

3. DCP Operating Company, LP (“DCP” or “Respondent”) is a limited partnership doing business in the State of New Mexico. Respondent is a “person” as defined in Section 302(e) of the Act, 42 U.S.C. § 7602(e).

4. Complainant and Respondent, having agreed that settlement of this action is in the public interest, consent to the entry of this Consent Agreement along with the corresponding Final Order hereinafter known together as the “CAFO” without adjudication of any issues of law or fact herein, and Respondent agrees to comply with the terms of this CAFO.

B. JURISDICTION

5. This CAFO is entered into under Section 113(d) of the Act, as amended, 42 U.S.C. § 7413(d), and the Consolidated Rules, 40 C.F.R. Part 22. The alleged violations in this CAFO are pursuant to Section 113(a)(3)(A) of the Act, 42 U.S.C. § 7413(a)(3)(A).

6. EPA and the United States Department of Justice jointly determined that this matter, although it involves a penalty assessment above \$460,926 and alleged violations that occurred more than a year before the initiation of this proceeding, is appropriate for an administrative penalty assessment. 42 U.S.C. § 7413(d); 40 C.F.R. § 19.4.

7. On May 12, 2023, EPA issued to Respondent a Notice of Violation and Opportunity to Confer (the “NOVOC”) and provided a copy of the NOVOC to the State of New Mexico. In the NOVOC, EPA provided notice to both Respondent and the State of New Mexico that EPA found Respondent committed the alleged violations of the federal New Source Performance Standards (“NSPS”) described in Section E of this CAFO and provided Respondent an opportunity to confer with EPA.

8. The Regional Judicial Officer is authorized to ratify this CAFO which memorializes a settlement between Complainant and Respondent. 40 C.F.R. §§ 22.4(b) and 22.18(b).

9. The issuance of this CAFO simultaneously commences and concludes this proceeding. 40 C.F.R. § 22.13(b).

C. GOVERNING LAW

10. The Act is designed “to protect and enhance the quality of the Nation’s air resources so as to promote the public health and welfare and the productive capacity of its population.” 42 U.S.C. § 7401(b)(1).

11. EPA is authorized by Section 113 of the CAA, 42 U.S.C. § 7413, to take action to ensure that air pollution sources comply with all federally applicable air pollution control requirements.

a. New Source Performance Standards

12. Section 111(b)(1)(A) of the Act, 42 U.S.C. § 7411(b)(1)(A), requires EPA to publish and periodically revise a list of categories of stationary sources, including those categories that, in EPA’s judgment, cause or contribute significantly to air pollution which may reasonably be anticipated to endanger public health or welfare.

13. Once a category is included on the list, Section 111(b)(1)(B) of the Act, 42 U.S.C. § 7411(b)(1)(B), requires EPA to promulgate a federal standard of performance for new sources within the category, also known as a New Source Performance Standard (“NSPS”). Section 111 of the CAA, 42 U.S.C. § 7411, authorizes EPA to promulgate NSPS regulations. Section 111(e) of the CAA, 42 U.S.C. § 7411(e), states that after the effective date of standards of performance promulgated under this Section, it shall be unlawful for any owner or operator of any new

source to operate such source in violation of any standard of performance applicable to such source.

14. A “new source” is any stationary source, the construction or modification of which is commenced after the promulgation of the standards of performance that will be applicable to such source. 42 U.S.C. § 7411(a)(2).

15. A “stationary source” is a building, structure, facility, or installation that emits or may emit any air pollutant. 42 U.S.C. § 7411(a)(3).

16. A “modification” is “any physical change in . . . a stationary source which increases the amount of any air pollutant emitted by such source.” 42 U.S.C. § 7411(a)(4).

b. NSPS 40 C.F.R. Part 60, Subpart KKK

17. In 1985, based on the determination that emissions from crude oil and natural gas production cause or significantly contribute to air pollution that may reasonably be anticipated to endanger public health or welfare, the EPA promulgated “Standards of Performance for Equipment Leaks of VOC from Onshore Natural Gas Processing Plants” under Section 111 of the Act. 50 Fed. Reg. 26,124 (June 24, 1985).

18. A “natural gas processing plant” is “any processing site engaged in the extraction of natural gas liquids from field gas, fractionation of mixed natural gas liquids to natural gas products, or both.” 40 C.F.R. § 60.631.

19. “Onshore” means all facilities except those that are located in the territorial seas or on the outer continental shelf. 40 C.F.R. § 60.631.

20. An “affected facility” in an onshore natural gas processing plant is “[t]he group of all equipment except compressors within a process unit.” 40 C.F.R. § 60.630(a)(3).

21. Each of these standards is a “standard of performance” within the meaning of Section 111(a)(1) of the Act, 42 U.S.C. § 7411(a)(1), or a “design, equipment, work practice, or operational standard, or combination thereof” under Section 111(h) of the Act, 42 U.S.C. § 7411(h). These standards are set forth in 40 C.F.R. Part 60, Subpart KKK (“NSPS Subpart KKK”), §§ 60.630–636.

22. NSPS Subpart KKK defines “equipment” as each pump, pressure relief device, open-ended valve or line, valve, compressor, and flange or other connector that is in VOC service or in wet gas service, and any device or system required by Subpart KKK. 40 C.F.R. § 60.631.

23. NSPS Subpart KKK incorporates certain provisions of 40 C.F.R. Part 60, Subpart VV (“NSPS Subpart VV”), by reference. *See* 40 C.F.R. §§ 60.632(a) and 60.482-2 through 60.482-10.

24. Pursuant to 40 C.F.R. § 60.632, owners and operators of onshore natural gas processing plants, must comply with the following NSPS Subpart VV requirements relevant to this CAFO:

a. Operate equipment with no detectable emissions, as indicated by an instrument reading of less than 500 ppm above background, as determined by the methods specified in 40 C.F.R. § 60.485(c). *See* 40 C.F.R. §§ 60.482-4(a) (standards for pressure relief devices in gas/vapor service), 60.482-7(f) (standards for valves in gas/vapor service and in light liquid service).

b. Monitor each valve monthly to detect leaks by the methods specified in 40 C.F.R. § 60.485(b) and comply with paragraphs (b) through (e) of § 60.482-7. 40 C.F.R.

