

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

DUKE ENERGY FIELD SERVICES, LP

AI # 27985, 31621, 31862, 31864, 31865
32438, 33406, 33408, 33428, 33485,
39828,44532, 84966, 85797, 85798,
85801, 86319, & 87091

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

- * Settlement Tracking No.
- * SA-AE-08-0013
- * Enforcement Tracking No.
- * AE-CN-06-0094
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SETTLEMENT

The following Settlement is hereby agreed to between DCP Midstream, LP, f/k/a Duke Energy Field Services, LP ("Respondent") and the Department of Environmental Quality (Department), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. (Act).

I

Respondent is a limited partnership who owns and/or operates numerous natural gas processing plant facilities and natural gas compressor station facilities located in various parishes throughout the State of Louisiana (Facility(ies)).

II

On September 29, 2006, the Department issued to Respondent a Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. AE-CN-06-0094, which was based upon the following findings of fact:

The Respondent owns and/or operates the Minden Gas Plant (Agency Interest No. 27985), a natural gas processing plant. The facility is located at 323 ANGI Road in Minden, Webster Parish, Louisiana. The facility currently operates under Title V Permit No. 3080-00004-V4, issued on July 25, 2005.

On or about August 15, 2006, a file review of the Minden Gas Plant (Agency Interest No. 27985) was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

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

- A. According to the facility's 2003 and 2004 Title V Annual Compliance Certifications and Title V Semiannual Monitoring Reports for the periods encompassing January through June 2003, July through December 2003, and July through December 2004, the Respondent exceeded the maximum operating rate of 2,000,000 gallons of condensate per year for Emission Point 16-81A (Condensate Truck Loadout) for the calendar years of 1998 through 2004 (see Table 1). According to Louisiana General Condition III of Title V Permit No. 3080-00004-V3, each yearly exceedance of the maximum operating rate for Emission Point 16-81A is a violation of Title V Permit No. 3080-00004-V3, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act.

TABLE 1. EMISSION POINT 16-81A CONDENSATE THROUGHPUT	
YEAR	THROUGHPUT (GALLONS/YEAR)
1998	5,597,689
1999	6,736,619.4
2000	7,308,624.1
2001	7,956,653.4
2002	3,455,075.8
2003	4,264,681.6
2004	3,715,969.7

In addition, the Respondent exceeded the annual emission limits of 0.85 tons per year (tpy) of volatile organic compounds (VOCs) for Emission Point 2-90, and 0.85 tpy of VOCs for Emission Point 3-90 for the calendar years of 1998 through 2001 and 2003 through 2004 (see Table 2). According to Louisiana General Condition III of Title V Permit No. 3080-00004-V3, each exceedance of the permitted

annual limit for VOCs for each emission point is a violation of Title V Permit No. 3080-00004-V3, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act. Title V Permit No. 3080-00004-V4 with increased operating rates and emission limits was issued on July 25, 2005.

TABLE 2. ANNUAL VOCs EMISSIONS (TPY)

YEAR	EMISSION POINT 2-90	EMISSION POINT 3-90
1998	1.1	1.1
1999	1.2	1.2
2000	1.3	1.3
2001	1.4	1.4
2003	1.0	1.0
2004	3.0	3.0

- B. According to the facility's 2003 Title V Annual Compliance Certification and Title V Semiannual Monitoring Report for the period encompassing January through June 2003, during an internal audit during the 2003 calendar year, the Respondent was unable to locate records prior to April 28, 2003, for Emission Points 8-96A and 8-96B (Hot Oil Heater) to indicate compliance with the requirements of 40 CFR 60 Subpart Dc—Standards of Performance for Small Industrial-Commercial-Industrial Steam Generating Units. In addition, the Respondent failed to locate notification of the date of construction, and startup of Emission Points 8-96A and 8-96B as required by 40 CFR 60.48c(a). Each failure to locate the required monitoring data and supporting information is a violation of Part 70 General Condition I of Title V Permit No. 3080-00004-V3, LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act.
- C. According to the facility's 2003 Title V Annual Compliance Certification, during a 2003 internal audit, the Respondent was unable to locate documentation demonstrating that an initial Method 21 inspection of the closed vent system was performed, as well as documentation demonstrating that annual visual inspections for audible, visual, or olfactory indications of leaks were performed as required by 40 CFR 60 Subpart KKK—Standards of Performance for Equipment Leaks of VOC From Onshore Natural Gas Processing Plants. Each failure to locate the required monitoring data and supporting information is a violation of Part 70 General Condition I of Title V Permit No. 3080-00004-V3, LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act. The Respondent performed the Method 21 inspection on or about October 31, 2003.

The Respondent owns and/or operates the Sailes No. 3 Compressor Station (Agency Interest No. 31621), a natural gas compressor station. The facility is located approximately 3.5 miles south southeast of Sailes in Bienville Parish, Louisiana. The facility currently operates under Title V Permit No. 0360-00093-V4, issued on July 25, 2005. According to a letter dated June 14, 2006, the Respondent began operating the facility on or about March 31, 1997.

