



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8

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MAY 23 2008

Ref: 8ENF-AT

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

ConocoPhillips Company
Registered Office
1560 Broadway, Suite 2090
Denver, CO 80202

Re: ConocoPhillips Company
Argenta Compressor Station
Sunnyside Compressor Station
Compliance Order
Docket No. CAA-08-2008- 0020

Dear Sirs:

Enclosed is a Compliance Order which is issued to ConocoPhillips Company pursuant to section 113(a)(3)(B) of the Clean Air Act ("CAA"), 42 U.S.C. §7413(a)(3)(B). The Compliance Order applies to the Argenta Compressor Station and the Sunnyside Compressor Station, which are located within the exterior boundaries of the Southern Ute Indian Reservation, in La Plata County, Colorado.

The Environmental Protection Agency ("EPA") alleges in this Compliance Order that ConocoPhillips Company failed to comply with the requirements of the National Emission Standards for Hazardous Air Pollutants for Reciprocating Internal Combustion Engines, as set forth in section 112 of the CAA, 42 U.S.C. §7412, and 40 C.F.R. Part 63, Subpart ZZZZ and the Federal Operating Permit Programs, as set forth in section 502 of the CAA, 42 U.S.C. §7661a, and 40 C.F.R. Part 71.

The Order requires that ConocoPhillips Company immediately comply with all the requirements of 40 C.F.R. Part 63, Subparts A and ZZZZ and 40 C.F.R. Part 71. In issuing this Compliance Order, EPA does not waive any of its rights, including seeking injunctive relief and/or civil penalties for any violations of the Compliance Order, the CAA or its implementing regulations.



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ConocoPhillips Company

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If you have any questions concerning this Compliance Order, the most knowledgeable people on my staff are Hans Buenning, Environmental Engineer, (for technical issues) who can be reached at (303) 312-6486, and Jim Eppers, Senior Enforcement Attorney, (for legal issues) who can be reached at (303) 312-6893.

Sincerely,

Handwritten signature of Michael T. Risner in cursive, with the word "for" written below it.

Andrew M. Gaydosh
Assistant Regional Administrator
Office of Enforcement, Compliance
and Environmental Justice

Enclosure

cc: John W. Hentges,
Operations Support Manager, San Juan Business Unit
c/o ConocoPhillips Company
P.O. Box 4289
Farmington, NM 87402-4289

Clement Frost, Chairman, Southern Ute Indian Tribe

Janelle Doughty, Director of Justice and Regulatory,
Acting Environmental Programs Division Head, Southern Ute Indian Tribe

James Tempte, Air Program Manager

Bob Jorgenson, Colorado Department of Public Health & Environment

Monica Morales, EPA, 8P-TA (w/o Enclosure)

Claudia Smith, EPA, 8P-AR (w/o Enclosure)

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION 8

2009 MAY 23 PM 2:35

IN THE MATTER OF:

ConocoPhillips Company
600 North Dairy Ashford, (77079-1175)
P.O. Box 2197
Houston, TX 77252-2197

Respondent

COMPLIANCE ORDER

Docket No. CAA-08-2008-0020

STATUTORY AUTHORITY

This Compliance Order (referred to as the "Order") is issued by the United States Environmental Protection Agency ("EPA") Region 8 pursuant to section 113(a)(3)(B) of the Clean Air Act ("CAA or the Act"), 42 U.S.C. §7413(a)(3)(B), for violations of section 112 and section 502 (42 U.S.C. §7412 and 42 U.S.C. §7661a) of the Act. Regulations authorized by the CAA are set out in title 40 of the Code of Federal Regulations and violations of the regulations, as well as violations of EPA permits, constitute violations of the Act. The authority to issue the Order has been properly delegated to the undersigned EPA official.

FINDINGS

1. Respondent ConocoPhillips Company ("Respondent"), incorporated in Delaware and authorized to do business in the State of Colorado, is a "person" as defined in section 7602(e) of the CAA, 42 U.S.C. §7602(e).
2. Pursuant to the authority under section 112 of the CAA, 42 U.S.C. §7412, the Administrator promulgated regulations establishing the National Emission Standards for

Hazardous Air Pollutants for Reciprocating Internal Combustion Engines. These “Maximum Achievable Control Technology” (“MACT”) regulations are codified at 40 C.F.R. Part 63, Subpart ZZZZ, and 40 C.F.R. Part 63, Subpart A of the General Provisions.