§ 60.482-7(a)(1). Any valve for which a leak is not detected for two (2) successive months may be monitored quarterly, until a leak is detected. 40 C.F.R. § 60.482-7(c). If a leak is detected, the valve must be monitored monthly until a leak is not detected for two (2) successive months. 40 C.F.R. § 60.482-7 (standards for valves in gas/vapor service and in light liquid service).

c. Monitor each pump in light liquid service monthly to detect leaks by the methods specified in § 60.485(b). 40 C.F.R. § 60.482-2(a)(1) (standards for pumps in light liquid service).

d. If evidence of a potential leak is found by visual, audible, olfactory, or any other detection method at valves in heavy liquid service, the owner or operator must monitor the equipment within five (5) days by the method specified in § 60.485(b) and shall comply with the requirements of paragraphs (b) through (d) of § 60.482-8. 40 C.F.R. § 60.482-8. When a leak is detected, it must be repaired as soon as practicable, but not later than fifteen (15) calendar days after it is detected. See 40 C.F.R. § 60.482-8(c)(1) (standards for pumps and valves in heavy liquid service, pressure relief devices in light liquid or heavy liquid service, and connectors).

c. NSPS 40 C.F.R. Part 60, Subparts OOOO and OOOOa

25. In 2012, pursuant to its authority under Section 111(b)(1)(B) of the Act, 42 U.S.C. § 7411(b)(1)(B), to review and, if appropriate, revise the NSPS, EPA published the final rule, “Standards of Performance for Crude Oil and Natural Gas Production, Transmission and Distribution,” found at 40 C.F.R. Part 60, Subpart OOOO (“NSPS Subpart OOOO”).

26. In 2016, EPA made amendments to the 2012 NSPS with respect to standards for storage vessels and other changes, which are found at 40 C.F.R. Part 60, Subpart OOOOa ("NSPS Subpart OOOOa").

27. Affected facilities that commence construction, modification, or reconstruction after August 23, 2011, and on or before September 18, 2015, are subject to the standards of NSPS Subpart OOOO. 40 C.F.R. § 60.5360. Affected facilities that commence construction, modification, or reconstruction after September 18, 2015, are subject to the standards of NSPS Subpart OOOOa. 40 C.F.R. § 60.5360a.

28. NSPS Subparts OOOO and OOOOa define an "affected facility" in an onshore natural gas processing plant as "[t]he group of all equipment, except compressors, within a process unit." 40 C.F.R. §§ 60.5365(f), 60.5365a(f).

29. A "modification" is "any physical change in . . . a stationary source which increases the amount of any air pollutant emitted by such source." 42 U.S.C. § 7411(a)(4).

30. A "modification" that triggers the applicability of NSPS Subpart OOOOa includes the addition or replacement of equipment for the purpose of process improvement which increases emissions, unless the equipment addition or replacement is accomplished without a "capital expenditure," as that term is defined in 40 C.F.R. Part 60. 40 C.F.R. § 60.5365a(f)(1).

31. Owners or operators of onshore natural gas processing plants subject to NSPS Subpart OOOOa must comply with requirements for monitoring equipment such as pumps, valves, pressure relief devices, and connectors for leaks, repairing leaks, recordkeeping, and reporting for an onshore natural gas processing plant. 40 C.F.R. §§ 60.5400a (equipment leak VOC standards), 60.5421a (recordkeeping requirements), 60.5422a (reporting requirements).

32. NSPS Subpart OOOO incorporates certain provisions of 40 C.F.R. Part 60, Subpart VVa (“NSPS Subpart VVa”) by reference. These NSPS Subpart VVa provisions require owners and operators of “affected facilities” to monitor equipment such as pumps and valves for leaks of air pollutants, and to repair leaks. The NSPS Subpart VVa provisions relevant to this CAFO mirror the NSPS Subpart VV provisions in Paragraph 24. See 40 C.F.R. §§ 60.5400, 60.482-2a(a)(1) (standards for pumps in light liquid service), 60.482-7a(a)(1), 60.482-7a(c) (standards for valves in gas/vapor service and in light liquid service), and 60.482-8a(c) (standards for valves in heavy liquid service).

D. FINDINGS OF FACT AND CONCLUSIONS OF LAW

33. Respondent owns and/or operates the Artesia Gas Plant located in Eddy County and the Eunice Gas Plant located in Lea County, two natural gas processing plants located in New Mexico (the “Facilities”). Respondent permanently ceased operations of the Eunice Gas Plant on November 17, 2021.

34. Respondent is the owner and/or operator of the Facilities within the meaning of Section 111(a)(5) of the Act, 42 U.S.C. § 7411(a)(5), and 40 C.F.R. § 60.2.

35. At all times relevant to this proceeding, Respondent owned and/or operated process units and equipment such as pumps valves, pressure relief devices, and connectors, that emit Volatile Organic Compounds (“VOCs”) at the Facilities.

36. The Facilities either are or were processing sites engaged in the extraction of natural gas liquids from field gas. The Artesia Gas Plant operated under Title V Permit No. PO95-R3 and the Eunice Gas Plant operated under Title V Permit No. P086R3. The Facilities are

therefore subject to the requirements of NSPS Subparts KKK, OOOO, and OOOOa for onshore natural gas processing plants.

37. Based on EPA's review, EPA determined the following as stated below.

a. NSPS 40 C.F.R. Part 60, Subpart KKK

38. The Facilities were subject to the requirements of NSPS Subpart KKK as to the equipment in VOC service or wet gas service.

39. The Facilities were onshore natural gas processing plants within the meaning of 40 C.F.R. § 60.631, subject to NSPS Subpart VV monitoring and reporting requirements. 40 C.F.R. § 60.632.

40. The Facilities contain "equipment" within the meaning of 40 C.F.R. § 60.631, such as pumps, pressure relief devices, open-ended valves or lines, valves, compressors, and flanges or other connectors.

41. An inspection at the Artesia Gas Plant on December 6, 2017, indicated that Pressure Relief Device Tag No. 2768 produced a net reading of 133,700 parts per million ("ppm").

42. An inspection at the Artesia Gas Plant on December 6, 2017, indicated that Valve Tag No. 3078 operated with a net reading of 4,900 ppm. A December 19, 2017, inspection indicated that Valve Tag No. 26796 operated with a net reading of 60,900 ppm.

43. An inspection at the Eunice Gas Plant on July 26, 2017, indicated that Valve Tag No. 9154 operated at a net reading of 121,299 ppm.