On or about August 15, 2006, a file review of the Sailes No. 3 Compressor Station (Agency Interest No. 31621) was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

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

According to a letter from the Respondent dated April 13, 2006, the Respondent conducted an internal audit of its condensate storage tank flash emissions during the 2005 calendar year. During the course of the audit, potential flash emissions from Emission Points T-1-96 and T-1-98 (Condensate Storage Tanks) were found to be between 10 tpy and 30 tpy of VOCs. The permitted limit for VOCs for each storage tank is 4.30 tpy. According to Louisiana General Condition III of Title V Permit No. 0360-00093-V4, each exceedance of the permitted VOCs limit for Emission Points T-1-96 and T-1-98 is a violation of Title V Permit No. 0360-00093-V4, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act. The Respondent also reported this exceedance in the facility's 2005 Title V Annual Compliance Certification and Title V Semiannual Monitoring Report for the period encompassing July through December 2005. A Title V permit application dated July 27, 2006, including flash emissions was received by the Department on or about July 28, 2006.

The Respondent owns and/or operates the North Teal Compressor Station (Agency Interest No. 31862), a natural gas compressor station. The facility is located two miles east of Haynesville in Claiborne Parish, Louisiana. The facility currently operates under Air Permit No. 0620-00012-04, issued on January 6, 2003. According to a letter dated June 14, 2006, the Respondent began operating the facility during 1987.

On or about August 15, 2006, a file review of the North Teal Compressor Station (Agency Interest No. 31862) was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

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

According to a letter from the Respondent dated April 13, 2006, the Respondent conducted an internal audit of its condensate storage tank flash emissions during the 2005 calendar year. During the course of the audit, potential flash emissions from Emission Points C-2 and C-4 (Condensate Storage Tanks) were found to be 19 tpy of VOCs. According to the facility's permit, Air Permit No. 0620-00012-04, the flash emissions from the condensate storage tanks are permitted as Emission Points FL-1 and FL-2 (Condensate Flash). The permitted limits for VOCs for each condensate flash emission point are 6.12 tpy. According to Louisiana General Condition III of Air Permit No. 0620-00012-04, each exceedance of the permitted VOCs limit for Emission Points FL-1 and FL-2 is a violation of Air Permit No. 0620-00012-04, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act. A minor source permit application dated July 13, 2006, including flash emissions was received by the Department on or about July 17, 2006.

The Respondent owns and/or operates the Athens Compressor Station (Agency Interest No. 31864), a natural gas compressor station. The facility is located three miles east of Athens in Claiborne Parish, Louisiana. The facility currently operates under Air Permit No. 0620-00017-03, issued on June 17, 2004. According to a letter dated June 17, 2006, the Respondent purchased the facility from Transok, Inc. during 1997.

On or about August 15, 2006, a file review of the Athens Compressor Station (Agency Interest No. 31864) was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

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

According to a letter from the Respondent dated April 13, 2006, the Respondent conducted an internal audit of its condensate storage tank flash emissions during the 2005 calendar year. During the course of the audit, the Respondent noted that two 210 barrel condensate storage tanks were being

operated at the facility; however, the facility is only permitted for one 210 barrel condensate storage tank (Emission Point EQT5). According to a letter dated July 31, 2006, the second 210 barrel condensate storage tank was constructed on or about December 10, 1993, and is included in the permit as an insignificant source. The potential flash emissions from the second 210 barrel storage tank were found to be 12.5 tpy of VOCs. The modification, and/or operation of the second 210 barrel condensate storage tank for the storage of condensate which may ultimately result in an initiation or increase of air contaminants without prior approval from the permitting authority is a violation of LAC 33:III.501.C.2, and Sections 2057(A)(1) and 2057(A)(2) of the Act. A minor source permit application dated July 20, 2006, was received by the Department on or about July 24, 2006.

The Respondent owns and/or operates the West Teal Compressor Station (Agency Interest No. 31865), an oil and natural gas production facility. The facility is located 0.5 miles east of Haynesville in Claiborne Parish, Louisiana. The facility currently operates under Title V Permit No. 0620-00020-V1, issued on December 13, 2005. According to a letter dated June 14, 2006, the facility was constructed on or about January 3, 1991.

On or about August 15, 2006, a file review of the West Teal Compressor Station (Agency Interest No. 31865) was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

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

- A. According to the facility's 2003 and 2004 Title V Annual Compliance Certification and Title V Semiannual Monitoring Reports for the periods encompassing July through December 2003, and July through December 2004, the Respondent exceeded the annual condensate production rate of 4,560 barrels per year for the calendar years of 2003 through 2004. According to a letter dated July 31, 2006, the annual condensate throughput for 2003 was 6,402.27 barrels, and for 2004 was 5,108.57 barrels. According to Louisiana General Condition II of Title V Permit No. 0620-00020-V0, each exceedance of the annual condensate production rate is a violation of Title V Permit No. 0620-00020-V0, LAC 33:III.501.C.4, and Sections

2057(A)(1) and 2057(A)(2) of the Act. Title V Permit No. 0620-00020-V1 with an increased annual condensate production rate was issued on December 13, 2005.