3. Pursuant to the authority under section 502 of the CAA, 42 U.S.C. §7661a, the Administrator promulgated regulations establishing the Federal Operating Permit Programs. These operating permit regulations are codified at 40 C.F.R. Part 71.
4. In order for Subpart ZZZZ of 40 C.F.R. Part 63 to apply to a facility, the facility must be a major source of hazardous air pollutants. Hazardous air pollutant (“HAP”) means any pollutant listed in or pursuant to section 112(b) of the Clean Air Act, 42 U.S.C. §7412(b). For Oil and Natural Gas Production Facilities, a major source of HAP emissions is a plant site that emits or has the potential to emit 10 tons per year or more of any HAP or 25 tons per year or more of any combination of HAPs for each surface site.
5. In order for 40 C.F.R. Part 71 to apply to a facility, the facility must be a major source as defined in 40 C.F.R. §71.1.
6. At times relevant to this Order and currently, Respondent has owned and/or operated the Argenta Compressor Station located within the exterior boundaries of the Southern Ute Indian Reservation in the southwest quarter of the southeast quarter of Section 4, Township 33 north, Range 10 west, in La Plata County, Colorado. The Argenta Compressor Station compresses and dehydrates natural gas that is delivered to a pipeline. Based on an uncontrolled emission level from Waukesha Engine Dresser, Inc.

("Waukesha"), the manufacturer of the particular reciprocating internal combustion engines ("RICE") located at the Argenta Compressor Station, the Argenta Compressor Station has the potential to emit 16.0 tons per year of formaldehyde, which is above the HAP major source level. This emission level from the engine manufacturer was forwarded to EPA by the Respondent on January 19, 2005 as part of a permit modification application for the Sunnyside Compressor Station. However, this emission level has not been submitted for incorporation into the title V permit for the Argenta Compressor Station, even though these are the same RICE make and model.

7. At times relevant to this Order and currently, Respondent has owned and/or operated the Sunnyside Compressor Station located within the exterior boundaries of the Southern Ute Indian Reservation in the southwest quarter of the northwest quarter of Section 9, Township 33 north, Range 10 west, in La Plata County, Colorado. The Sunnyside Compressor Station compresses and dehydrates natural gas that is delivered to a pipeline. Based on an emission level from Waukesha for the particular RICE located at the Sunnyside Compressor Station, the Sunnyside Compressor Station had the potential to emit 11.1 tons per year of formaldehyde, which is above the HAP major source level, before emission controls were installed on any of the RICE. This emission level was forwarded to EPA by the Respondent on January 19, 2005 as part of a permit modification application for the Sunnyside Compressor Station.

**40 C.F.R. PART 63, SUBPART ZZZZ - NATIONAL EMISSION STANDARDS FOR
HAZARDOUS AIR POLLUTANTS FOR STATIONARY RECIPROCATING
INTERNAL COMBUSTION ENGINES**

8. Under 40 C.F.R. §63.6590(a), an affected source is any existing, new, or reconstructed RICE with a site rating of more than 500 brake horsepower located at a major source of HAPs. Under 40 C.F.R. §63.6600(b), owning or operating a new four stroke lean burn (“4SLB”) RICE at a major source of HAP emissions requires compliance with the applicable emission limitations in Table 2a of 40 C.F.R. Part 63, Subpart ZZZZ and the operating limitations in Table 2B of 40 C.F.R. Part 63, Subpart ZZZZ. Under 40 C.F.R. §63.6600(c), owning or operating an existing 4SLB RICE at a major source of HAP emissions, does not require compliance with the emission limitations in Table 2a of 40 C.F.R. Part 63, Subpart ZZZZ and the operating limitations in Table 2B of 40 C.F.R. Part 63, Subpart ZZZZ. Under 40 C.F.R. §63.6590(a)(2), a RICE is “new” if construction on the RICE commenced on or after December 19, 2002. For purposes of this Order, “new 4SLB RICE” shall mean a new four stroke lean burn RICE, as defined in 40 C.F.R. Subpart ZZZZ, with a site rating of more than 500 brake horse power. Under 40 C.F.R. §63.6595(a)(2), the owner or operator of a new RICE that commenced construction on or after December 19, 2002, but before August 16, 2004, is required to comply with the applicable emission limitations and operating limitations in this subpart no later than August 16, 2004. Under 40 C.F.R. §63.6595(a)(3), the owner or operator of a new RICE that commenced construction on or after December 19, 2002 and after August 16, 2004,

is required to comply with the applicable emission limitations and operating limitations in this subpart upon startup of the affected source. An August 16, 2006 inspection ("inspection") conducted by EPA and follow-up information provided by ConocoPhillips verified that:

- (a) natural gas at the Argenta Compressor Station is compressed by six RICE, all of which are 1330 horsepower (hp), Waukesha 7042 GL, 4SLB engines and which construction commenced after December 19, 2002. Therefore, these are all considered new 4SLB RICE under 40 C.F.R. Part 63, Subpart ZZZZ. With the exception of one RICE (E001), all RICE were also constructed after August 16, 2004. The inspection and follow-up information verified that two of the six new 4SLB RICE (E003 & E005) are equipped with catalysts to reduce HAP emissions and continuous parameter monitoring (catalyst inlet and outlet temperature). The inspection and follow-up information verified that the other four new 4SLB RICE (E001, E002, E006, and E007) are not equipped with catalysts to reduce HAP emissions; and
- (b) natural gas at the Sunnyside Compressor Station is compressed by four RICE, all 1330 hp, Waukesha 7042 GL, 4SLB engines, three of which construction commenced after December 19, 2002. Therefore, these three RICE (E001, E003, and E005) are considered new 4SLB RICE under 40 C.F.R. Part 63, Subpart ZZZZ. All of the new 4SLB RICE were also constructed after August 16, 2004. The inspection and follow-up information verified that two of the four RICE (E001

& E005) are equipped with catalysts to reduce HAP emissions and continuous parameter monitoring (catalyst inlet and outlet temperature and pressure drop).

The inspection and follow-up information verified that the other new 4SLB RICE (E003) is not equipped with a catalyst to reduce HAP emissions.

9. The potential to emit for the Argenta Compressor Station facility at the time of new 4SLB RICE construction for E001 (October 31, 2003) was greater than HAP major source levels based on uncontrolled emission levels from Waukesha for these particular RICE. The compliance date for this RICE was August 16, 2004 pursuant to 40 C.F.R. Part 63, Subpart ZZZZ. The potential to emit for the Argenta Compressor Station (considering emission controls and limits recognized in the title V permit) upon this first MACT compliance date was greater than HAP major source levels based on uncontrolled emission levels from Waukesha for these particular RICE.
10. The potential to emit for the Sunnyside Compressor Station facility at the time of new 4SLB RICE construction for E001 (March 3, 2005) was greater than HAP major source levels based on uncontrolled emission levels from Waukesha for these particular RICE. The compliance date for this RICE was the new engine startup date pursuant to 40 C.F.R. Part 63, Subpart ZZZZ. The potential to emit for the Sunnyside Compressor Station upon this first MACT compliance date was greater than HAP major source levels based on uncontrolled emission levels from Waukesha for these particular RICE.
11. According to EPA's May 16, 1995 Memorandum, "Potential to Emit for MACT Standards – Guidance on Timing Issues" (from John S. Seitz, Director, OAQPS to

Regional Offices), included herein as Attachment A, "facilities that are major sources for HAPs on the 'first compliance date' are required to comply permanently with the MACT standard to ensure that the maximum reductions in toxic emissions are achieved and maintained."

12. For the new 4SLB RICE described in paragraph 8 above, Respondent's failures to comply with the applicable emission limitations and operating limitations in 40 C.F.R., Part 63, Subpart ZZZZ by August 16, 2004 or upon startup (which ever is later) are violations of 40 C.F.R. §63.6595(a)(2) or 40 C.F.R. §63.6595(a)(3).
13. Under 40 C.F.R. §63.5(b)(3), the owner or operator of a new 4SLB RICE shall provide written notice to EPA and obtain written approval from EPA in advance of construction. EPA has no evidence that such written notice to construct a MACT source was provided or written approval obtained for the new 4SLB RICE described in paragraph 8 above. Respondent's failures to provide written notice to construct and obtain written approval are violations of 40 C.F.R. §63.5(b)(3).
14. Under 40 C.F.R. §63.6625(b), the owner or operator of a new 4SLB RICE must install, operate, and maintain a continuous parameter monitoring system as specified in Table 5 of the subpart according to the requirements in 40 C.F.R. §63.8. The inspection and follow-up information provided by the Respondent verified that two of the six RICE at the Argenta Compressor Station (E003 & E005) and two of the four RICE at Sunnyside Compressor Station (E001 & E005) were equipped with some continuous parameter monitoring required by 40 C.F.R. §63.6625(b), but not operated in accordance with 40

C.F.R. §63.6625(b) and 40 C.F.R. §63.8. The other five new 4SLB RICE described in paragraph 8 above (E001, E002, E006, and E007 at the Argenta Compressor Station and E003 at Sunnyside Compressor Station) were not and are not equipped with the continuous parameter monitoring required by 40 C.F.R. §63.6625(b). Respondent's failures to install, operate and maintain a continuous parameter monitoring system on the nine new 4SLB RICE described in paragraph 8 above according to the requirements of 40 C.F.R. §63.6625(b) and 40 C.F.R. §63.8 are violations of 40 C.F.R. §63.6625(b).