44. At the Artesia Gas Plant, multiple instances occurred where equipment components were not monitored according to regulatory schedules: thirty-eight (38) instances

of failed monitoring for the Artesia Gas Plant flare process unit; two hundred and fifty (250) instances of failed monitoring for the Artesia Gas Plant glycol system process unit; six hundred and thirty-five (635) instances of failed monitoring for the Artesia Gas Plant inlet process unit; one hundred and sixty-three (163) instances of failed monitoring for the Artesia Gas Plant production storage process unit; and five (5) instances of failed monitoring for the Artesia Gas Plant propane process unit.

45. At the Eunice Gas Plant, multiple instances occurred where equipment components were not monitored according to regulatory schedules: one thousand, eight hundred and eighty-nine (1,889) instances of failed monitoring for the Eunice Gas Plant Amanda STN process unit; five (5) instances of failed monitoring for the Eunice Gas Plant dehydrator process unit; and forty-nine (49) instances of failed monitoring for the Eunice Gas Plant inlet process unit.

b. NSPS 40 C.F.R. Part 60, Subpart OOOO

46. The Facilities contain "equipment" within the meaning of 40 C.F.R. § 60.5430 such as pumps, pressure relief devices, open-ended valves or lines, valves, compressors, and flanges or other connectors.

47. The Facilities each contain multiple process units within the meaning of 40 C.F.R. § 60.5430.

48. The Facilities were subject to the requirements of NSPS Subpart OOOO for monitoring equipment such as pumps, valves, pressure relief devices, and connectors for leaks, repairing leaks, recordkeeping, and reporting.

49. The Artesia Gas Plant detected one (1) valve leak at Valve Tag No. 1226 on June 19, 2018. The valve was repaired on October 15, 2018.

50. The Facilities were subject to NSPS Subpart OOOO, 40. C.F.R. § 60.482-8a(c)(1), which require valve repairs be completed within fifteen (15) days of detection.

c. NSPS 40 C.F.R. Part 60, Subpart OOOOa

51. The Facilities are onshore natural gas processing plants, which contain both process units and equipment as defined in 40 C.F.R. § 60.5430a.

52. The Facilities are "affected facilities" within the definition of 40 C.F.R. § 60.5465a(f).

53. From October 1, 2016, through April 1, 2017, Respondent initiated installation projects that involved adding equipment to the process units at the Facilities which involved capital expenditures. At the Artesia Gas Plant, Respondent added five (5) installation projects to its process unit: a Dehydrator on October 1, 2016; Production Storage on November 1, 2016; Propane on November 1, 2016; a Glycol System on January 1, 2017; and an Inlet on April 1, 2017.

54. At the Eunice Gas Plant, Respondent added one (1) installation project to its process unit: an Amanda STN on November 1, 2016.

55. The installation projects described above qualify as a "modification" under 42 U.S.C. § 7411(a)(4), 40 C.F.R. §§ 60.14 and 60.5365a(f)(1).

56. On August 24, 2020, EPA issued Respondent an Information Request ("2020 Request") pursuant to Section 114 of the Act, 42 U.S.C. § 7414, regarding the Respondent's leak detection and repair ("LDAR") monitoring and repair record management database for the

Facilities. On October 30, 2020, and January 11 and June 11, 2021, Respondent answered EPA's 2020 Request.

57. On January 12 and October 17, 2022, EPA requested additional information from Respondent. On March 1, March 15, and November 18, 2022, Respondent provided its responses. Respondent provided sufficient information to facilitate EPA's review and analysis of the Facilities' LDAR compliance requirements.

58. More than thirty (30) days before the issuance of this CAFO, Respondent was notified of the violations alleged herein. On May 12, 2023, EPA sent Respondent the NOVOC and provided a copy to the State of New Mexico, in accordance with Section 113(a)(1) of the CAA, 42 U.S.C. § 7413(a)(1).

59. On July 13, 2023, and on various other occasions, EPA conferred with Respondent regarding the violations alleged herein and provided an opportunity for Respondent to submit additional information or materials.

E. ALLEGED VIOLATIONS

60. EPA has conducted a comprehensive review of the Facilities specific information gathered based upon each facility's permitted operations and the information provided by Respondent.

a. Based on this review, EPA alleges the following violations for the Facilities: Respondent violated NSPS Subpart KKK, 40 C.F.R. § 60.632, by failing to operate valves and pressure relief devices with no detectable emissions at the Facilities, as specified in 40 C.F.R. § 60.485a, and required by 40 C.F.R. §§ 60.482-4(a), 60.482-7(f), and 60.482-7a(f).

b. Respondent violated NSPS Subparts KKK, 40 C.F.R. § 60.632, by failing to monitor components at the Facilities at the required monthly, quarterly, or other frequency, in violation of 40 C.F.R. §§ 60.482-7(a)(1), 60.482-7(c), 60.482-2(a)(1), 60.482-2a(a)(1), 60.482-7a(a)(1), and 60.482-7a(c).

c. Respondent violated NSPS Subpart OOOO, 40 C.F.R. § 60.5400, by failing to repair a valve at the Artesia Gas Plant within fifteen (15) days of identification of a leak, as required by 40 C.F.R. § 60.482-8a(c)(1).

d. Respondent failed to timely identify the applicability of NSPS Subpart OOOOa, 40 C.F.R. § 60.5365a(f), for process units at the Facilities, in violation of 40 C.F.R. §§ 60.5400a, 60.5421a, 60.5422a, and its Title V permits.

F. CIVIL PENALTY AND CONDITIONS OF SETTLEMENT

a. General

61. For the purpose of this proceeding, as required by 40 C.F.R. § 22.18(b)(2),

Respondent:

- a. admits that EPA has jurisdiction over the subject matter alleged in this CAFO;
- b. neither admits nor denies the specific factual allegations contained in the CAFO;
- c. by signing this consent agreement, Respondent waives any rights or defenses that Respondent has or may have for this matter to be resolved in federal court, including but not limited to any right to a jury trial, and waives any right to challenge the lawfulness of the final order accompanying the consent agreement.

- d. consents to the assessment of a civil penalty, as stated below;
- e. consents to the issuance of any specified compliance or corrective action order¹;
- f. consents to the conditions specified in this CAFO;
- g. consents to any stated Permit Action;
- h. waives any right to contest the alleged violations set forth in Section E of this CAFO; and
- i. waives its rights to appeal the Final Order included in this CAFO.

