UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8
1595 WYNKOOP STREET
DENVER, CO 80202-1129
Phone 800-227-8917
http://www.epa.gov/region08

2014 MAY -7 PM 1:33
FILED
EPA REGION VIII
HEARING CLERK

DOCKET NO.: CAA-08-2013-0016

IN THE MATTER OF:	)	
	)	
COLORADO INTERSTATE GAS COMPANY, LLC.	)	**FINAL ORDER**
	)	
RESPONDENT	)	

Pursuant to 40 C.F.R. §22.13(b) and 22.18, of EPA's Consolidated Rules of Practice, the Consent Agreement resolving this matter is hereby approved and incorporated by reference into this Final Order. The Respondent is hereby **ORDERED** to comply with all of the terms of the Consent Agreement, effective immediately upon receipt by Respondent of this Consent Agreement and Final Order.

SO ORDERED THIS 7th **DAY OF** May**, 2014.**

Elyana R. Sutin
Regional Judicial Officer

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION 8

2014 MAY -1 AM 10: 28

Docket No. CAA-08-2013-0016

EPA REGION VIII
HEARING CLERK

IN THE MATTER OF:	)	
	)	
COLORADO INTERSTATE GAS COMPANY, L.L.C.	)	
	)	
	)	**COMBINED COMPLAINT AND CONSENT AGREEMENT**
	)	
Rawlins Compressor Station	)	
3401 Wagon Circle Road	)	
Rawlins, WY 82301	)	
	)	
Respondent.	)	

Complainant, United States Environmental Protection Agency, Region 8 (the EPA or Complainant), and Respondent, Colorado Interstate Gas Company, L.L.C. (CIG), by their undersigned representatives, hereby consent and agree as follows:

I. PRELIMINARY MATTERS

1. This Combined Complaint and Consent Agreement (Agreement) is entered into by EPA and CIG (individually, a "Party" and, collectively, as the "Parties") to settle alleged violations of the federal Clean Air Act (Act), 42 U.S.C. §§ 7401-7671, specifically 40 C.F.R. Part 63, Subpart HH (National Emission Standards for Hazardous Air Pollutants From Oil and Natural Gas Production Facilities).

2. This matter is subject to the *Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties, and the Revocation, Termination or Suspension of Permits* (Consolidated Rules), 40 C.F.R. part 22. This Agreement contains all terms of the settlement agreed to by the Parties. It is entered into by the Parties for the purpose of simultaneously commencing and concluding this matter, as authorized by 40 C.F.R. §22.13(b), and is executed pursuant to 40 C.F.R. §22.18(b)(2) and (3) of the Consolidated Rules. It also supersedes any prior agreements or understandings, whether written or oral, between the Parties with respect to the violations alleged herein.

3. The EPA Administrator and the United States Attorney General have jointly determined that this matter is appropriate for an administrative penalty assessment, as authorized by section 113(d)(1) of the Act, 42 U.S.C. §7413(d)(1). Accordingly, the EPA has jurisdiction over this matter pursuant to section 113(d)(1)(B) and section 113(d)(2)(B) of the Act.

4. Respondent admits the jurisdictional allegations in this Agreement, but neither admits nor denies the specific factual allegations or legal conclusions made by the Complainant herein.

5. Complainant asserts that settlement of this matter is in the public interest, and Complainant and Respondent acknowledge that entry of a final order approving this Agreement, in full, without further litigation and without adjudication of any issue of fact or law is the most appropriate means of resolving this matter. Without admitting wrongdoing, Respondent waives its rights to contest the allegations in the Complaint and to appeal a final order issued by the Regional Judicial Officer approving this Consent Agreement in full.

6. This Agreement, upon incorporation into a final order, applies to and is binding upon the EPA, the Respondent, and Respondent's officers, directors, employees, agents, successors, and assigns. Any change in ownership or corporate status of Respondent including, but not limited to, any transfer of assets or real or personal property shall not alter Respondent's responsibilities under this Agreement.

7. Respondent CIG is a Delaware limited liability corporation, with its principal place of business located in Colorado, where it is registered and in good standing with the Colorado Secretary of State as a Colorado foreign corporation. Respondent is therefore a "person" as defined in §7602(e) of the Act.

8. Respondent owns and operates the Rawlins Natural Gas Compressor Station (the Facility), which is located at 3401 Wagon Circle Road, Rawlins, Wyoming, 82301.

9. The Complainant issued an Administrative Order on September 29, 2011 to CIG's corporate parent at the time, El Paso Corporation. *See* Docket No. CAA-08-2011-0029. This Administrative Order required El Paso Corporation to use certain test methods with respect to Leak Detection and Repair requirements at the Facility.

10. The Complainant acknowledges the Respondent's compliance with the Final Order previously issued in this matter dated September 30, 2013 and its more recent cooperation in seeking a resolution to this matter, as well as the Respondent's commitment to performing portions of an 'enhanced' LDAR program, as set out in greater detail below.