15. Under 40 C.F.R. §63.6640(a), the owner or operator of a new 4SLB RICE must demonstrate continuous compliance with each emission limitation and operating limitation in Tables 2a and 2b of 40 C.F.R. Part 63, Subpart ZZZZ according to the methods specified in Table 6 of 40 C.F.R. Part 63, Subpart ZZZZ. EPA has no evidence that continuous compliance with the emission and operating parameter limitations has been demonstrated for the new 4SLB RICE described in paragraph 8 above. Respondent's failures to demonstrate continuous compliance for the new 4SLB RICE described in paragraph 8 above are violations of 40 C.F.R. §63.6640(a).
16. Under 40 C.F.R. §63.6645(c), the owner or operator of a new 4SLB RICE shall submit an Initial Notification (as specified in 40 C.F.R. §63.9(b)) by December 13, 2004 (if constructed prior to August 16, 2004) or by 120 days after construction (if constructed after August 16, 2004). EPA has no evidence that Initial Notifications were submitted for the new 4SLB RICE described in paragraph 8 above. Respondent's failures to submit

Initial Notifications for the new 4SLB RICE described in paragraph 8 above are violations of 40 C.F.R. §63.6645(c).

17. Under 40 C.F.R. §63.6610(a), the owner or operator of a new 4SLB RICE must conduct initial performance testing within 180 days after the compliance date and according to the provisions of 40 C.F.R. §63.7(a)(2). For the new 4SLB RICE described in paragraph 8 above, compliance testing was required no later than February 10, 2005 (if constructed prior to August 16, 2004) or within 180 days of startup (if constructed after August 16, 2004). EPA has no evidence that testing has been completed in accordance with 40 C.F.R. §63.7(a)(2). Respondent's failures to conduct performance testing of the new 4SLB RICE listed in paragraph 8 above pursuant to the requirements of 40 C.F.R. §63.6610(a) and 40 C.F.R. §63.7(a)(2) are violations of 40 C.F.R. §63.6610(a).
18. Under 40 C.F.R. §63.6645(e), the owner or operator of a new 4SLB RICE must submit a Notification of Intent to conduct a performance test at least 60 days before the performance test is scheduled to begin as required in 40 C.F.R. §63.7(b)(1). As noted above under paragraph 17, EPA has no evidence that testing required by 40 C.F.R. §63.6610(a) for the new 4SLB RICE described in paragraph 8 above has been completed. Likewise, EPA has no evidence that the Notification of Intent has been submitted for these RICE. Respondent's failures to conduct performance testing and submit a Notification of Intent to conduct a performance test for the new 4SLB RICE described in paragraph 8 above are violations of 40 C.F.R. §63.6645(e).

19. Under 40 C.F.R. §63.6630(c), the owner or operator of a new 4SLB RICE must submit the Notification of Compliance Status containing the results of the initial compliance demonstration according to the requirements in 40 C.F.R. §63.6645. EPA has no evidence that a Notification of Compliance Status has been submitted to EPA for the new 4SLB RICE described in paragraph 8 above. Respondent's failures to submit a Notification of Compliance Status for the new 4SLB RICE described in paragraph 8 above are violations of 40 C.F.R. §63.6630(c).
20. Under 40 C.F.R. §63.6615, the owner or operator of a new 4SLB RICE must conduct subsequent performance tests as specified in Table 3 of 40 C.F.R., Part 63, Subpart ZZZZ. EPA has no evidence that subsequent performance testing has been completed in accordance with 40 C.F.R. §63.6615 for the new 4SLB RICE described in paragraph 8 above. Respondent's failures to conduct subsequent performance testing as specified in Table 3 of 40 C.F.R., Part 63, Subpart ZZZZ of the new 4SLB RICE described in paragraph 8 above are violations of 40 C.F.R. §63.6615.
21. Under 40 C.F.R. §63.6650(b), the owner or operator of a new 4SLB RICE must submit Compliance reports semiannually based on the timelines outlined in 40 C.F.R. §63.6650(b) and containing the information required by 40 C.F.R. §63.6650(c). EPA has no evidence that the Compliance reports required by 40 C.F.R. §63.6650(b) have been submitted to EPA for the new 4SLB RICE described in paragraph 8. Respondent's failures to submit Compliance reports for the new 4SLB RICE described in paragraph 8 above are violations of 40 C.F.R. §63.6650(b).