- B. According to the facility's 2003 and 2004 Title V Annual Compliance Certification and Title V Semiannual Monitoring Reports for the periods encompassing July through December 2003, and July through December 2004, the Respondent exceeded the annual emission limit of 0.56 tpy of VOCs for Emission Point 3-90 (300 barrel Condensate Storage Tank) for the calendar years of 2003 through 2004. According to a letter dated July 31, 2006, the VOC emissions for Emission Point 3-90 for 2003 were 10.7 tons and for 2004 were 8.7 tons. In addition, according to a letter from the Respondent dated April 13, 2006, the Respondent conducted an internal audit of its condensate storage tank flash emissions during the 2005 calendar year. During the course of the audit, potential flash emissions from Emission Point 3-90 were found to be 11 tpy of VOCs. According to Louisiana General Condition III of Title V Permit No. 0620-00020-V0, each exceedance of the permitted VOCs limit for Emission Point 3-90 is a violation of Title V Permit No. 0620-00020-V0, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act. Title V Permit No. 0620-00020-V1 with an increased VOCs limit of 40.69 tpy for Emission Point 3-90 was issued on December 13, 2005. The Respondent also reported this in the facility's 2005 Title V Annual Compliance Certification and Title V Semiannual Monitoring Report for the period encompassing July through December 2005. A Title V Permit application dated July 13, 2006, was received by the Department on or about July 18, 2006.

The Respondent owns and/or operates the Arcadia Compressor Station (Agency Interest No. 32438), a natural gas pipeline compressor station. The facility is located approximately six miles northeast of Arcadia in Lincoln Parish, Louisiana. The facility currently operates under Air Permit No. 1720-00064-00, issued on June 13, 1997. According to a letter dated June 14, 2006, the Respondent began operating the facility on or about June 13, 1997.

On or about August 15, 2006, a file review of the Arcadia Compressor Station (Agency Interest No. 32438) was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

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

According to a letter from the Respondent dated April 13, 2006, the Respondent conducted an internal audit of its condensate storage tank flash emissions during the 2005 calendar year. During the course of the audit, potential flash emissions from Emission Points T-1-97 and T-2-97 (Condensate Storage Tanks) were found to be 21 tpy of VOCs. The permitted limit for VOCs for each storage tank is 0.99 tpy. According to Louisiana General Condition III of Air Permit No. 1720-00064-00, each exceedance of the permitted VOCs limit for Emission Points T-1-97 and T-2-97 is a violation of Air Permit No. 1720-00064-00, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act. A minor source permit application dated July 17, 2006, was received by the Department on or about July 19, 2006.

The Respondent owns and/or operates the Springhill Compressor Station (Agency Interest No. 33406), an oil and gas production facility. The facility is located 3.5 miles east of Springhill in Webster Parish, Louisiana. The facility currently operates under Title V Permit No. 3080-00021-V3, issued on June 23, 2005. According to a letter dated June 14, 2006, the Respondent began operating the facility during 1964.

On or about August 15, 2006, a file review of the Springhill Compressor Station (Agency Interest No. 33406) was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

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

According to a letter from the Respondent dated April 13, 2006, the Respondent conducted an internal audit of the facility's condensate storage tank flash emissions during the 2005 calendar year. During the course of the internal audit, the Respondent noted that Emission Points 5A-69 and 5B-69 (Condensate Storage Tanks) were venting to the atmosphere instead of being routed to the vapor recovery system (VRU-1) as specified by the facility's permit. According to a letter dated July 31, 2006, the condensate storage tanks have been venting to the atmosphere since the installation of the VRU-1 on or about January 23, 2002. Each failure to route the condensate storage tank emissions to the VRU-1 is a violation of Specific Requirements 53 and 57 of Title V Permit No. 3080-00021-V3, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act. In addition, the Respondent emitted

approximately 40 tpy of VOCs uncontrolled from the condensate storage tanks. Neither tank is permitted to emit VOCs. According to Louisiana General Condition II of Title V Permit No. 3080-00021-V3, the failure to operate the facility with all terms and conditions of the permit is a violation of Title V Permit No. 3080-00021-V3, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act. The Respondent also reported this in the facility's 2005 Title V Annual Compliance Certification and Title V Semiannual Monitoring Report for the period encompassing July through December 2005. A Title V permit application dated April 6, 2006, including flash emissions was received by the Department on or about April 12, 2006.

The Respondent owns and/or operates the Ada No. 1 Compressor Station (Agency Interest No. 33408), an oil and gas production facility. The facility is located four miles southeast of Dubberly in Webster Parish, Louisiana. The facility currently operates under Title V Permit No. 3080-00024-V4, issued on October 5, 2005. According to a letter dated June 14, 2006, the Respondent began operating the facility on or about July 21, 1997.