II. ALLEGED VIOLATIONS

11. The Complainant alleges the Respondent violated the Act and regulations authorized by the Act. Specifically, Congress enacted section 112 of the Act, which requires the EPA to regulate sources of hazardous air pollutants (HAPs)

and establish National Emission Standards for Hazardous Air Pollutants, (NESHAPs). 42 U.S.C. § 7412. In partial fulfillment of this statutory duty, the EPA designated Oil and Natural Gas Production Facilities as a category subject to the requirements of Section 112 of the Act. The EPA is required by Section 112(c)(1) of the Act to publish a list of all categories and subcategories of major sources and area sources of HAPs. The EPA met this requirement on June 17, 1999, when it promulgated 40 C.F.R. Part 63, Subpart HH, "National Emissions Standards for Hazardous Air Pollutants from Oil and Natural Gas Production Facilities." 64 *Fed. Reg.* 32628. Specifically, 40 C.F.R. Part 63 Subpart HH applies to owners and/or operators of oil and natural gas production plants. 40 C.F.R. § 63.760(a). The Facility is a plant subject to Subpart HH and Respondent owns and operates the Facility.

12. The specific regulations the Complainant alleges the Respondent violated at the Facility are as follows:

    a. On August 24, 2011, inspectors from the EPA Region 8 office conducted an inspection at the Facility to determine Respondent's compliance with LDAR requirements. During this inspection, the EPA determined that the Respondent failed to properly use the required leak detection method (40 C.F.R. 60, Appendix A, Method 21, Section 8.3.1); and

    b. The Respondent's historic leak rate for subject components had been reported by the Respondent at a lower rate than EPA observed during the inspection, in violation of 40 C.F.R. Section 61.245(b)(1).

III. TERMS OF SETTLEMENT

13. All the violations alleged in paragraph 12 above have been corrected. As a condition of settlement, Respondent, without admitting wrongdoing, shall comply with the non-penalty provisions below in paragraphs 14-16. In consideration for Respondent performing these non-penalty obligations, the EPA shall comply with the Covenant Not to Sue in paragraph 22 below. In addition, in accordance with section 113(d)(2)(B) of the Act, the EPA has compromised the maximum civil penalty of $37,500 per day per violation authorized in this matter, applying the factors set forth in section 113(e) of the Act and the 1991 Clean Air Act Civil Penalty Policy, including Respondent's significant cooperation in agreeing to perform the non-penalty obligations in paragraphs 14-16 below.

14. The Respondent shall maintain the contract it entered into with Trihydro Corporation, dated October 29, 2012, and identified by Job Number 09K-001-002 (enclosed as Attachment A). This contract involves the performance of activities to verify the Respondent is in compliance with LDAR requirements, as referenced in Paragraphs 9, 11 and 12 above. Further, the Respondent shall

maintain the contract identified above for a period of three years from October 29, 2012, or enter into an equivalent contract with a qualified operator covering the period from the date of the Final Order issued in this matter and terminating no earlier than three years after October 29, 2012.

15. INTENTIONALLY OMITTED.

16. The Respondent shall submit quarterly progress reports, commencing within 90 days of the date the Final Order is issued in this matter. The purpose of such reports is to provide the status of Respondent's efforts to comply with the terms of settlement in this Agreement. Respondent may stop submitting such reports upon the expiration of the time period referenced in the above Paragraph 14. Submissions of reports required by this Paragraph 16, shall be addressed to:

    Air & Toxics Technical Enforcement Program Director
    U.S. EPA Region 8 (Mail Code 8ENF-AT)
    1595 Wynkoop St.
    Denver, CO 80202-1129

    The Certification of Truth, Accuracy & Completeness shall read:

    > I certify under penalty of law that I have examined and am familiar with the information in the enclosed documents, including all attachments. Based on my personal inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are, to the best of my knowledge and belief, true and complete. I am aware that there are significant penalties for knowingly submitting false statements and information, including the possibility of fines or imprisonment pursuant to section 113(c)(2) of the Act, and 18 U.S.C. §§ 1001, 1341 and 1505.

17. The EPA has analyzed the facts and circumstances in this matter with the statutory factors described in section 113(d)(1)(B) of the Act. The EPA has determined that an appropriate civil penalty to resolve this matter is **THIRTY SEVEN THOUSAND FIVE HUNDRED DOLLARS ($37,500.00).** In light of the unusual procedural history of this matter (see Environmental Appeal Board rulings in Appeal Nos. 13-03, 13-04 and 13-05); the fact that Respondent has paid the sum of $37,500 to the U.S. Treasury in connection with the Final Order issued in Docket No. CAA-08-2013-0016; and conducted the comprehensive review of the Facility provided therein to verify that all components required to comply with subpart HH were correctly identified and properly monitored, no further penalty payment is owed to the United States. Respondent acknowledges that any penalty assessed with respect to the herein-alleged violations shall never be claimed as a federal or other tax deduction or credit.

18. Failure by Respondent to comply with any of the terms of this Agreement shall constitute a breach of the Agreement and may result in referral of the matter to the United States Department of Justice for enforcement of this Agreement and for such other relief as may be appropriate.

19. Nothing in this Agreement shall be construed as a waiver by the EPA or any other federal entity of its authority to seek costs or any appropriate penalty associated with any collection action instituted as a result of Respondent's failure to perform pursuant to the terms of this Agreement.

IV. GENERAL PROVISIONS

20. Each undersigned representative of a Party to this Agreement certifies that he or she is fully authorized by the Party represented to bind the Party to the terms and conditions of this Agreement and to execute and legally bind that Party to this Agreement. Each Party's obligations under this Agreement constitutes sufficient consideration for the other Party's obligations under the Agreement.

21. The Parties shall submit this Agreement to the Regional Judicial Officer, with a request that it be incorporated (in full) into a final order.