22. Under 40 C.F.R. §63.6(e)(3), the owner or operator of a new 4SLB RICE must develop a written startup, shutdown, and malfunction plan. EPA has no evidence that a written startup, shutdown, and malfunction plan has been developed for the new 4SLB RICE described in paragraph 8 above. Respondent's failures to develop a written startup, shutdown, and malfunction plan for the new 4SLB RICE described in paragraph 8 above are violations of 40 C.F.R. §63.6(e)(3).

40 C.F.R. PART 71 – FEDERAL OPERATING PERMIT PROGRAMS

23. Condition IV.R.7.(c) of the title V permit for the Argenta Compressor Station (V-SU-0030-01.03) specifies that off-permit changes (see 40 C.F.R. §71.6(a)(12)) for the replacement of an existing compressor engine with a new or overhauled engine of the same make, model, horsepower rating, and configured to operate in the same manner as the engine being replaced are only allowed if no new applicable requirements, as defined in 40 C.F.R. §71.2, are triggered by the replacement. Based on the inspection, follow-up information provided by the Respondent, and manufacturer's uncontrolled emission levels for formaldehyde, the October 31 2003 engine replacement for E001 triggered 40 C.F.R. Part 63, Subpart ZZZZ at the Argenta Compressor Station on the first compliance date for E001, which was August 16, 2004. Furthermore, because the requirements of 40 C.F.R., Part 63, Subpart ZZZZ had already been triggered for the Argenta Compressor Station, the engine replacements for E002 (June 28, 2006), E003 (September 15, 2005), E005 (February 22, 2006), E006 (September 21, 2006), and E007 (November 4, 2005) also triggered 40 C.F.R., Part 63, Subpart ZZZZ requirements for those units. Since the

40 C.F.R., Part 63. Subpart 7777 requirements are new applicable requirements, as defined in 40 C.F.R. §71.2, these replacements resulted in violations of condition IV.R.7.(c) in the title V permit for off-permit changes.

24. Condition IV.R.7.(d)(ii)(B) of title V permit V-SU-0030-01.03 (and previous versions of this permit) for the Argenta Compressor Station requires that existing minor Prevention of Significant Deterioration (PSD) sources submit documentation with calculations to show that the potential to emit of the replacement engine, for each pollutant regulated under the Act (except pollutants listed in section 112(b) of the Act, 42 U.S.C. §7412(b)) is below the level defined as a major stationary source in 40 C.F.R. §52.21(b)(1) with the off-permit change notification for engine replacement. EPA has no evidence that the Respondent submitted this documentation with the off-permit change engine replacement notifications for E002 (August 30, 2006), E003 (September 20, 2005), E005 (March 22, 2006 and November 20, 2007), E006 (September 22, 2006), and E007 (December 2, 2005). Respondent's failures to submit this documentation for all six off-permit change engine replacement notifications that were submitted are violations of condition IV.R.7.(d)(ii)(B) in the title V permit.
25. Condition II.D.3 of title V permit V-SU-0030-01.03 for the Argenta Compressor Station specifies that the engine exhaust temperature at the inlet and outlet to the oxidation catalyst for E005 shall be measured at least once per week. Condition II.E.1(a) of the permit requires that records be kept of all required temperature measurements. Based on the 6-month monitoring report submitted on March 31, 2008, monitoring and

recordkeeping were not being performed by the Respondent in compliance with these requirements. There were no temperature readings taken by the Respondent for the third week of January, 2008 for E005. This constitutes a one week violation of this permit condition for E005. Respondent's failure to measure and record engine exhaust temperature at the inlet and outlet to the oxidation catalyst at least once per week is a violation of condition II.D.3 and II.E.1.(a) of title V permit V-SU-0030-01.03.