62. For the purpose of this proceeding, Respondent:

- a. agrees that this CAFO states a claim upon which relief may be granted against Respondent;
- b. acknowledges that this CAFO constitutes an enforcement action for purposes of considering Respondent's compliance history in any subsequent enforcement action;
- c. waives any and all remedies, claims for relief and otherwise available rights to judicial or administrative review that Respondent may have with respect to any issue of fact or law set forth in this CAFO, including any right of judicial review under Section 307(b)(1) of the CAA, 42 U.S.C. § 7607(b)(1);
- d. consents to personal jurisdiction in any action to enforce this CAFO in the United States District Court for the District of New Mexico;

¹ Although 40 C.F.R. § 22.18(b)(2) requires each item in this list to be stated in this CAFO, subparagraphs (d) and (f) are not applicable to this particular case.

e. waives any right it may possess at law or in equity to challenge the authority of EPA to bring a civil action in a United States District Court to compel compliance with this CAFO and to seek an additional penalty for such noncompliance, and agrees that federal law shall govern in any such civil action; and

f. agrees that in any subsequent administrative or judicial proceeding initiated by the Complainant or the United States for injunctive relief, civil penalties, or other relief relating to these Facilities, Respondent shall not assert, and may not maintain, any defense or claim based upon the principles of waiver, res judicata, collateral estoppel, issue preclusion, claim preclusion, claim splitting, or other defenses based on any contention that the claims raised by the Complainant or the United States were or should have been brought in the instant case, except with respect to claims that have been specifically resolved pursuant to this CAFO.

b. Penalty Assessment and Collection

63. Upon consideration of the entire record herein, including the Findings of Fact and Conclusions of Law, which are hereby adopted and made a part hereof, and upon consideration of the size of the business, the economic impact of the penalty on the business, Respondent's full compliance history and good faith efforts to comply, the duration of the violations, payment by the violator of any penalties previously assessed for the same violation, the economic benefit of noncompliance, the seriousness of the violations, and other factors as justice may require, EPA has assessed a civil penalty in the amount of \$ 1,900,000.00 (the "EPA Penalty"). The EPA Penalty has been determined in accordance with Section 113 of the CAA, 42, U.S.C. § 7413, and at no time exceeded EPA's statutory authority.

64. Respondent agrees to:

a. pay the EPA Penalty within thirty (30) calendar days of the Effective Date of this CAFO; and

b. pay the EPA Penalty by cashier's check, certified check, or wire transfer made payable to "Treasurer, United States of America, EPA – Region 6." Payment shall be remitted in one of five (5) ways: (1) regular U.S. Postal Service mail including certified mail; (2) overnight mail; (3) wire transfer; (4) Automated Clearinghouse for receiving U.S. currency; or (5) Online Payment.

For regular U.S. Postal Service mail, payment should be remitted to:

U.S. Environmental Protection Agency
Fines and Penalties
Cincinnati Finance Center
PO Box 979078
St. Louis, MO 63197-9000

For overnight mail (non-U.S. Postal Service, *e.g.* FedEx, certified mail), payment should be remitted to:

U.S. Bank
U.S. Environmental Protection Agency
Government Lockbox 979078
3180 Rider Trail S.
Earth City, MO 63045

Contact: Natalie Pearson
(314) 418-4087

For wire transfer, payment should be remitted to:

Federal Reserve Bank of New York
ABA: 021030004
Account Number: 68010727
SWIFT address: FRNYUS33
33 Liberty Street
New York, NY 10045

Field Tag 4200 of the Fedwire message should read:
"D 68010727 Environmental Protection Agency"

For Automated Clearinghouse (also known as "remittance express" or "REX"):

U.S. Treasury REX / Cashlink ACH Receiver
ABA: 051036706
Account Number: 310006, Environmental Protection Agency
CTX Format Transaction Code 22 – checking
Physical location of U.S. Treasury facility:
5700 Rivertech Court
Riverdale, MD 20737

Contact: Jesse White
(301) 887-6548

For Online Payment:

<https://www.pay.gov/paygov/>
Enter sfo 1.1 in search field
Open form and complete required fields.

PLEASE NOTE: The docket number CAA-06-2025-3308 should be clearly typed on the check to ensure proper credit. The payment shall also be accompanied by a transmittal letter that shall reference Respondent's name and address, the case name, and docket number CAA-06-2025-3308. Respondent's adherence to this request will ensure proper credit is given when penalties are received for Region 6. Respondent shall also email a simultaneous notice of such payment, including a copy of the money order, or check, and the transmittal letter to the following email addresses:

Prince Nfodzo
U.S. EPA Region 6
Nfodzo.Prince@epa.gov

And

Region 6 Hearing Clerk

U.S. EPA Region 6
Vaughn.Lorena@epa.gov

65. Respondent agrees to pay the following on any overdue EPA Penalty:
- a. Interest. Pursuant to Section 113(d)(5) of the CAA, 42 U.S.C. § 7413(d)(5), any unpaid portion of a civil penalty must bear interest at the rates established pursuant to 26 U.S.C. § 6621(a)(2).
 - b. Nonpayment Penalty. On any portion of a civil penalty more than ninety (90) calendar days delinquent, Respondent must pay a nonpayment penalty, pursuant to Section 113(d)(5) of the CAA, 42 U.S.C. § 7413(d)(5), which shall accrue from the date the penalty payment became delinquent, and which shall be in addition to the interest which accrues under subparagraph (a) of this Paragraph.

66. Respondent shall pay a charge to cover the cost of processing and handling any delinquent penalty claim, pursuant to 42 U.S.C. § 7413(d)(5), including, but not limited to, attorney's fees incurred by the United States for collection proceedings.