22. This Agreement, upon incorporation (in full) into a final order by the Regional Judicial Officer and full satisfaction by the Parties, shall be a complete, full and final settlement of the United States' civil penalty claims against Respondent for the specific violations alleged in this Agreement. In addition, in exchange for the Respondent's promise to fulfill the conditions contained in paragraphs 14-16 above, the EPA shall not issue any administrative order to sue Respondent for injunctive or other equitable relief for the specific violations alleged in this matter, but such covenant terminates if Respondent fails to timely and satisfactorily complete every condition stated in paragraphs 14-16 above; provided, however, that such covenant shall not terminate until and unless Complainant first provides written notice to Respondent of any failure to perform any such condition and provides Respondent a reasonable opportunity to cure such failure, to demonstrate that performance was achieved or that no such performance is necessary, or to explain circumstances associated with such condition. Should the covenant terminate, Complainant may compel Respondent to perform any or all of those conditions and seek other relief in a civil action pursuant to the Clean Air Act, pursuant to contract law, or both. In addition, the Parties acknowledge that the covenant not to sue described above constitutes sufficient consideration for Respondent's obligations in Paragraphs 14-16 above.

23. By signing this Consent Agreement, Respondent certifies that the information it has supplied concerning this matter was, at the time of submission, truthful, accurate, and complete for each such submission, response, and statement. Respondent realizes 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.

24. INTENTIONALLY OMITTED.

25. The substantive terms, conditions, and compliance requirements of this Agreement may not be modified or amended except upon the written agreement of the Parties, and incorporation in a revised final order by a Regional Judicial Officer.

26. Each Party shall bear its own costs and attorneys fees in connection with all issues associated with this Agreement.

27. Respondent remains obligated to comply with all requirements of the Act and its implementing regulations.

28. This Agreement may be executed in counterparts.

UNITED STATES ENVIRONMENTAL
PROTECTION AGENCY, REGION 8,
Office of Enforcement, Compliance, and
Environmental Justice

COMPLAINANT.

Date: 03/18/2014 By: Eddie A. Sierra
for Andrew M. Gaydosh
Assistant Regional Administrator
Office of Enforcement, Compliance and
Environmental Justice

COLORADO INTERSTATE GAS COMPANY,
L.L.C.

RESPONDENT.

Date: 3-11-14 By: Mark A. Kissel

APPROVED AS TO FORM
3/11/2014

PRINTED NAME: Mark A. Kissel

TITLE: President

Attachment A

Trihydro Corporation

ENGINEERING AND ENVIRONMENTAL CONSULTING

Date: October 29, 2012		**Job No.:**	09K-001-002
Contract No.: 12-106CPS			
Consultant/Contractor: (hereinafter "Trihydro")	Trihydro Corporation 1252 Commerce Drive Laramie, WY 82070	**Telephone:** **Facsimile:**	307-745-7474 307-745-8214

CLIENT		PROJECT SITE	
Name:	Colorado Interstate Gas Company	**Name:**	El Paso Rawlins Station
Address:	PO Box 307	**Address:**	
City, State, Zip:	Rawlins, WY 82334	**City, State:**	Rawlins, WY
Telephone:	307-324-5849	**Contact:**	Tommy Hamm
Fax:	307 321-0943	**Email:**	tommy hamm@kindermorgan.com

Project Name: Leak Detection and Repair (LDAR) Monitoring and Management

Scope of Services: (Describe below and/or Reference Attachments): Trihydro will provide LDAR routine monthly and quarterly inspections, re-monitoring of leaking components, quality assurance/quality control metrics, and semiannual reporting at the Rawlins NGL Plant and Compressor Station in Sinclair, Wyoming. Work to be performed in accordance with the attached Cost Estimate dated August 17, 2012.

Commencement Date: January 01, 2013 **Completion Date:** December 31, 2013

Additional Requirements (i.e. Insurance): _____

Estimated Cost: $16,388.00 **Schedule of Charges/Quote Attached:** ___ No X Yes

Payment Terms (i.e., LS, T&M, NTE, Retainer, Progress): Time and materials

Site/Project Specific Health/Safety Considerations (Information Provided by Client): Any additional requirements will be provided by the client, prior to commencing work.

Client Contact: Tommy Hamm **Trihydro Project Manager:** Ben Levin

In Witness Whereof the Parties Enter into this Contract to Provide Services, to include the Terms and Conditions set out Attached or on the Back hereof and by this Reference Incorporated herein. The Terms and Conditions attached and/or on the back are a part of this Contract.

CLIENT		TRIHYDRO CORPORATION	
Name:	KAREN NIELSEN	**Name:**	Deby L. Forry, Esq.
Title:	EHS Manager	**Title:**	Vice President of Risk Management
Signature:	[signature]	**Signature:**	[signature]
Date:	12/14/12	**Date:**	October 29, 2012

TERMS AND CONDITIONS
TRIHYDRO CORPORATION
CONTRACT TO PROVIDE SERVICES

Contract No. 12-108CPS

Job No. 09K-001-002

1. TIME PERIOD FOR PERFORMANCE: Trihydro will commence Services as specified in the Scope of Services, and will complete such Services in a diligent manner. Trihydro will not be responsible for delays caused by factors beyond Trihydro's control which could not readily have been foreseen when this Authorization was received.

2. ADDITIONAL SERVICES: Trihydro will perform Additional Services not specified in the Scope of Services, provided Trihydro and CLIENT have agreed to the scope and fee for such services in writing. The written agreement for additional services shall constitute a Change Order. This Agreement and general provisions shall be incorporated in all Change Orders. In the event the CLIENT requests additional work and those services are performed by Trihydro without a written Change Order, CLIENT agrees to provide written notice within twenty (20) days of receiving an invoice for the additional work or a progress report describing the additional services stating that the work is not authorized and that the services will not be paid for; if CLIENT does not dispute the charges those charges will be considered authorized and the CLIENT agrees to pay for such additional services in accordance with the terms and conditions of this Agreement. Any services performed will be done at Trihydro's current fee schedule at the time the services are performed.