26. Conditions III.Q.(g)(ii) and IV.Q.7.(c) of the applicable Sunnyside Compressor Station title V permits, V-SU-0032-02.01 and V-SU-0032-02.03 respectively, specify that off-permit changes for the replacement of an existing compressor engine with a new or overhauled engine of the same make, model, horsepower rating, and configured to operate in the same manner as the engine being replaced are only allowed if no new applicable requirements, as defined in 40 C.F.R. §71.2 are triggered by the replacement. Based on the inspection, follow-up information provided by the Respondent, and manufacturer's uncontrolled emission levels for formaldehyde, the March 3, 2005 engine replacement for E001 triggered 40 C.F.R. Part 63, Subpart ZZZZ at the Sunnyside Compressor Station on the first compliance date for E001, which was the new engine startup date for the replaced E001. Furthermore, because the requirements of 40 C.F.R. Part 63, Subpart ZZZZ had already been triggered for the Sunnyside Compressor Station, the engine replacement for E003 (April 25, 2006) also triggered 40 C.F.R. Part 63, Subpart ZZZZ requirements for this unit. Since the 40 C.F.R. Part 63, Subpart ZZZZ requirements are considered new applicable requirements, as defined in 40 C.F.R. §71.2,

these replacements resulted in title V permit violations of conditions III.Q.(g)(ii) of permit V-SU-0032-02.01 for the E001 engine replacement and IV.Q.7.(c) of permit V-SU-0032-02.03 for the E003 engine replacement.

27. Conditions III.Q.(g)(iii)(A)(2) and IV.Q.7.(d)(iii)(B)(2) of the applicable Sunnyside Compressor Station title V permits, V-SU-0032-02.01 and V-SU-0032-02.03 respectively, require that existing minor PSD sources submit documentation with calculations to show that the replacement engine, by itself, will not constitute a "major stationary source" as defined in 40 C.F.R. §52.21(b)(1)(i). EPA has no evidence that the Respondent submitted this documentation with the off-permit change engine replacement notifications for E001 (March 14, 2005), E002 (December 9, 2005), and E003 (February 20, 2007). Respondent's failures to submit this documentation with these three off-permit change engine replacement notifications are violations of conditions III.Q.(g)(iii)(A)(2) and IV.Q.7.(d)(iii)(B)(2) of applicable title V permits V-SU-0032-02.01 (for E001 and E002) and V-SU-0032-02.03 (for E003) respectively in the title V permits.
28. Condition IV.Q.7.(d)(ii) of title V permit V-SU-0032-02.03 for the Sunnyside Compressor Station requires non-applicability documentation for 40 C.F.R. Part 63, Subpart ZZZZ. EPA has no evidence that the Respondent submitted this documentation with the off-permit change engine replacement notification for E003 (February 20, 2007). Respondent's failure to submit this documentation with this off-permit change engine

replacement notification that was submitted is a violation of condition IV.Q.7.(d)(ii) of title V permit V-SU-0032-02.03.

29. Condition IV.Q.4 of title V permit V-SU-0032-02.03 for the Sunnyside Compressor Station requires contemporaneous written notice to EPA of each like-kind engine replacement. The off-permit change engine replacement notification for the April 25, 2006 replacement of E003 was dated February 20, 2007. Respondent's failure to submit this notification contemporaneously with the engine replacement is a violation of condition IV.Q.4 of title V permit V-SU-0032-02.03.
30. Condition II.B.1 of title V permit V-SU-0032-02.02 for the Sunnyside Compressor Station requires Unit E003 to be equipped with an oxidation catalyst control system capable of reducing uncontrolled emissions of CO by at least 88% and CH₂O emissions by at least 90% at maximum operating rate. Based on Respondent's title V renewal application dated October 3, 2007, these controls were not installed on E001 until March 7, 2007¹. Title V permit V-SU-0032-02.02 had an effective date of December 16, 2005. Therefore, the control system required by title V permit V-SU-0032-02.02 was installed approximately 15 months later than required. Respondent's failure to install the required oxidation control system on E003 pursuant to the effective title V permit is a violation of condition II.B.1 of title V permit V-SU-0032-02.02.

¹ Based on Respondent's October 3, 2007 title V permit renewal application, the control system that was required to be installed on E003 was instead installed on E001. Since these RICE are of an identical make and model, the fact that Respondent installed controls on the incorrect RICE is of minor relevance. Compliance with this requirement was evaluated as though the control system was installed on the correct RICE.