On or about August 15, 2006, a file review of the Ada No. 1 Compressor Station (Agency Interest No. 33408) was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

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

According to a letter from the Respondent dated April 13, 2006, the Respondent conducted an internal audit of its condensate storage tank flash emissions during the 2005 calendar year. During the course of the audit, potential flash emissions from Emission Points RLP-1 (the field vent), FL-1 (Condensate Flash Emissions GunBarrel Separator), T-1-87, and T-2-87 (210 barrel Condensate Storage Tanks) were found to be 19.7 tpy of VOCs. The permitted limits for VOCs for Emission Points RLP-1, FL-1, T-1-87, and T-2-87 are 11.14 tpy, 5.48 tpy, 0.53 tpy, and 0.53 tpy, respectively. According to Louisiana General Condition III of Title V Permit No. 3080-00024-V4, each exceedance of the permitted VOCs limit for each emission point is a violation of Title V Permit No. 3080-00024-V4, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act. A Title V permit application dated July 27, 2006, was received by the Department on or about July 28, 2006.

The Respondent owns and/or operates the Ada No. 3 Compressor Station (Agency Interest No. 33428), a natural gas compressor station. The facility is located four miles south of Minden in Webster Parish, Louisiana. The Respondent purchased the facility from ConocoPhillips Company on or about October 1, 2004. The facility currently operates under Standard Oil and Gas Air (SOGA) Permit No. 3080-00046-03, issued on July 14, 2006. The Respondent had submitted updated Emission Inventory Questionnaires (EIQs) dated January 18, 2005, and October 25, 2005.

On or about August 15, 2006, a file review of the Ada No. 3 Compressor Station (Agency Interest No. 33428) was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

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

According to a letter from the Respondent dated April 13, 2006, the Respondent conducted an internal audit of its condensate storage tank flash emissions during the 2005 calendar year. During the course of the audit, potential flash emissions from Emission Point EPN-2 (210 barrel Condensate Tank with Flash) were found to be between 7.6 tpy and 29 tpy of VOCs. According to the EIQ dated January 18, 2005, the limit for VOCs for the storage tank is 3.3 tpy. Each failure to accurately account for the flash emissions associated with Emission Point EPN-2 in the facility's permit application is a violation of LAC 33:III.517.D.3.d and Sections 2057(A)(1) and 2057(A)(2) of the Act. SOGA Permit No. 3080-00046-03 with increased VOCs limits was issued on July 14, 2006.

The Respondent owns and/or operates the Shongaloo No. 2 Compressor Station (Agency Interest No. 33485), a natural gas compressor station. The facility is located three miles east of Shongaloo in Webster Parish, Louisiana. The facility currently operates under Air Permit No. 3080-00109-02, issued on June 18, 2003. According to a letter dated June 14, 2006, the Respondent purchased the facility from Transok, Inc. during 1997.

On or about August 15, 2006, a file review of the Shongaloo No. 2 Compressor Station (Agency Interest No. 33485) was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

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

According to a letter from the Respondent dated April 13, 2006, the Respondent conducted an internal audit of its condensate storage tank flash emissions during the 2005 calendar year. During the course of the audit, potential flash emissions from Emission Points T-1-96 and T-2 (Condensate Storage Tanks) were found to be 16 tpy of VOCs. According to the facility's permit, Air Permit No. 3080-000109-02, the flash emissions from the condensate storage tanks are permitted as Emission Point FL-1 (Condensate Flash). The permitted limit for VOCs for the condensate flash is 6.94 tpy. According to Louisiana General Condition III of Air Permit No. 3080-00109-02, each exceedance of the permitted VOCs limit for Emission Point FL-1 is a violation of Air Permit No. 3080-00109-02, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act. A minor source permit application dated July 19, 2006, was received by the Department on or about July 21, 2006.

The Respondent owns and/or operates the Roberts Drip Point (Agency Interest No. 39828), a condensate catch station. The facility is located 2.5 miles west of Old Shongaloo in Webster Parish, Louisiana. The facility currently operates under Air Permit No. 3080-00150-00, issued on August 2, 1999. According to a letter dated June 14, 2006, the Respondent began operating the facility on or about August 2, 1999.

On or about August 15, 2006, a file review of the Roberts Drip Point (Agency Interest No. 39828) was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

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

According to a letter from the Respondent dated April 13, 2006, the Respondent conducted an internal audit of its condensate storage tank flash emissions during the 2005 calendar year. During the course of the audit, potential flash emissions from Emission Points T-1 and T-2 (Condensate

Storage Tanks) were found to be 3.0 tpy of VOCs. The permitted limits for VOCs for the condensate storage tanks are each 0.94 tpy. According to Louisiana General Condition III of Air Permit No. 3080-00150-00, each exceedance of the permitted VOCs limit for each emission point is a violation of Air Permit No. 3080-00150-00, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act. A minor source permit application dated June 29, 2006, was received by the Department on or about July 6, 2006.

The Respondent owns and/or operates the Ambrose Compressor Station (Agency Interest No. 44532), a natural gas compressor station. The facility is located six miles northeast of Ruston in Lincoln Parish, Louisiana. The facility currently operates under Air Permit No. 1720-00019-01, issued on December 14, 1992. According to a letter dated June 14, 2006, the Respondent purchased the facility from Transok, Inc. during 1997.