3. TIME OF PAYMENTS: Trihydro will submit monthly invoices for completed Services. CLIENT shall timely review such invoices and shall notify Trihydro within 10 days of any disputed amounts. CLIENT agrees to pay all undisputed amounts within 30 days from date of invoice. Any payment not received by Trihydro within said 30 days shall be considered delinquent and the amounts due Trihydro shall accrue a late charge of 1 1/2% per month for each month from date of invoice. In the event of any payment due Trihydro under the terms of this Authorization is delinquent, Trihydro may suspend all services until all delinquent payments have been received by CLIENT.

4. PAYMENTS TO SUPPLIERS: Trihydro shall promptly pay all materials suppliers and subcontractors which have either supplied materials or services for work performed under the Agreement and any Change Order within 10 days after receipt of payment from CLIENT, and shall, if required, furnish CLIENT with names of any and all suppliers or contractors used by Trihydro in performing the Work and shall furnish CLIENT satisfactory evidence of settlement including lien waivers for any and all materials supplied to Trihydro under the Agreement or any Change Order before payment therefore shall be due and payable to Trihydro.

5. TAXES: Fees quoted do not include any state, federal or local applicable taxes, and will be the responsibility of the CLIENT.

6. STANDARD OF PERFORMANCE: Trihydro shall perform its services in accordance with generally accepted engineering and consulting standards in effect at the time services were performed. Trihydro makes no other warranty, express or implied.

7. ENVIRONMENTAL REPORTS, PLANS AND ASSESSMENTS: Trihydro reports (including Phase I and II Investigation Reports) plans, and assessments may present professional opinions and findings of a scientific and technical nature. While attempts have been made to relate the data and findings to applicable environmental laws and regulations, the report shall not be construed to offer legal opinion or representations as to the requirements of, or compliance with environmental laws, rules, regulations or policies of federal, state or local government agencies.

8. INDEPENDENT CONTRACTOR: Trihydro shall perform its work as an independent contractor and shall have responsibility for and control over the details and means of performance of the services performed hereunder. Trihydro is not the agent of CLIENT unless, and to the extent, expressly so designated by CLIENT in writing.

9. LIMITATION OF LIABILITY: Notwithstanding any other provisions hereof, Trihydro's liability for damages arising from or related to the Work shall be limited to the total gross billings of Trihydro to the Client hereunder. In no event shall Trihydro be liable for consequential or indirect damages, lost profits, lost business or opportunity, or lost use of property.

10. INDEMNIFICATION: CLIENT and Trihydro agree to indemnify and hold each other harmless (including investigation expense, attorney's fees, costs and litigation expenses) from any claim, loss, injury, damage, fine, cause of action, ("claim"), asserted against the indemnitee by any person or entity (including, without limitation, Trihydro and CLIENT's employees) to the extent the claim is proximately caused by the indemnitor's intentional misconduct or the indemnitor's portion of fault. Attorney's fees and litigation expenses recoverable under this paragraph include fees and costs incurred in establishing a party's right to indemnification.

11. HAZARDOUS SUBSTANCES: If state or federally regulated hazardous, toxic or dangerous wastes as defined by state or federal regulations (hereinafter "wastes") are encountered at the site, and if these "wastes" require handling, transportation or disposal at an off-site facility Trihydro will assist in advising the CLIENT of the CLIENT's options. However, Trihydro will not "arrange" (as defined in 42 U.S.C. 9607) for disposal of, accept title to, sign manifests for, or take control of any wastes. CLIENT shall indemnify and hold Trihydro harmless from any claims, damages, fines and fees, litigation or expenses, arising out of or in any way related to handling, transportation and disposal of any wastes in the course of Trihydro's performance of this Agreement.

12. CLIENT PROVIDED INFORMATION: Trihydro is entitled to rely on all information furnished or to be furnished by CLIENT. CLIENT agrees to defend and indemnify Trihydro, its officers, agents and employees from any and all claims of any kind arising out of or relating to any claims caused by or contributed to by any errors or omissions in information provided to Trihydro.

13. ACCESS, APPROVALS, PERMITS: CLIENT shall arrange for access and make all provisions for Trihydro to enter public and private property as required for Trihydro to perform the specified services. CLIENT shall furnish approvals and permits from all governmental authorities having jurisdiction over the Project and such approval and consent from others as may be necessary. CLIENT is responsible to inform Trihydro of the locations of any underground structures. Trihydro will not be responsible for inadvertent damage to utility lines or other subsurface structures that were not made known to Trihydro prior to the start of drilling.

14. SAFETY: It is the responsibility of the CLIENT to provide and maintain a safe working environment for its employees, Trihydro employees and that of Trihydro subcontractors, agents, the public and any other third party. Trihydro shall be responsible for the health and safety of its employees; Subcontractors shall be responsible for the health and safety of their own employees.

15. ASSIGNMENT: Trihydro shall not assign this Contract without prior written consent of CLIENT, but may, employ any other party it deems necessary or proper for any part of the work required to be performed by Trihydro under the terms of this Contract.