67. If Respondent fails to timely pay any portion of the penalty assessed under this CAFO, EPA may:

- a. refer the debt to a credit reporting agency, a collection agency, or to the Department of Justice for filing of a collection action in the appropriate United States District Court (in which the validity, amount, and appropriateness of the assessed penalty and of this CAFO shall not be subject to review) to secure payment of the debt, which may include the original penalty, enforcement and collection expenses, nonpayment penalty and interest, 42 U.S.C. § 7413(d)(5) and 40 C.F.R. §§ 13.13, 13.14, and 13.33;

b. collect the above-referenced debt by administrative offset (*i.e.*, the withholding of money payable by the United States to, or held by the United States for, a person to satisfy the debt the person owes the Government), which includes, but is not limited to, referral to the Internal Revenue Service for offset against income tax refunds, 40 C.F.R. Part 13, Subparts C and H; and

c. suspend or revoke Respondent's licenses or other privileges or suspend or disqualify Respondent from doing business with EPA or engaging in programs EPA sponsors or funds, 40 C.F.R. § 13.17.

c. Conditions of Settlement

68. Within thirty (30) days of the Effective Date of this CAFO, Respondent shall accept applicability of and comply with 40 C.F.R. Part 60, Subpart OOOOa for all valves, pumps, pressure relief devices, open-ended valves or lines, flanges or other connectors (the "Equipment") in each of the process units at the Artesia Facility. All connectors otherwise subject to 40 C.F.R. Part 60, Subpart OOOOa as in effect prior to May 16, 2024, shall be subject to the requirements of 40 C.F.R. § 60.482-11a(b) as in effect prior to the same date.

69. Within sixty (60) days of the Effective Date of this CAFO, Respondent shall submit a complete application to the New Mexico Environment Department requesting to incorporate 40 C.F.R. Part 60, Subpart OOOOa applicability described in Paragraph 68.

70. LDAR Program. Within ninety (90) days of the Effective Date of this CAFO, Respondent shall develop, maintain, and submit to EPA, a written program ("LDAR Program") for compliance with leak detection and repair requirements at the Artesia Facility. The LDAR

Program shall apply to all Equipment in VOC and wet gas service and include the following requirements:

- a. Complete an Equipment tagging validation project to identify all Equipment subject to "LDAR Regulations" as defined in Paragraph 70.b in the process units at the Artesia Facility. Identification of Equipment can be established through submittal of an updated electronic LDAR database for the Artesia Facility by Respondent to EPA.
- b. Identify the applicability of the following to the Equipment in the process units at the Artesia Facility, which together comprise the "LDAR Regulations" to be covered by the LDAR Program:
 - i. 40 C.F.R. Part 60, Subpart OOOOa, Standards of Performance for Crude Oil and Natural Gas Facilities for Which Construction, Modification, or Reconstruction Commenced after September 18, 2015, and on or Before December 6, 2022;
 - ii. Title 20, Chapter 2, Part 50, Section 116 New Mexico Administrative Code, Oil and Gas Sector – Ozone Precursor Pollutants, Equipment Leaks and Fugitive Emissions; and
 - iii. Title V Operating Permit No. P095-R3, General Provisions, Table 103.A and Table 112 pertaining to optical gas imaging ("OGI") of Equipment in VOC or wet gas service and in residue gas service at the Facility; and
 - iv. If construction, modification, or reconstruction results in the Artesia Facility becoming subject to Federal and/or State LDAR requirements

that are more stringent than the requirements of this CAFO, the Facility will no longer be subject to the LDAR requirements of this CAFO and must comply with the more stringent, applicable LDAR requirements. Respondent shall provide written notice to EPA within thirty (30) days of the Artesia Facility becoming subject to more stringent Federal and/or State LDAR requirements.

- c. Identify applicable Equipment leak monitoring frequencies, leak definitions, first attempt at repair, final repair and leak repair verification monitoring deadlines, the most stringent of which in the LDAR Regulations will be applicable and compliance with which will be deemed to be compliance with the least stringent;
- d. Procedures for identifying leaking equipment in the process units at the Artesia Facility;
- e. Procedures for repairing, tracking, and recordkeeping of leaking Equipment;
- f. Procedures (e.g., Management of Change) that ensure that Equipment that is added to any process unit at the Artesia Facility for any reason is, as applicable, integrated into the LDAR Program and that Equipment that is removed from service, as applicable, is removed from the LDAR Program;
- g. The roles and responsibilities of all employees and third-party contractors assigned to LDAR functions at the Artesia Facility, and how the number of personnel and/or third-party contractors dedicated to LDAR functions at the Artesia Facility is sufficient to satisfy the requirements of the LDAR Program; and

- h. A procedure for communicating information on a monthly basis to Respondent's management and operations personnel at the Artesia Facility.
71. LDAR Monitoring. Respondent shall perform the following LDAR monitoring:
- a. Commencing by no later than the first full calendar quarter after the Effective Date of this CAFO and at times that are not announced to the LDAR monitoring technician(s), an LDAR trained employee of Respondent or a third party contractor, who does not serve on a routine basis as an LDAR monitoring technician at the Artesia Facility, shall undertake the following no less than once per calendar quarter for the period of one year after the Effective Date of this CAFO:
- i. Verify Equipment was monitored and repaired in accordance with the LDAR Regulations;
 - ii. Verify that proper documentation and sign offs have been recorded for all Equipment placed on the delay of repair list;
 - iii. Ensure that repairs have been performed in the required periods under the LDAR Regulations;
 - iv. Review monitoring data and Equipment counts (e.g., number of pieces of equipment monitored per day) for feasibility and unusual trends;
 - v. Verify that proper EPA Reference Method 21 and OGI instrument calibration records and monitoring instrument maintenance information is being maintained;
 - vi. Verify that other LDAR Program records are maintained as required; and

vii. Observe LDAR technicians' EPA Reference Method 21 and OGI instrument calibration and monitoring techniques.

b. Respondent shall promptly correct any deficiencies detected or observed, and maintain a log that:

- i. Records the date and time that the reviews, verifications, and observations required by this Paragraph are undertaken; and
- ii. Describes the nature and timing of any corrective actions taken.

72. Third-Party LDAR Audit. Within one hundred and eighty (180) days of the Effective Date of this CAFO, Respondent shall perform and complete a third-party LDAR Audit at the Artesia Facility in accordance with Paragraphs 73 through 79 (the "Audit").

73. Respondent shall retain a third-party auditor (the "Auditor") who satisfies the Auditor Qualifications listed in Section I of Appendix A to perform the Audit.

74. Respondent shall bear all expenses of selecting and retaining the Auditor.

75. Respondent shall: (1) provide the Auditor with a copy of this CAFO and all attachments; (2) grant the Auditor reasonable access to the Facility; and (3) provide or otherwise make available any necessary personnel, documents, training, and other resources to enable the Auditor to fully perform all activities required by this CAFO.