31. Condition II.D.3 of title V permit V-SU-0032-02.03 for the Sunnyside Compressor

Station specifies that the engine exhaust temperature at the inlet to the oxidation catalyst for E003 and E005 shall be measured at least once per week. Condition II.E.1.(a) of the permit requires that records be kept of all required temperature measurements. Based on the 6-month monitoring reports submitted on September 28, 2007 and March 31, 2008, monitoring and recordkeeping was not being performed in compliance with these requirements. For E001² and E005, there were no temperature readings taken for the second week in April, 2007, the entire months of July and August, 2007, the first three weeks of September, 2007, and the final week of December, 2007. Additionally, there were no temperature readings for the last two weeks of January, 2008 (for E001), and the entire month of January, 2008 (for E005). This constitutes 16 weeks of violations of this permit condition for E001 and 18 weeks of violations of this permit condition for E005. Respondent's failures to measure and record engine exhaust temperature at the inlet to the oxidation catalyst at least once per week are violations of conditions II.D.3 and II.E.1.(a) of title V permit V-SU-0032-02.03.

32. Condition II.D.4 of title V permit V-SU-0032-02.03 for the Sunnyside Compressor

Station specifies that the pressure drop across the oxidation catalyst shall be measured monthly. Condition II.E.1.(a) of the permit requires that records be kept of all required pressure measurements. Based on the 6-month monitoring reports submitted on September 28, 2007 and March 31, 2008, monitoring was not being performed in

² See Footnote 1 concerning the installation of the oxidation catalyst control system on the incorrect RICE. To evaluate compliance with permit conditions related to operation of the oxidation catalyst control system, EPA considered the reporting data for E001 as though the permit requirement applied to E001, instead of E003.

compliance with this requirement. There were no pressure drop readings taken for the months of July and August, 2007 for E001 and E005. In addition, there were no pressure drop readings taken for the months of December, 2007, January and February, 2008 for E005. This constitutes two months of violations of this permit condition for E001 and five months of violations of this permit condition for E005. Respondent's failures to measure and record pressure drop across the oxidation catalyst are violations of conditions II.D.4 and II.E.1.(a) of title V permit V-SU-0032-02.03.

33. Condition II.B.5 of title V permit V-SU-0032-02.03 for the Sunnyside Compressor Station specifies that the pressure drop across the catalyst for unit E003 shall not change by more than 10% at 100% load from the pressure drop across the catalyst measured during the initial performance test. The 6-month monitoring report for Sunnyside Compressor Station submitted on September 28, 2007 indicates a pressure drop of zero for every measurement taken during the months of March through June 2007 during the reporting period for E001. This covers four months of required pressure drop readings. These are all greater than a 10% change from what was measured during the stack test (1.5 inches of water). Furthermore, no pressure drop readings were taken for the months of July and August, 2007 for E001, indicating additional periods of non-compliance with this permit condition. The 6-month monitoring report for Sunnyside Compressor Station submitted on March 31, 2008 indicates a pressure drop of zero for every measurement taken for E001 during the reporting period. This covers six months of required pressure drop measurements. These are all greater than a 10% change from what was measured

during the initial performance test (1.5 inches of water). Respondent's failures to maintain the pressure drop across the catalyst within 10% from the pressure drop across the catalyst measured during the initial performance test for E001 are violations of condition II.B.5 of title V permit V-SU-0032-02.03.

34. Condition II.B.5 of title V permit V-SU-0032-02.03 for the Sunnyside Compressor Station specifies that the pressure drop across the catalyst for unit E005 shall not change by more than 10% at 100% load from the pressure drop across the catalyst measured during the initial performance test. The 6-month monitoring report for Sunnyside Compressor Station submitted on September 28, 2007 indicates that there were 23 measurements of zero pressure drop, six measurements of 1 inches of water, and six measurements of 3 inches of water. This covers four months of required pressure drop readings. These are all greater than a 10% change from what was measured during the stack test (2.0 inches of water). Furthermore, no pressure drop readings were taken for the months of July and August, 2007 for E005, indicating additional periods of non-compliance with this permit condition. The 6-month monitoring report for Sunnyside Compressor Station submitted on March 31, 2008 indicates a pressure drop of 1 inch of water for E005 for three months. These are all greater than a 10% change from what was measured during the initial performance test (2.0 inches of water). Furthermore, no pressure drop readings were taken for the months of December, 2007 and January and February 2007 for E005, indicating additional periods of non-compliance with this permit condition. Respondent's failures to maintain the pressure drop across the catalyst within

10% from the pressure drop across the catalyst measured during the initial performance test for E005 are violations of condition II.B.5 of title V permit V-SU-0032-02.03.