On or about August 15, 2006, a file review of the Ambrose Compressor Station (Agency Interest No. 44532) was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

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

According to a letter from the Respondent dated April 13, 2006, the Respondent conducted an internal audit of its condensate storage tank flash emissions during the 2005 calendar year. During the course of the audit, the potential flash emissions from Emission Points EP-25 and EP-26 (Condensate Storage Tanks) were found to be 1.1 tpy of VOC. The permit limits for VOCs for the condensate storage tanks are each 0.25 tpy. According to Louisiana General Condition III of Air Permit No. 1720-00019-01, each exceedance of the permitted VOCs limit for each emission point is a violation of Air Permit No. 1720-00019-01, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act. A minor source permit application dated July 13, 2006, was received by the Department on or about July 14, 2006.

The Respondent owns and/or operates the Ada Refrigeration Plant (Agency Interest No. 84966), a natural gas compressor station. The facility is located four miles south of Ada in Bienville

Parish, Louisiana. The facility currently operates under Title V Permit No. 0360-00022-V7, issued on April 25, 2006.

On or about August 15, 2006, a file review of the Ada Refrigeration Plant (Agency Interest No. 84966) was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

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

- A. According to the facility's 2003 Title V Annual Compliance Certification and Title V Semiannual Monitoring Report for the period encompassing July through December 2003, the facility exceeded the annual condensate production rate of 5,400 barrels per year for the 2003 calendar year. According to a letter dated July 31, 2006, the 2003 throughput for condensate for Emission Point F2-96 (Fugitive VOCs from Truck Loading) was 8,074.3 barrels. According to Louisiana General Condition II of Title V Permit No. 0360-00022-V3, the exceedance of the annual condensate production rate is a violation of Title V Permit No. 0360-00022-V3, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act. In addition, the Respondent exceeded the annual emission limit of 0.24 tpy of VOCs for Emission Point E-4, and 0.24 tpy of VOCs for Emission Point E-5 for the 2003 calendar year. According to a letter dated July 31, 2006, the total VOCs emissions for 2003 for Emission Points E-4 and E-5 were each 6.205 tons. According to Louisiana General Condition III of Title V Permit No. 0360-00022-V3, each exceedance of the permitted limit for VOCs for each emission point is a violation of Title V Permit No. 0360-00022-V3, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act. Title V Permit No. 0360-00022-V4 with increased operating rates and emission limits was issued on March 5, 2004.
- B. According to the facility's 2004 Title V Annual Compliance Certification and Title V Semiannual Monitoring Report for the period encompassing July through December 2004, the Respondent failed to tag and monitor the fuel gas header that supplies fuel to four of the facility's compressors when the fuel gas header became subject to 40 CFR 60 Subpart KKK—Standards of Performance for Equipment Leaks of VOC from Onshore Natural Gas Processing Plants. The fuel gas header became subject to 40 CFR 60 Subpart KKK on or about March 5, 2004. All fugitive components associated with the fuel gas header were tagged by March 29, 2005. Each failure

to tag and monitor a fuel gas header fugitive component is a violation of 40 CFR 60.632 which language has been adopted as a Louisiana regulation in LAC 33:III.3003. Each failure is also a violation of Facility Specific Requirements 18, 19, and 20 of Title V Permit No. 0360-00022-V4, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act.

The Respondent owns and/or operates the Blackwood Compressor Station (Agency Interest No. 85797), a crude oil and natural gas production facility. The facility is located approximately four miles south of Friendship in Bienville Parish, Louisiana. The facility currently operates under Air Permit No. 0360-00015-04, issued on July 21, 2000. According to a letter dated June 14, 2006, the Respondent purchased the facility from the Transok, Inc. during 1997.

On or about August 15, 2006, a file review of the Blackwood Compressor Station (Agency Interest No. 85797) was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

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

According to a letter from the Respondent dated April 13, 2006, the Respondent conducted an internal audit of its condensate storage tank flash emissions during the 2005 calendar year. During the course of the audit, potential flash emissions from Emission Point T-1 (Condensate Storage Tank) were found to be 2.9 tpy of VOCs. According to the facility's permit, Air Permit No. 0360-00015-04, the flash emissions from the condensate storage tank are permitted as Emission Point FL-1 (Condensate Flash Emissions). The permitted limit for VOCs for the condensate flash emissions is 0.09 tpy. According to Louisiana General Condition III of Air Permit No. 0360-00015-04, each exceedance of the permitted VOCs limit for Emission Point FL-1 is a violation of Air Permit No. 0360-00015-04, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act. A minor source permit application dated June 29, 2006, was received by the Department on or about June 30, 2006.

The Respondent owns and/or operates the Sailes No. 1 Compressor Station (Agency Interest No. 85798), a natural gas compressor station. The facility is located one mile east of Sailes in

Bienville Parish, Louisiana. The facility currently operates under Air Permit No. 0360-00014-08, issued on July 26, 2005. According to a letter dated June 14, 2006, the Respondent began operating the facility on or about March 10, 1990.