76. The Audit shall include but not be limited to:

- a. Reviewing compliance with the LDAR Program and the LDAR Regulations;
- b. Reviewing Equipment identification procedures, tagging procedures, and data management procedures;

- c. Reviewing and/or verifying the same items that are required in Subparagraphs 71.a.i–vii;
- d. Verifying that Equipment subject to the LDAR Regulations is included in the LDAR Program; and
- e. Performing comparative monitoring as described in Paragraph 80.

77. Respondent shall work with the Auditor in a commercially reasonable manner and consistent with this CAFO so that within thirty (30) days of completing the Audit, the Auditor provides a report of the Audit (the “Audit Report”) to EPA and Respondent that includes, at a minimum, the information identified in Section II of Appendix A.

78. If the Auditor provides a draft of the Audit Report to Respondent, it must simultaneously also provide a copy of the draft to EPA.

79. Respondent shall not assert that any documents reviewed, cited, or relied on by the Auditor and the audit team in undertaking the Audit are privileged as attorney-client communications or attorney work product, even if written for or reviewed by legal staff.

80. Comparative Monitoring. Comparative monitoring conducted during the Audit required by Paragraph 76 shall be performed as follows:

- a. *Calculating a Comparative Monitoring Audit Leak Percentage*. Equipment as defined in Paragraph 68 shall be monitored in order to calculate a leak percentage for each such process unit, broken down by ten percent (10%) of all valves and connectors, and all pumps. For descriptive purposes under this section, the monitoring that takes place during the Audit shall be called “Comparative Monitoring” and the leak

percentages derived from the Comparative Monitoring shall be called the "Comparative Monitoring Audit Leak Percentages."

b. *Calculating the Average Leak Percentage from Prior Monitoring Event.*

The Average Leak Percentage from prior monitoring event, broken down by equipment type as provide in Paragraph 68 shall be calculated.

c. *Calculating the Comparative Monitoring Leak Ratio.* For each unit audited, the ratio of the Comparative Monitoring Audit Leak Percentage from Subparagraph 80.a to the Average Leak Percentage from Subparagraph 80.b shall be calculated. This ratio shall be called the "Comparative Monitoring Leak Ratio." If the denominator in this calculation is "zero," Respondent shall assume (for purposes of this calculation but not for any other purpose under this CAFO or under any applicable laws and regulations) one leaking equipment was found in the unit through routine monitoring during the 12-month period before the Audit, and the ratio shall be recalculated.

81. Corrective Action Plan. Respondent shall perform the following Corrective Action

Plan:

a. Within sixty (60) days of the completing the Audit Respondent shall develop and submit to EPA a preliminary Corrective Action Plan ("CAP") if the results of the Audit identify any deficiencies or if the Comparative Monitoring Leak Ratio calculated pursuant to Subparagraph 80.c is greater than or equal to three (3.0) and the Comparative Monitoring Audit Leak Percentage calculated pursuant to Subparagraph 80.a is greater than or equal to 0.5 percent (0.5%). The CAP shall describe the actions

that Respondent has taken or shall take to address the deficiencies and/or the systemic causes of a Comparative Monitoring Leak Ratio that is greater than or equal to three (3.0) and a Comparative Monitoring Audit Leak Percentage that is greater than or equal to 0.5 percent (0.5%). Respondent shall also include a schedule by which actions that have not yet been completed shall be completed. Respondent shall promptly complete each corrective action item with the goal of completing each action within ninety (90) days after the Audit Completion Date. If any action is not completed or not expected to be completed within ninety (90) days after the Audit completion date, Respondent shall explain the reasons and propose a schedule for prompt completion.

b. *Submission of the Final CAP to EPA.* Within ninety (90) days of completing Paragraph 72 of the Audit, Respondent shall submit the final CAP to EPA, together with a certification of the completion of corrective action(s). For any corrective actions requiring more than ninety (90) days to complete, respondent shall include an explanation together with a proposed schedule for completion as expeditiously as practicable, as described in subparagraph 81.a. Respondent shall submit a supplemental certification of completion by no later than thirty (30) days after completing all corrective actions.

c. *Approval/Disapproval of All or Parts of a CAP.*

i. Within thirty (30) days after receipt of Respondent 's CAP, EPA may disapprove any or all aspects of the CAP. Each item that is not specifically disapproved shall be deemed approved. Except for good cause, EPA may not disapprove any action within the CAP that already has been completed. Within

thirty (30) days of receipt of any disapproval from EPA, Respondent shall submit a revised CAP that addresses the deficiencies that EPA identified. Respondent shall implement the revised CAP either pursuant to the schedule that EPA proposed, or, if EPA did not so specify, as expeditiously as practicable.

ii. Unless within thirty (30) days after receipt of the CAP, EPA disapproves all or part of a CAP's proposed actions and/or schedules, the CAP shall be deemed approved.

82. EPA reserves the right to pursue enforcement of any violations identified as a result of Paragraphs 68 through 81 ("Conditions of Settlement").

d. Additional Terms of Settlement

83. Respondent agrees that the time period from the Effective Date of this CAFO until all the conditions specified in Paragraphs 68 through 81 of this CAFO are completed (the "Tolling Period") shall not be included in computing the running of any statute of limitations potentially applicable to any action brought by Complainant on any claims set forth in Section E of this CAFO (the "Tolled Claims"). Respondent shall not assert, plead, or raise in any fashion, whether by answer, motion or otherwise, any defense of laches, estoppel, or waiver, or other similar equitable defense based on the running of any statute of limitations or the passage of time during the Tolling Period in any action brought on the Tolled Claims.

84. The provisions of this CAFO shall apply to and be binding upon Respondent and its officers, directors, employees, agents, trustees, servants, authorized representatives, successors and assigns. From the Effective Date of this CAFO until the end of the Tolling Period, as set out in Paragraph 83 of this CAFO, Respondent must give written notice and a copy of this

CAFO to any successors in interest prior to transfer of ownership or control of any portion or interest in the Facilities. Simultaneously with such notice, Respondent shall provide written notice of such transfer, assignment, or delegation to EPA. In the event of any such transfer, assignment or delegation, Respondent shall continue to be bound by the obligations or liabilities of this CAFO until EPA has provided written approval.

