IV

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

V

Nonetheless, Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount of NINETEEN THOUSAND SEVEN HUNDRED AND NO/100 DOLLARS (\$19,700.00), of which ONE THOUSAND SEVEN HUNDRED TWENTY-FOUR AND 50/100 DOLLARS (\$1,724.50) represents the Department's enforcement costs, in settlement of the claims set forth in this agreement. The total amount of money expended by Respondent on cash payments to the Department as described above, shall be considered a civil penalty for tax purposes, as required by La. R.S. 30:2050.7(E)(1).

VI

Respondent further agrees that the Department may consider the inspection report(s), the Consolidated Compliance Order & Notice of Potential Penalty, and this Settlement for the purpose of determining compliance history in connection with any future enforcement or permitting action by the Department against Respondent, and in any such action Respondent shall be estopped from objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

VII

This agreement shall be considered a final order of the secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this agreement, except such review as may be required for interpretation of this agreement in any action by the Department to enforce this agreement.

VIII

This settlement is being made in the interest of settling the state's claims and avoiding for both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the Department considered the factors for issuing civil penalties set forth in LSA- R. S. 30:2025(E) of the Act.

IX

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Cameron Parish, Louisiana. The advertisement, in form, wording, and size approved by the Department, announced the availability of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted an original proof-of-publication affidavit and an original public notice to the Department and, as of the date this Settlement is executed on behalf of the Department, more than forty-five (45) days have elapsed since publication of the notice.

X

Payment is to be made within ten (10) days from notice of the Secretary's signature. If payment is not received within that time, this Agreement is voidable at the option of the Department. Payments are to be made by check, payable to the Department of Environmental Quality, and mailed

or delivered to the attention of Accountant Administrator, Financial Services Division, Department of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303. Each payment shall be accompanied by a completed Settlement Payment Form (Exhibit A).

XI

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

XII

Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his or her respective party, and to legally bind such party to its terms and conditions.

TARGA MIDSTREAM SERVICES
LIMITED PARTNERSHIP

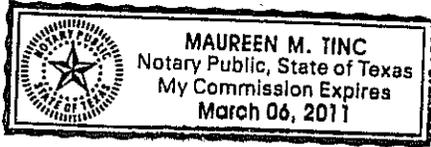
BY: Mar O. Breiling
(Signature)

MARC O. BRETLING
(Print)

EBH

TITLE: VICE PRESIDENT

THUS DONE AND SIGNED in duplicate original before me this 7th day of
June, 20 10, at Houston, Texas.



Maureen M. Tinc
NOTARY PUBLIC (ID # 12608975)

MAUREEN M. TINC
(Print)

LOUISIANA DEPARTMENT OF
ENVIRONMENTAL QUALITY
Peggy M. Hatch, Secretary

BY: [Signature]
Beau James Brock, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 12th day of
October, 20 10, at Baton Rouge, Louisiana.

Christopher A. Ratcliff
NOTARY PUBLIC (ID # 10149)

Christopher A. Ratcliff
(Print)

Approved: Paul D. Miller
Paul D. Miller, P.E., Assistant Secretary