16. TERMINATION: Either party may terminate this Contract at any time upon seven (7) days prior written notice to the other. In such event, Trihydro will be compensated for services performed hereunder to the termination date together with all costs arising out of such termination.

17. CONFIDENTIALITY: TRIHYDRO agrees not to use confidential information disclosed to it by CLIENT for its own use, or for any purpose except to carry out services outlined in this Agreement. TRIHYDRO will not disclose the confidential information to third parties or to its employees, agents or representatives, except those who need the information to carry out the services provided in the Agreement, or unless required by law or such information becomes publicly available by a party other than TRIHYDRO, its employees, agents or representatives. TRIHYDRO agrees to notify CLIENT in writing of any misuse or misappropriation of confidential information that may come to its attention.

18. GOVERNING LAW: This contract shall be enforced in accordance with the laws of the State of Wyoming.

19. TIME LIMIT FOR CLAIMS: Any claim brought by CLIENT against Trihydro will be brought not later than one year after the date of substantial completion of Trihydro services hereunder or the expiration of the applicable statute of limitations, whichever is earlier.

20. COLLECTION FEES AND EXPENSES: In the event this Contract should be referred to an attorney at law, agent, or collection agency for collection, CLIENT agrees to pay such reasonable fees Trihydro may incur, in the collection of fees for services performed and material supplied hereunder.

21. ENTIRE AGREEMENT: The Agreement (and any referenced attachments) constitute the entire agreement between CLIENT and Trihydro and supersedes all prior or oral or written representations or agreements. This Agreement shall not be modified except in writing and signed by both parties. If any provision of this Agreement is determined by a court to be invalid or unenforceable, the remainder of this Agreement shall remain in full force and effect.

22. SEVERABILITY OF TERMS: Every part, provision, or term of the Contract to Provide Services is severable from every other part, provision, or term. A finding that any part or provision is invalid, void, or unenforceable shall not affect the remaining parts and provisions.

23. RETENTION: Trihydro shall maintain true and correct records in connection with each material cost and each cost reimbursable service performed and all transactions related thereto, and shall retain all such records for three years after the end of the calendar year in which the last service was performed. Any audit requested by CLIENT shall be at the CLIENT's sole cost and expense. TRIHYDRO is an environmentally conscience firm that maintains and stores its documents electronically, rather than in hard copy.

24. OWNERSHIP OF WORK PRODUCT: Work Product shall not include customizations of, derivatives of, or enhancements to TRIHYDRO-owned or TRIHYDRO-provided software, such as but not limited to Project Direct, that may be provided as an application for CLIENT's use. The provisions of this Article do not apply to any material, including pre-existing software, previously belonging to TRIHYDRO or lawfully acquired by TRIHYDRO in a manner independent of this Agreement, which are used by TRIHYDRO in the course of the Services hereunder, or which may be provided by TRIHYDRO to CLIENT and which is indicated to be the property of TRIHYDRO by copyright notice or otherwise shall not be considered CLIENT's Work Product.

25. MODIFICATION: All amendments, changes, and modifications to this Agreement shall be made in writing by a Change Order and approved and executed with the same formality as this Agreement.

26. EXECUTION OF AGREEMENT: Facsimile/email signatures will be accepted to execute this Agreement.

August 17, 2012

Mr. Tommy Hamm
Rawlins Area Operations Supervisor
Colorado Interstate Gas Company, LLC
P.O. Box 307
Sinclair, WY 82334

RE: Proposed Work Scope and Cost Estimate, Leak Detection and Repair Program Monitoring and Management, Rawlins NGL Plant and Compressor Station, Sinclair, Wyoming

Dear Mr. Hamm:

Trihydro Corporation (Trihydro) appreciates the opportunity to present this cost and technical proposal to provide Colorado Interstate Gas Company, LLC with a leak detection and repair (LDAR) program monitoring and management program at their Rawlins NGL Plant and compressor station (Rawlins facility). This letter transmits our proposed work scope and cost estimate per our understanding of the project during our telephone conversation the week of August 13, 2012.

Relevant Qualifications

We believe that Trihydro is very well positioned to provide this work scope at the Rawlins facility. Trihydro is a recognized leader in downstream petroleum refining and upstream oil and natural gas air compliance programs. We have been involved with numerous air compliance regulations for the past 17 years. During our 17 years of air compliance work, we have worked at over 50 petroleum refineries, 60 chemical and ethanol plants, and 38 natural gas processing plants. Trihydro is also currently providing local LDAR monitoring and program management at the Sinclair Refinery in Sinclair, Wyoming.

Our LDAR team is regarded as an industry leader in providing "best of class" monitoring, management, and reporting services to our customers. Currently, we are supporting five petroleum refineries, three chemical plants, 38 natural gas processing facilities, and up to 60 ethanol plants with LDAR monitoring and program management.

Project Assumptions

Pursuant to our recent discussion and correspondence, the Rawlins facility is required to have an LDAR program in accordance with MACT standard Subpart HH National Emissions Standards for Hazardous Air Pollutants from Oil and Natural Gas Production Facilities. The Operating Permit 3-2-072, dated July 21, 2009 outlines the fugitive emissions monitoring requirements under P63-HH1 through HH5. The LDAR program will include routine monthly and quarterly inspections, remonitoring of leaking components, quality assurance/quality control (QA/QC) metrics, and semiannual reporting.

Staffing Plan

Our staffing plan for this project is to utilize one of our LDAR professionals based in Laramie, Wyoming combined with one of our senior LDAR staff familiar with natural gas processing operations. If the Rawlins facility selects Trihydro for routine LDAR monitoring and reporting we will dedicate an LDAR professional to the Rawlins facility.