85. By signing this CAFO, Respondent acknowledges that this CAFO will be available to the public and agrees that this CAFO does not contain any confidential business information. See 40 C.F.R. Part 2, Subpart B (Confidentiality of Business Information).

86. By signing this CAFO, the undersigned representative of Complainant and the undersigned representative of Respondent each certify that he or she is fully authorized to execute and enter into the terms and conditions of this CAFO and has legal capacity to bind the party he or she represents to this CAFO.

87. By signing this CAFO, Respondent certifies that the information it has supplied concerning this matter was at the time of submission, and is, truthful, accurate, and complete for each submission, response, and statement. Respondent acknowledges that there are significant penalties for submitting false or misleading information, including the possibility of fines and imprisonment for knowing submission of such information, under 18 U.S.C. § 1001.

88. EPA and Respondent agree to the use of electronic signatures for this matter. EPA and Respondent further agree to electronic service of this CAFO by email to the following addresses:

To EPA:	Roland.Alexandrea@epa.gov Guenther.Heidi@epa.gov
To Respondent:	schwarzjw@outlook.com

89. Respondent specifically waives its right to seek reimbursement of its costs and attorney's fees under 5 U.S.C. § 504 and 40 C.F.R. Part 17. Except as qualified by Paragraph 66 of this CAFO, each party shall bear its own attorney's fees, costs, and disbursements incurred in this proceeding.

90. Pursuant to 26 U.S.C. § 6050X and 26 C.F.R. § 1.6050X-1, EPA is required to send to the Internal Revenue Service ("IRS") annually, a completed IRS Form 1098-F ("Fines, Penalties, and Other Amounts") with respect to any court order or settlement agreement (including administrative settlements), that require a payor to pay an aggregate amount that EPA reasonably believes will be equal to, or in excess of, \$50,000 for the payor's violation of any law or the investigation or inquiry into the payor's potential violation of any law, including amounts paid for "restitution or remediation of property" or to come "into compliance with a law." EPA is further required to furnish a written statement, which provides the same information provided to the IRS, to each payor (i.e., a copy of IRS Form 1098-F). Failure to comply with providing IRS Form W-9 or Tax Identification Number ("TIN"), as described below, may subject Respondent to a penalty, per 26 U.S.C. § 6723, 26 U.S.C. § 6724(d)(3), and 26 C.F.R. § 301.6723-1. In order to provide EPA with sufficient information to enable it to fulfill these obligations, EPA herein requires, and Respondent herein agrees, that:

- a. Respondent shall complete an IRS Form W-9 ("Request for Taxpayer Identification Number and Certification"), which is available at <https://www.irs.gov/pub/irs-pdf/fw9.pdf>;

b. Respondent shall therein certify that its completed IRS Form W-9 includes Respondent's correct TIN or that Respondent has applied and is waiting for issuance of a TIN;

c. Respondent shall email its completed Form W-9 to EPA's Cincinnati Finance Center at Chalifoux.Jessica@epa.gov, within thirty (30) days after the Final Order ratifying this Agreement is filed, and EPA recommends encrypting IRS Form W-9 email correspondence; and

d. In the event that Respondent has certified in its completed IRS Form W-9 that it has applied for a TIN and that TIN has not been issued to Respondent within thirty (30) days after the Effective Date, then Respondent, using the same email address identified in the preceding subparagraph, shall further:

i. notify EPA's Cincinnati Finance Center of this fact, via email, within thirty (30) days after the thirty (30) days after the Effective Date of this Order per Section H of this CAFO; and

ii. provide EPA's Cincinnati Finance Center with Respondent's TIN, via email, within five (5) days of Respondent's issuance and receipt of the TIN.

G. EFFECT OF CONSENT AGREEMENT AND FINAL ORDER

91. In accordance with 40 C.F.R. § 22.18(c), completion of the terms of this CAFO resolves only Respondent's liability for federal civil penalties for the violations and facts specifically alleged in Sections D and E above.

92. If Respondent fails to timely and satisfactorily complete every condition stated in Paragraphs 68 through 81 of this CAFO (including payment of any stipulated penalties owed),

then Complainant may compel Respondent to perform the conditions in Paragraphs 68 through 81, seek civil penalties that accrue from the Effective Date of this CAFO until compliance is achieved, and seek other relief in a civil judicial action pursuant to the Clean Air Act, pursuant to contract law, or both.

93. Penalties paid pursuant to this CAFO shall not be deductible for purposes of federal taxes.

94. For purposes of the identification requirement in Section 162(f)(2)(A)(ii) of the Internal Revenue Code, 26 U.S.C. § 162(f)(2)(A)(ii), and 26 C.F.R. § 1.162-21(b)(2), performance of Paragraphs 68 through 81 is restitution, remediation, or required to come into compliance with the law.

95. This CAFO constitutes the entire agreement and understanding of the parties and supersedes any prior agreements or understandings, whether written or oral, among the parties with respect to the subject matter hereof.

96. The terms, conditions, and compliance requirements of this CAFO may not be modified or amended except upon the written agreement of both parties, and approval of the Regional Judicial Officer.

97. Any violation of the included Final Order may result in a civil judicial action for an injunction or civil penalties of up to \$121,275 per day of violation, or both, as provided in Section 113(b)(2) of the Act, 42 U.S.C. § 7413(b)(2), as well as criminal sanctions as provided in Section 113(c) of the Act, 42 U.S.C. § 7413(c). EPA may use any information submitted under this CAFO in an administrative, civil judicial, or criminal action.

98. Nothing in this CAFO shall relieve Respondent of the duty to comply with all applicable provisions of the Act and other federal, state, or local laws or statutes, nor shall it restrict EPA's authority to seek compliance with any applicable laws or regulations, nor shall it be construed to be a ruling on, or a determination of, any issue related to any federal, state, or local permit. EPA does not, by its consent to the entry of this CAFO, warrant or aver in any manner that Respondent's compliance with any aspect of this CAFO will result in compliance with provisions of the Clean Air Act, 42 U.S.C. § 7401, *et seq.*, or with any other provisions of federal, state, or local laws, regulations, or permits.

99. Nothing herein shall be construed to limit the power of EPA to undertake any action against Respondent or any person in response to conditions that may present an imminent and substantial endangerment to the public health, welfare, or the environment.