On or about August 15, 2006, a file review of the Sailes No. 1 Compressor Station (Agency Interest No. 85798) was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

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

According to a letter from the Respondent dated April 13, 2006, the Respondent conducted an internal audit of its condensate storage tank flash emissions during the 2005 calendar year. During the course of the audit, potential flash emissions from Emission Points EQT007 and EQT008 (T-1 and T-2 Condensate Storage Tanks) and the 210 barrel produced water tank were found to be between 3.5 tpy and 42 tpy of VOCs. The permitted limits for VOCs for the condensate storage tanks are each 14.29 tpy, and the produced water tank is permitted as an insignificant activity. The Respondent failed to accurately quantify, in the permit application for the facility's air permit, VOCs flash emissions from the condensate and produced water storage tanks. Each failure to accurately quantify the VOCs flash emission for each storage tank is a violation of LAC 33:III.517.D.3.d, and Sections 2057(A)(1) and 2057(A)(2) of the Act.

The Respondent owns and/or operates the Grambling Drip Point No. 2 Station (Agency Interest No. 85801), a condensate catch station. The facility is located approximately 1.5 miles southwest of Grambling in Lincoln Parish, Louisiana. The facility currently operates under a Small Source Exemption, issued on March 19, 1999.

On or about August 15, 2006, a file review of the Grambling Drip Point No. 2 Station (Agency Interest No. 85801) was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

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

According to a letter from the Respondent dated April 13, 2006, the Respondent conducted an internal audit of its condensate storage tank flash emissions during the 2005 calendar year. During the course of the audit, potential flash emissions from Emission Point T-1 (Condensate Storage Tank) were found to be 29 tpy of VOCs. The limit for VOCs in the facility's Small Source Exemption for the condensate storage tank is 0.24 tpy. Each exceedance of the VOCs limit for the condensate storage tank listed in the facility's Small Source Exemption is a violation of LAC 33:III.501.B.4.b, and Sections 2057(A)(1) and 2057(A)(2) of the Act. A minor source permit application dated July 6, 2006, was received by the Department on or about July 10, 2006.

The Respondent owns and/or operates the North Claiborne Compressor Station (Agency Interest No. 86319), a natural gas compressor station. The facility is located two miles west of Sharon in Claiborne Parish, Louisiana. The facility currently operates under Air Permit No. 0620-00180-01, issued on February 24, 2003. According to a letter dated June 14, 2006, the Respondent began operating the facility on or about October 7, 2000.

On or about August 15, 2006, a file review of the North Claiborne Compressor Station (Agency Interest No. 86319) was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

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

According to a letter from the Respondent dated April 13, 2006, the Respondent conducted an internal audit of its condensate storage tank flash emissions during the 2005 calendar year. During the course of the audit, potential flash emissions from Emission Points EQT3, EQT4 and EQT5 (Condensate Storage Tanks) were found to be 33 tpy of VOCs. According to the facility's permit, Air Permit No. 0620-00180-01, the flash emissions from the condensate storage tanks are permitted as Emission Point EQT6 (Condensate Flash). The permitted limit for VOCs for the condensate flash is 28.67 tpy. According to Louisiana General Condition III of Air Permit No. 0620-00180-01, each exceedance of the permitted VOCs limit for Emission Point EQT6 is a violation of Air Permit No. 0620-00180-01, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act. A Minor Source permit application dated March 20, 2006, including flash emissions was received by the Department on or about March 21, 2006.

The Respondent owns and/or operates the Leatherman Creek Drip Point Facility (Agency Interest No. 87091), a condensate catch station. The facility is located three miles north of Gibsland in Bienville Parish, Louisiana. The facility currently operates under a Small Source Exemption, issued on April 9, 1999.

On or about August 15, 2006, a file review of the Leatherman Creek Drip Point Facility (Agency Interest No. 87091) was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

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

According to a letter from the Respondent dated April 13, 2006, the Respondent conducted an internal audit of its condensate storage tank flash emissions during the 2005 calendar year. During the course of the audit, potential flash emissions from Emission Points T-1 and T-2 (Condensate Storage Tanks) were found to be 37 tpy of VOC. The limits for VOCs for the condensate storage tanks are 0.72 tpy and 0.32, respectively. Each exceedance of the VOCs limit for each emission point is a violation of LAC 33:III.501.B.4.b, and Sections 2057(A)(1) and 2057(A)(2) of the Act. A minor source permit application dated July 6, 2006, was received by the Department on or about July 10, 2006.

The following deviations, although not included in the foregoing enforcement action, are included within the scope of the settlement herein.