35. Condition II.F.3 of title V permit V-SU-0032-02.03 for the Sunnyside Compressor Station specifies that the semi-annual monitoring reports required by condition II.F.2 include any instances where the pressure drop across the catalyst is outside the limits established in Condition II.B. According to the September 28, 2007 semi-annual monitoring report, for the periods where the required pressure readings were actually measured, Respondent did not report any instances where the pressure drop across the catalyst were outside the limits established in Condition II.B. Furthermore, according to the March 31, 2008 semi-annual monitoring, for periods where the required pressure drop readings were actually measured, Respondent did not report any instances where the catalyst pressure drop was outside the limits established in Condition II.B. However, as noted previously in paragraphs 33 and 34 above, there were instances where the pressure drop that was measured and reported was not within 10% of the readings taken during the initial performances. These deviations were not noted in the monitoring reports and no corrective actions taken were noted in the monitoring reports. Respondent's failures to report pressure drop deviations are violations of condition II.F.3 of title V permit V-SU-0032-02.03.

COMPLIANCE ORDER

36. Paragraphs 1 – 35 are herein incorporated by reference. Pursuant to section 113(a)(3)(B) of the CAA, 42 U.S.C. §7413(a)(3)(B), and upon the basis of available information, EPA hereby issues the following order:
37. Effective immediately, for the two facilities described in paragraphs 6 & 7 of this Order, Respondent shall comply with all the requirements of the National Emissions Standards for Hazardous Air Pollutants, 40 C.F.R. Part 63, Subparts A and ZZZZ and 40 C.F.R. Part 71.

ENFORCEMENT

38. Issuance of this Order does not preclude any other action by EPA to redress past or future violations of the CAA, including either of the following:
- a. A civil judicial action pursuant to section 113(b) of the CAA, 42 U.S.C. §7413(b), for injunctive relief or civil penalties of not more than \$27,500 per day for each violation occurring from January 31, 1997 through and including March 15, 2004, and \$32,500 per day for each violation occurring on or after March 16, 2004; or
 - b. An administrative penalty complaint pursuant to section 113(d) of the CAA, 42 U.S.C. §7413(d), for penalties of not more than \$27,500 per day for each violation occurring from **January 31, 1997** through and including March 15, 2004, and **\$32,500 per day for each violation** occurring on or after March 16, 2004.
39. Pursuant to section **306(a)** of the CAA, 42 U.S.C. **§7606(a)**, **the regulations** promulgated thereunder at 40 C.F.R. Part 15, and **Executive Order 11738**, **facilities** to be utilized in

federal contracts, grants, or loans must be in full compliance with the CAA and all regulations promulgated thereunder. Violation of the CAA may result in the facility being declared ineligible for participation in any federal contract, grant, or loan.

40. Pursuant to sections 113(a)(3), 113(b), 113(c) and 113(d) of the CAA, 42 U.S.C. §§ 7413(a)(3), (b), (c), and (d), Respondent's failure to comply with this Order may lead to a civil action to obtain compliance or an action for civil or criminal penalties.

OPPORTUNITY FOR CONFERENCE

41. In accordance with section 113(a)(4) of the CAA, 42 U.S.C. §7413(a)(4), EPA is offering the Respondent an opportunity for a conference to discuss the Order. The request for such a conference must be made no later than thirty (30) calendar days from the date of Respondent's receipt of this Order. If you wish to make arrangements for a conference, please contact Jim Eppers, Senior Enforcement Attorney, U.S. EPA 8, 1595 Wynkoop Street, Denver, CO 80202-1129. Mr. Eppers' telephone number is (303) 312-6893. By offering the opportunity for a conference or participating in one, EPA does not waive or limit its right to any remedy available under the CAA.

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION 8

Date: 5/23/08

By: Michael T. Buzinec
for
Andrew M. Gaydosh
Assistant Regional Administrator
Office of Enforcement, Compliance
and Environmental Justice

Attachment

In the matter of:
ConocoPhillips Company
Docket No. CAA-08-2008-0020

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the original and one copy of the attached COMPLIANCE ORDER were hand-carried to the Regional Hearing Clerk, EPA Region 8, 1595 Wynkoop Street, Denver, Colorado 80202-1129, and that a true copy of the same was sent via Certified Mail Return Receipt Requested to:

ConocoPhillips Company
Registered Office
1560 Broadway, Suite 2090
Denver, CO 80202

and by First Class Mail to:

John W. Hentges,
Operations Support Manager, San Juan Business Unit
c/o ConocoPhillips Company
P.O. Box 4289
Farmington, NM 87402-4289

Date: 5/23/08

By: Judith M McTernan for

Andrea Reed