H. EFFECTIVE DATE

100. Respondent and Complainant agree to the issuance of the included Final Order. Upon filing, EPA will transmit a copy of the filed CAFO to Respondent. This CAFO shall become effective after execution of the Final Order by the Regional Judicial Officer on the date of filing with the Hearing Clerk.

The foregoing Consent Agreement In the Matter of DCP Operating Company, LP, Docket No. CAA-06-2025-3308, is Hereby Stipulated, Agreed, and Approved for Entry.

FOR RESPONDENT:

Date: 12/10/2024



William L. Johnson
President
2331 CityWest Blvd.
Houston, TX, 77042
DCP Operating Company, LP

FOR COMPLAINANT:

Date: December 11, 2024



Digitally signed by
MARGARET OSBOURNE
Date: 2024.12.11 14:18:27
-06'00'

Cheryl T. Seager
Director
Enforcement and
Compliance Assurance Division
U.S. EPA, Region 6

APPENDIX A:

I. Auditor Qualifications

The Auditor shall satisfy the following independence requirements:

1. The Auditor shall be impartial and independent in conducting all third-party audit activities.
2. The Auditor shall receive no compensation or financial benefit from the outcome of the audit, apart from payment for auditing services.
3. The Auditor shall be:
 - a. Knowledgeable in regard to the LDAR Regulations and the operation of natural gas processing plants (e.g. NAICS: 211130, Natural Gas Extraction).
 - b. Knowledgeable about the LDAR Program requirements listed in Section F, Paragraph 70 of the CAFO.
 - c. Trained or certified in proper auditing techniques.
4. If the Auditor has performed work for Respondent within the two (2) years preceding the Effective Date, the Auditor may not perform the elements of the Audit that include the same equipment or processes that the Auditor has previously performed work on. The phrase "performed work" shall not include being an auditor in an independent third-party audit that meets the requirements of independence described in this CAFO.
5. Respondent may not hire, as either an employee or contractor, the Auditor or any audit team members for a period of two (2) years following the submission of the final Audit Report from the Auditor to Respondent (the phrase "hire" shall not include being an auditor in an independent third-party audit that meets the requirements of independence described in this CAFO).
6. The Auditor and any audit team members shall each sign and date a conflict-of-interest statement verifying that they are eligible to perform the audit under the terms of this CAFO.
7. Retired employees of Respondent who otherwise satisfy the requirements of independence may qualify as independent if their sole continuing financial attachment to Respondent is an employer-financed or managed retirement and/or health plan.

II. Audit Report

The Audit Report shall, at a minimum, comply with the following:

1. Explain the audit scope, provide a summary of the audit process, and explain any obstacles encountered.
2. State the period of time covered by the Audit and list the date(s) any on-site portion of the audit was conducted.
3. Identify the audit team members, including names, titles, and summaries of qualifications.
4. Identify any representatives of EPA or Respondent who observed any portion of the Audit.
5. Identify the recipients of the Audit Report.
6. Include a written explanation of the instances of non-compliance noted during the Audit, and the areas of concern identified during the course of the Audit, regardless of whether, in the Auditor's judgement, they require corrective action or merit further review or evaluation for potential environmental or regulatory impacts ("Audit Findings").
7. Include any recommended corrective actions for Respondent to take in order to address the Audit Findings and to improve its programs, procedures, or policies so that they are consistent with the EPA Environmental Management Systems Guidance and improve environmental performance.
8. Include a summary of Respondent's comments on, and identify any adjustments made by the Auditor to, any draft of the Audit Report provided by the Auditor to Respondent for review and comment.
9. Identify any Audit Findings corrected during the Audit, including a description of the corrective measures and when they were implemented.
10. Include the following certification, signed and dated by the Auditor or supervising manager for the Audit:

I certify that this compliance audit report was prepared under my direction or supervision in accordance with a system designed to assure that qualified

personnel properly gather and evaluate the information upon which the audit is based. I further certify that the audit was conducted, and this report was prepared, pursuant to all applicable auditing, competency, independence, impartiality, and conflict of interest standards and protocols. Based on my personal knowledge and experience, the inquiry of personnel involved in the audit, the information submitted herein is true, accurate, and complete. I am aware that there are significant penalties for making false material statements, representations, or certifications, including the possibility of fines and imprisonment for knowing violations.

FILED

12 DEC 24 AM 08:10

**REGIONAL HEARING CLERK
EPA REGION 6**

**UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION 6
DALLAS, TEXAS**

IN THE MATTER OF:

DCP Operating Company
Eddy County and Lea County, New Mexico

RESPONDENT

(
(
(
(
(
(
(
(
(
(

DOCKET NO. CAA-06-2025-3308

FINAL ORDER

Pursuant to Section 113(d) of the Clean Air Act, 42 U.S.C. § 7413(d), and the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties, 40 C.F.R. Part 22, the attached Consent Agreement resolving this matter is incorporated by reference into this Final Order and is hereby ratified.

DCP Operating Company, LP is ORDERED to comply with all terms of the Consent Agreement. In accordance with 40 C.F.R. §22.31(b), this Final Order shall become effective upon filing with the Regional Hearing Clerk.

Dated _____

Rucki,
Thomas

Digitally signed by Rucki,
Thomas
Date: 2024.12.11
17:19:54 -05'00'

Thomas Rucki
Regional Judicial Officer
U.S. EPA, Region 6

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Consent Agreement and Final Order was filed with the Regional Hearing Clerk, U.S. EPA - Region 6, 1201 Elm Street, Suite 500, Dallas, Texas 75270-2102, and that I sent a true and correct copy on this day in the following manner to the addressees:

Copy via Email to Complainant - READ RECEIPT REQUESTED

Roland.alexandrea@epa.gov
Guenther.heidi@epa.gov

Copy via Email to Respondent – READ RECEIPT REQUESTED

DCP Operating Company, LP
2331 CityWest Blvd.
Houston, TX 77042

David.C.Gill@p66.com
John.W.Cook2@p66.com
Justin.C.Newton@p66.com
Nikunj.Khelurkar@p66.com
Chris.Kotrlik@p66.com
Alexandre.P.Bourgeois@p66.com
schwarzjw@outlook.com

Vaughn,
Lorena

Digitally signed by
Vaughn, Lorena
Date: 2024.12.12
08:10:04 -06'00'

Office of Regional Counsel
U.S. EPA, Region 6
Dallas, Texas