Trihydro Company

We recognize that our employees are our greatest asset. Trihydro has an experienced, diverse staff of over 360 professionals, technicians, and support personnel in 15 offices located across the United States. The project team that we have slated for the Rawlins facility is an "all-star" LDAR professional team with decades of LDAR compliance and monitoring experience. Trihydro believes that another key aspect of developing and maintaining an "inspector proof" LDAR program is hiring and retaining quality environmental technicians. As such, we offer our staff a competitive salary commensurate with experience and a complete benefits package. We take great pride in having a lower employee turnover rate than the industry standard for LDAR service providers.

Quality Assurance / Quality Control (QA/QC)

Accurate monitoring data are fundamental to any environmental monitoring program. As such, Trihydro has an overall commitment to quality and has developed a number of QA/QC practices throughout the organization. Our LDAR QA/QC practices are highlighted in the QA/QC memorandum included as Attachment A of this proposal. Trihydro has consistently maintained corporate practices to provide our clients with accurate and complete information. These practices include a structured data review of all LDAR data obtained, a final review process for all reports, and a structured auditing system for specific tasks such as LDAR monitoring. Monthly performance metrics will be provided to the Rawlins facility, which will include: status of environmental monitoring, repair statistics, results of QA/QC reviews, number of chronically leaking components, number of components on delay of repair, and number of monitoring events.

Pricing Assumptions

Based on our recent correspondence, we anticipate that up to 350 components will require monitoring at the Rawlins facility. In pricing the routine monitoring task of the project, we are assuming the monitoring of 350 components on a quarterly basis. In preparing this cost estimate, we have assumed the industry standard of monitoring 250 components per day. Thus, we have assumed that the routine monthly monitoring task of this project can be completed in approximately one half day or approximately 4 man hours per month at a price of $61.00 per hour. We have assumed that the routine quarterly monitoring task of this project can be completed in approximately one to two days or approximately 12 man hours per quarter at a price of $61.00 per hour. We have included 2 hours for mobilization and demobilization from one of our office locations per monthly and quarterly monitoring events. Our estimated cost for

each quarterly monitoring event based on these assumptions totals $1,675. Our estimated cost for each monthly monitoring event based on these assumptions totals $920.

We have also included a project preparation task which includes drafting a site specific health & safety plan, project coordination, and scheduling. The semiannual project management task includes quality assurance/quality control (QA/QC) of the monitoring data, completing, and submitting two semiannual LDAR reports to the Rawlins facility and the respective reporting agencies. We will also review the management of change (MOC) documents and add new or delete components as needed.

In summary, our pricing for the Rawlins facility LDAR monitoring and program management includes:

- Project preparation and coordination - $1,062
- Monthly and quarterly routine LDAR monitoring – $14,060
- Semiannual Project Management – $1,266

Our total time-and-materials cost estimate for LDAR program monitoring and management totals $16,388. Our estimated cost does not include any costs associated with tagging or inventory of components at the facility. Upon commencement of the project, any additional tagging or inventorying requirements will be discussed with Rawlins facility personnel and a plan will be developed to resolve any additional needs. Trihydro does not surcharge for overtime work and out-of-pocket expenses will be invoiced at cost. Detailed cost worksheets are presented in Attachment B.

Trihydro has a strong desire to continue to build a business partnership with Colorado Interstate Gas Company, LLC's Rawlins facility. As such, we are committed to providing the Rawlins facility a superior service at a fair and reasonable price.

If you have any questions about our qualifications, assumptions, staffing, or pricing please do not hesitate to contact us at (307) 745-7474.

Sincerely,
Trihydro Corporation

Calvin Niss
Vice President

Ben Levin
Project Manager / LDAR Group Leader

999-261-002

Attachments

ATTACHMENT A

QA/QC MEMORANDUM

memorandum

To:	LDAR Clients
From:	Trihydro Corporation
cc:	Air & Process Services
Date:	May 16, 2011
Re:	LDAR QA/QC Program

Introduction

Trihydro Corporation (Trihydro) has developed a quality assurance quality control (QA/QC) program to support our LDAR clientele. The purpose of the program is to provide each of our LDAR clients with QA/QC measures that verify emissions monitoring data, recordkeeping, and data validation.

Trihydro is committed to producing and delivering quality work products to our clients. Because of our commitment to quality, we have developed a number of internal QA/QC practices. These practices include a structured internal review of all data used in client documents, an internal peer review process for reports and correspondence, and a structured auditing system for specific tasks including LDAR monitoring.

We stand behind our 27 years in the environmental consulting business with the philosophy that successful QA/QC programs require commitment from management, consistent application by field technicians, and the regular review and if needed, revisions to both training and QA/QC protocols by our project managers.

Training Programs

Trihydro provides our LDAR technicians with Standard Operating Procedures (SOPs), Method 21 field and classroom training, LDAR database training, and health and safety. We have developed an LDAR training program that focuses on both field and classroom exercises. Trihydro's "Fugitive Emissions Monitoring Training Program" is used for training and includes the following exercises:

- Introduction to Fugitive Emissions Monitoring
- Fugitive Emissions Monitoring Regulations
- Fugitive Emission Sources
- Fugitive Emissions Monitoring Programs
- Fugitive Emissions Monitoring Instrumentation

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- Method 21 Monitoring
- Health and Safety

Trihydro provides mandatory refresher training to employees assigned to LDAR related projects. This group of individuals includes monitoring technicians, database users, QA/ QC personnel, and project managers responsible for managing personnel, deliverables, budgets, and client satisfaction. Training records are maintained on our internal database. These records are reviewed on a semi-annual basis to make sure Trihydro employees assigned to LDAR related projects are up to date with their certifications both in LDAR training and health and safety requirements.