A. Ada Refrigeration Plant—Agency Interest No. 84966; Permit No. 0360-00022-V8.

1. According to the facility's Title V Semiannual Monitoring Report for the period encompassing July through December 2007, 2007 Title V Annual Compliance Certification, and a letter dated November 21, 2008, the Respondent located six (6) open-ended lines during the monthly inspection of the Fugitives (Emission Point No. E-6 and FUG0001).
2. According to the facility's Title V Semiannual Monitoring Reports for the periods encompassing July through December 2007, January through June 2008, 2007 Title V Annual Compliance Certification, and a letter

dated November 21, 2008, the Respondent failed to conduct 140 CAM observations during the period encompassing July 1, 2007, through June 30, 2008:

3. According to the facility's Title V Semiannual Monitoring Report for the period encompassing July through December 2007, 2007 Title V Annual Compliance Certification, and a letter dated November 21, 2008, three CAM observations were outside the parameter range specified in the facility's CAM Plan.
4. According to the facility's Title V Semiannual Monitoring Report for the period encompassing January through June 2008, and a letter dated November 21, 2008, the Respondent failed to equip compressor blow down vents with a secondary valve as required by NSPS Subpart VV (40 CFR 60.482-6).
5. According to the facility's Title V Semiannual Monitoring Reports for the periods encompassing January through June 2006, July through December 2006, January through June 2007, 2006 Title V Annual Compliance Certification, and letters from the Respondent dated January 18, 2007, February 19, 2007, May 21, 2007, and November 2, 2007, the Respondent failed to conduct 139 CAM observations during the 2006 calendar year and the period encompassing January through June 2007.
6. According to the facility's Title V Semiannual Monitoring Report for the period encompassing January through June 2007, the Respondent located two open-ended lines during monthly inspections of the Fugitives (Emission Point No. E-6 and FUG0001).
7. According to the facility's Title V Semiannual Monitoring Report for the period encompassing July through December 2006, 2006 Title V Annual Compliance Certification, and a letter dated May 21, 2007, two CAM observations were outside of the parameter range specified in the facility's CAM Plan.

B. Minden Gas Plant—Agency Interest No. 27985; Permit No. 3080-00004-V4.

1. According to the facility's Title V Semiannual Monitoring Report for the period encompassing July through December 2007, 2007 Title V Annual Compliance Certification, and a letter November 21, 2008, eight CAM observations were outside the parameter range specified in the facility's CAM Plan.

2. According to the facility's Title V Semiannual Monitoring Report for the period encompassing July through December 2007, 2007 Title V Annual Compliance Certification, and a letter November 21, 2008, the Respondent located six open-ended lines during the monthly inspections of Fugitives Emissions (Emission Point No. 18-81 and FUG001).
3. According to the facility's Title V Semiannual Monitoring Report for the period encompassing January through June 2008, and a letter dated November 21, 2008, the Respondent failed to equip compressor blow down vents with a secondary valve as required by NSPS Subpart VV (40 CFR 60.482-6).
4. According to the facility's Title V Semiannual Monitoring Report for the period encompassing January through June 2008, and a letter dated November 21, 2008, the Respondent failed to repair four leaking components with the 15 day time period following discovery as required by NSPS Subpart KKK (40 CFR 60.482-7).
5. According to the facility's Title V Semiannual Monitoring Report for the period encompassing January through June 2008, and a letter dated November 21, 2008, the Respondent discovered indications that the volume of process gas to the flare under normal operating conditions exceeds the volume used in the permitted emission limit (Emission Point No. 20-81 and EQT001):
6. According to the facility's Title V Semiannual Monitoring Reports for the periods encompassing January through June 2006 and January through June 2007, 2006 Title V Annual Compliance Certification, and letters from the Respondent dated January 18, 2007, February 19, 2007, and November 2, 2007, the Respondent failed to conduct 53 Compliance Assurance Monitoring (CAM) observations during the period encompassing January 2006 through June 2007.
7. According to the facility's Title V Semiannual Monitoring Report for period encompassing January through June 2006 and 2006 Title V Annual Compliance Certification, the Respondent conducted a review of its Leak Detection and Repair (LDAR) data, which indicated that the number of difficult to monitor valves in two process units exceeded 3%. According to the Respondent, the facility was subdivided into more readily identifiable process units for monitoring, recordkeeping, and reporting purposes during January 2005. Prior to this facility subdivision, difficult to monitor valves were less than 3%.
8. According to the facility's Title V Semiannual Monitoring Report for the period encompassing January through June 2007, the Respondent located

two open-ended lines during monthly inspections of the Fugitive Emissions (Emission Point No. 18-81 and FUG0001).

9. According to the facility's Title V Semiannual Monitoring Report for the period encompassing January through June 2007 and a letter dated November 2, 2007, four CAM observations were outside of the parameter range specified in the facility's CAM Plan.
10. According to the facility's Title V Semiannual Monitoring Report for the period encompassing January through June 2007, an internal audit performed during April 2007 indicated that a process unit shutdown on or about September 27, 2005, was not included in the facility's Semiannual 40 CFR 60 Subpart KKK Report submitted on or about January 19, 2006. In addition, the facts that explain the reason for each component placed on delay of repair were not included in the facility's Semiannual 40 CFR 60 Subpart KKK Report.