Trihydro has implemented a Short Service Employee (SSE) training program for all new field technicians and professional staff that join the organization. The SSE program prohibits new employees from entering a project or job site without an escort until the necessary training has been completed and the individual has satisfactorily passed his / her specific training requirements as determined by the Trihydro LDAR Team Leader and Business Unit Manager.

LDAR QA/ QC Program

Trihydro's QA/QC program involves the review of monitoring data to identify abnormal data patterns, the number of valves monitored per technician, and the time between monitoring events. These records are reviewed for each LDAR client on a daily to monthly basis. The types of reviews that are performed at each site include:

- Inspections/per min
- Inspections/per hr
- Consecutive zero readings
- Missed inspections
- Check work orders
- Check out of service components
- Late first attempts and re-inspections
- Late final repairs and re-inspections
- Number of components on Delay of Repair (DOR)
    - Number of DOR components added

  - Number of DOR components deleted
  - Average time on DOR
  - Maximum time on DOR
- Number of components Difficult to Monitor (DTM)
  - % DTMS in facility
- Number of Added components
- Number of Deleted components
- Initial extraordinary attempt been made >50k DOR
- Has extraordinary attempt been made every 36 months, >10k DOR

Recordkeeping

Trihydro's QA/QC Coordinator (Lisa Polos) reviews LDAR-related records on a regular basis to ensure that logs and databases are maintained and updated. An example of the records we review at each LDAR site includes:

- Daily Calibrations
- Drift assessments
  - Mid-day
  - End of Day
- Method 21 certifications
- Extension pole re-certifications
- Calibration gas expirations
- Calibration gas certificate of analyses
- Repair history of analyzer

Internal Auditing

Internal audits are critical in maintain an inspector proof" LDAR program. Our internal LDAR audits focus on monitoring and Method 21 procedures, instrumentation and calibration, leak repairs, and

database records. Trihydro will complete an internal field audit on an annual basis for our larger refinery clients. Program deficiencies and best practices will be discussed with each client following the annual audit.

Conclusion

If areas of noncompliance are discovered through either the QA / QC process or the annual audit, we will initiate communication with that client to address the issue. We will implement as soon as practicable, steps necessary to correct issues of noncompliance, and conduct a "root cause analysis." The results of our "root cause analysis" will be presented and discussed with that client.

LDAR programs that incorporate the QA / QC components described above achieve more consistent program results. Therefore, these types of programs historically have lower emissions, lower leak rates, less federal and state scrutiny, and are overall more efficient and cost-effective. Thus, the goal of Trihydro is to have an "inspector proof" LDAR program at each and every site.

BUS-LEA-DS0

ATTACHMENT A

QA/QC CHECKLIST

Trihydro

LDAR Program

Facility Name, City, State

Monthly QAQC

May, 2010

	METRIC	RESULT	COMMENTS
Inspections	Inspections/min (>4/min)		All metrics were verified and fell within acceptable QA/QC parameters; No anomalies were identified.
	Inspections/hour (>60/hr)		
	Consecutive zero readings (>25)		
	Missed Inspections (#)		
Repairs	WOR's (# open)		All metrics were verified and fell within acceptable QA/QC parameters; No anomalies were identified.
	Late 1st attempts (#)		
	Late final repairs (#)		
	Late Re-Inspections (#)		
	On time repairs (#)		
DORs	DORs (#)		All metrics were verified and fell within acceptable QA/QC parameters; No anomalies were identified.
	New DOR (#)		
	Removed DOR (#)		
	Avg time/DOR (days)		
	Max time on DOR (days)		
DTMs	DTMs (total #)		All metrics were verified and fell within acceptable QA/QC parameters; No anomalies were identified.
	% DTMs/facility (total %)		
Inventory	OOS equipment (# OOS Components)		All metrics were verified and fell within acceptable QA/QC parameters; No anomalies were identified.
	Added components (# Components)		
	Deleted components (# Components)		
Leaks	Leaking >50k ppm (#)		All metrics were verified and fell within acceptable QA/QC parameters; No anomalies were identified.
	Leaking >10k ppm (#)		
	Ex. Attempt made, >50k (completed?)		
	Ex. Attempts >10k DOR (completed?)		
Record Keeping	Daily Calibrations (Records complete?)		All metrics were verified and fell within acceptable QA/QC parameters; No anomalies were identified.
	Drift Assessments (Records complete?)		
	Calibration Gas Expirations (Expired?)		

Notes:

Technician Name, Signature & Date

Supervisor Name, Signature & Date

ATTACHMENT B

COST TABLES

TABLE A-1. COST ESTIMATE, LDAR PROGRAM MONITORING AND MANAGEMENT
COLORADO INTERSTATE GAS COMPANY, INC., RAWLINS NGL PLANT AND COMPRESSOR STATION, SINCLAIR, WYOMING

	Activity	Schedule of Charges	Hourly Rate or Charge	Hours or Unit Estimate	Subtotal
1	Project Preparation/Coordination	Personnel			
		Principal	$186	0	$0
	- Project management	Level 1	$165	0	$0
	- Project preparation and P&ID review if needed	Level 2	$138	1	$138
	- Coordination of on-site activities and scheduling	Level 3	$122	0	$0
	- Preparation of site-specific health and safety plan	Level 4	$97	8	$776
		Level 5	$87	0	$0
		Level 3 Tech	$61	2	$122
		Expenses			
		Equipment	Cost + 10%	0	$0
		Office	2.5% of Labor	1	$26
		Travel	Cost	0	$0
		Per Diem	$145	0	$0
		Vehicle	$150	0	$0
	Activity 1 Subtotal				$1,062
2	Monthly Pump Inspections	Personnel			
		Principal	$186	0	$0
	- Mobe to Rawlins NGL Plant	Level 1	$165	0	$0
	- Inspect pumps and any remonitors of prior leakers	Level 2	$138	1	$69
	- Coordinate repair activities with maintenance personnel	Level 3	$122	0	$0
	- Eight monthly inspections per year	Level 4	$97	0	$0
		Level 5	$87	0	$0
		Level 3 Tech	$61	8	$488
	Equipment Fee:	Expenses			
	- FID $100/day	Equipment	Cost + 10%	1	$275
	- Palm datalogger $40/day	Office	2.5% of Labor	1	$13
	- Database fee $100/month	Travel	Cost	0	$0
	- Wireless aircard $10	Per Diem	$145	1	$0
		Vehicle	$150	1	$75
	Activity 2 Subtotal Per Monthly Event				$920
3	Quarterly Inspections	Personnel			
		Principal	$186	0	$0
	- Mobe to Rawlins NGL Plant	Level 1	$165	0	$0
	- Assume the monitoring of approx. 350 components	Level 2	$138	1	$69
	- Identify leaking components	Level 3	$122	0	$0
	- Coordinate repair activities with maintenance personnel	Level 4	$97	1	$97
	- Four quarterly inspections per year	Level 5	$87	0	$0
		Level 3 Tech	$61	16	$976
	Equipment Fee:	Expenses			
	- FID $100/day	Equipment	Cost + 10%	1	$209
	- Palm datalogger $40/day	Office	2.5% of Labor	1	$29
	- Calibration Gases $60	Travel	Cost	0	$0
	- Database fee $100/month	Per Diem	$145	1	$145
		Vehicle	$150	1	$150
	Activity 3 Subtotal Per Quarterly Event				$1,675
4	Program Management and Semiannual Reporting	Personnel			
		Principal	$186	0	$0
	- Updating and managing database	Level 1	$165	1	$83
	- Preparation of two semiannual reports	Level 2	$138	0	$0
	- Submittal of semiannual reports to facility	Level 3	$122	0	$0
	- Quality assurance/quality control of monitoring data	Level 4	$97	4	$388
		Level 5	$87	0	$0
		Level 4 Tech	$51	2	$102
		Clerical	$46	1	$46
		Expenses			
		Equipment	Cost + 10%	0	$0
		Office	2.5% of Labor	1	$14
		Travel	Cost	0	$0
		Per Diem	$145	0	$0
		Vehicle	$150	0	$0
	Activity 4 Subtotal Per Semiannual Report				$633
Cost Estimate Activities Summary					
1	Project Preparation/Coordination				$1,062
2	Monthly Pump Inspections				$920
3	Quarterly Inspections				$1,675
4	Program Management and Semiannual Reporting				$633
Cost Estimate to Fulfill Program Monitoring and Management on an Annual Basis for the Initial Year					**$16,388**

CERTIFICATE OF SERVICE

The undersigned certifies that the original of the attached **COMBINED COMPLAINT AND CONSENT AGREEMENT** in the matter of **COLORADO INTERSTATE GAS COMPANY, L.L.C.; DOCKET NO.: CAA-08-2013-0016** was filed with the Regional Hearing Clerk on May 1, 2014.

Further, the undersigned certifies that, on the same date, a true and correct copy of the document was sent by internal EPA mail to:

Elyana R. Sutin, Regional Judicial Officer
U.S. EPA Region 8
1595 Wynkoop Street, Mail Code 8RC
Denver, CO 80202

Further, the undersigned certifies that a true and correct copy of the document was sent by first class U.S. Mail on May 1, 2014, to:

Counsel for Respondent:

Daniel Schnee, Senior Counsel
Legal Department – El Paso Corporation/Kinder Morgan
Two North Nevada Avenue
Colorado Springs, CO 80903

Date May 1, 2014

David Rochlin

David Rochlin, Counsel for Complainant

CERTIFICATE OF SERVICE

The undersigned certifies that the original of the attached **COMBINED COMPLAINT, CONSENT AGREEMENT** in the matter **COLORADO INTERSTATE GAS COMPANY; DOCKET NO.: CAA-08-2013-0016** was filed with the Regional Hearing Clerk on May 1, 2014; the **FINAL ORDER** was filed on May 7, 2014.

Further, the undersigned certifies that a true and correct copy of the documents were delivered to, David Rochlin, Senior Enforcement Attorney, U. S. EPA – Region 8, 1595 Wynkoop Street, Denver, CO 80202-1129. True and correct copies of the aforementioned documents were sent and placed in the United States mail certified/return receipt and emailed on May 7, 2014.

Counsel for Respondent:

Daniel Schnee, Senior Counsel
Legal Department-El Paso Corporation/Kinder Morgan
Two North Nevada Avenue
Colorado Springs, CO 80903
Daniel.schnee@kindermorgan.com

May 7, 2014

Tina Artemis
Paralegal/Regional Hearing Clerk

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