C. Ada No. 1 Compressor Station—Agency Interest No. 33408; Permit No. 3080-00024-V5.

1. According to the facility's Title V Semiannual Monitoring Report for the period encompassing July through December 2007, 2007 Title V Annual Compliance Certification, and a letter dated November 21, 2008, seven CAM observations were outside of the parameter range specified in the facility's CAM Plan.
2. According to the facility's Title V Semiannual Monitoring Report for the period encompassing January through June 2008, and a letter dated November 21, 2008, the Respondent failed to conduct twenty-seven CAM observations during the period encompassing January through June 2008.
3. According to the facility's Title V Semiannual Monitoring Reports for the periods encompassing January through June 2006 and July through December 2006, 2006 Title V Annual Compliance Certification, and letters from the Respondent dated January 18, 2007, February 19, 2007, and May 21, 2007, the Respondent failed to conduct 18 CAM observations during the 2006 calendar year.
4. According to the facility's Title V Semiannual Monitoring Report for the period encompassing January through June 2007 and a letter dated November 2, 2007, two CAM observations were outside of the parameter range specified in the facility's CAM Plan.

D. Springhill Compressor Station—Agency Interest No. 33406; Permit No. 3080-00021-V4.

1. According to the facility's Title V Semiannual Monitoring Reports for the periods encompassing July through December 2007, January through June 2008, 2007 Title V Annual Compliance Certification, and a letter dated November 21, 2008, four CAM observations were outside of the parameter range specified in the facility's CAM Plan.
2. According to the facility's Title V Semiannual Monitoring Report for the period encompassing January through June 2007 and a letter from the Respondent dated November 2, 2007, the Respondent failed to determine the parameter range for the reboiler temperature associated with the dehydration unit per Specific Requirement No. 65 of Title V Permit No. 3080-00021-V4.
3. According to the facility's Title V Semiannual Monitoring Reports for the periods encompassing January through June 2006, July through December 2006 and January through June 2007, 2006 Title V Annual Compliance Certification, and letters from the Respondent dated January 18, 2007, February 19, 2007, May 21, 2007, and November 2, 2007, the Respondent failed to conduct 191 CAM observations during the 2006 calendar year and the first half of 2007.
4. According to the facility's Title V Semiannual Monitoring Report for the period encompassing January through June 2007 and a letter from the Respondent dated November 2, 2007, the Respondent failed to maintain the final exit temperature of the Dehydrator Still Column (Emission Point No. ST-1 and EQT012) less than 110 degrees Fahrenheit as specified by Specific Requirement No. 65 of Title V Permit No. 3080-00021-V4 on April 22, 2007, April 23, 2007, May 23, 2007, and May 24, 2007.

E. Sailes No. 3 Compressor Station—Agency Interest No. 31621; Permit No. 0360-00093-V5.

1. According to the facility's Title V Semiannual Monitoring Report for the period encompassing July through December 2007, 2007 Title V Annual Compliance Certification, and a letter dated November 21, 2008, the Respondent failed to conduct three CAM observations during the period encompassing July through December 2007.
2. According to the facility's Title V Semiannual Monitoring Report for the period encompassing July through December 2006, 2006 Title V Annual Compliance Certification, and a letter from the Respondent dated May 21, 2007, one CAM observation for Engine 1-06 (Emission Point No.

EQT023) during the period encompassing December 13, 2006, and December 14, 2006, was outside the range specified in the facility's permit, Title V Permit No. 0360-00093-V5.

F. West Teal Compressor Station—Agency Interest No. 31865; Permit No. 0620-00020-V2.

According to the facility's Title V Semiannual Monitoring Reports for the periods encompassing January through June 2006 and July through December 2006, 2006 Title V Annual Compliance Certification, and letters from the Respondent dated January 18, 2007, February 19, 2007, and May 21, 2007, the Respondent failed to conduct 125 CAM observations during the 2006 calendar year.

III

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

IV

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 SEVENTY-FIVE THOUSAND AND NO/100 DOLLARS (\$75,000.00), of which One Thousand Eight Hundred Twelve and 36/100 Dollars (\$1,812.36) represents DEQ'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 DEQ as described above, shall be considered a civil penalty for tax purposes, as required by La. R.S. 30:2050.7(E)(1).

V

Respondent further agrees that the Department may consider the inspection report(s), the Consolidated Compliance Order and 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.

VI

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.

VII

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).

VIII

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in the parishes of Webster, Bienville, Claiborne, and Lincoln, 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 from the newspaper of each affected parish 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.

IX

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).

X

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

XI

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.

**DCP MIDSTREAM, LP, f/k/a DUKE
ENERGY FIELD SERVICES, LP**

BY: _____
(Signature)

(Print)

TITLE: _____

THUS DONE AND SIGNED in duplicate original before me this _____ day of
_____, 20 _____, at _____.

NOTARY PUBLIC (ID # _____)

(Print)

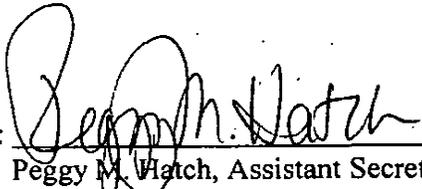
**LOUISIANA DEPARTMENT OF
ENVIRONMENTAL QUALITY**
Harold Leggett, Ph.D., Secretary

BY: _____
Peggy M. Hatch, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this _____ day of
_____, 20 _____, at Baton Rouge, Louisiana.

NOTARY PUBLIC (ID # _____)

(Print)

Approved: 

Peggy M. Hatch, Assistant Secretary