



MICHELLE LUJAN GRISHAM
GOVERNOR

JAMES C. KENNEY
CABINET SECRETARY

**SENT BY ELECTRONIC MAIL AND CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

March 6, 2024

Ray Smalts
DCP Operating Company, LP
C/O Phillips 66
2331 CityWest Blvd
HQ-08N-N860-03
Houston TX 77042-2862
Sent by electronic mail to: Raymond.A.Smalts@p66.com

**Air Quality Bureau
NOTICE OF VIOLATION
AQB Case File Number DCP-0255-2101**

Dear Ray Smalts,

Please find attached a Notice of Violation (NOVs) regarding the Dagger Draw Compressor Station owned and operated by DCP Operating Company, LP (DCP). Pursuant to the New Mexico Environment Department (Department) Delegation Order dated February 19, 2024, the Cabinet Secretary ("Secretary") has delegated to the Air Quality Bureau (AQB) Chief the authority to seek administrative enforcement for alleged violations of the Act, the Air Quality Control Regulations, and the air quality permits issued thereunder.

The NOV describes violations of the following requirements.

Violation 1. Construction Permit 644M9, Specific Condition A203.A: Failure to limit the average tank separator pressure to the limit required by the permit.

Violation 2. Construction Permit 644M9, General Condition B110.B(2): Failure to notify the Department of engine serial numbers.

The above violations have been evaluated in accordance with U.S. Environmental Protection Agency (EPA) Guidance on Federally-Reportable Violations for Clean Air Act Stationary Sources (September 2014) and Timely and Appropriate Enforcement Response to High Priority Violations (August 2014). The policies can be downloaded at <http://www2.epa.gov/compliance/guidance-federally-reportable-violations-stationary-air-sources> and <http://www2.epa.gov/enforcement/revised-timely-and-appropriate-t-and-enforcement-response-high-priority-violations-hpvs>. The Department determined that one or more of the violations meet the criteria for designation as a Federally-Reportable Violation (FRV) and will be processed accordingly.

SCIENCE | INNOVATION | COLLABORATION | COMPLIANCE

After we have reviewed your response to the NOV, you will receive a settlement offer or administrative compliance order outlining the penalties associated with each of the above violations.

Please respond to the NOV as follows:

1. All correspondence pertaining to the NOVs must be submitted under cover of a properly completed Reporting Submittal Form, emailed to the Enforcement Specialist (contact information below). A copy of the form can be found online at: <https://www.env.nm.gov/air-quality/compliance-and-enforcement/#>.
2. Submit requested information by the deadlines specified in the NOV.
3. Any documents claimed as Confidential Business Information (CBI) pursuant to 20.2.1.115 NMAC must be submitted in separate electronic files from non-CBI documents and identified as CBI.
4. If files cannot be submitted by electronic mail, contact the Enforcement Specialist to request a link to a file transfer platform, or submit records on a thumb drive mailed to the Air Quality Bureau, 525 Camino de los Marquez, Suite 1, Santa Fe, NM 87505 to the attention of the Enforcement Specialist.
5. If you have any facts, information, or documentation to refute the alleged violations, please include it with the requested information.

If you have questions or believe any statement in this notice is erroneous, please contact Cember Hardison, Enforcement Specialist, at 505-629-6688 or ember.hardison@env.nm.gov, or Teresa McDill, Enforcement Manager at (505) 629-8732 or at Teresa.mcdill@env.nm.gov. If you are represented by counsel, please contact Chris Vigil, Assistant General Counsel, at (505) 469-4696 or ChristopherJ.Vigil@env.nm.gov.

You may obtain a copy of the AQB's Civil Penalty Policy located on the Compliance and Enforcement website at: <https://www.env.nm.gov/air-quality/compliance-and-enforcement/>.

Please note the NOV will appear on the Department's Enforcement Watch (see: <https://www.env.nm.gov/enforcement-watch/>). Further, the Department may issue a press release to local media highlighting your facility as appearing on this webpage. Your facility will remain on the Enforcement Watch website as an active matter until this matter is fully resolved, including the payment of the assessed civil penalty.

Thank you for your prompt attention to this matter.

Sincerely,



Liz Bisbey-Kuehn
Bureau Chief
Air Quality Bureau



MICHELLE LUJAN GRISHAM
GOVERNOR

JAMES C. KENNEY
CABINET SECRETARY

Air Quality Bureau
NOTICE OF VIOLATION

CASE NUMBER:	DCP-0255-2101	ICIS ENFORCEMENT ACTION ID:	
COMPANY NAME:	DCP Operating Company, LP	FACILITY NAME:	Dagger Draw Compressor Station
PERMIT(S):	644M9, 644M9R2, and 644M9R3	SOURCE CLASS:	SM80
INSPECTION DATE:	September 16, 2021	EARLIEST DISCOVERY:	September 16, 2021
SELF-REPORTED:	No	*NRV, FRV OR HPV:	FRV
FACILITY LOCATION:	16 miles southwest of Artesia, NM at Latitude 32° 36' 47.15" and longitude -104° 32' 1.80"	CONTACT PERSON:	Ray Smalts (575) 234-6405 Raymond.A.Smalts@p66.com
MAILING ADDRESS:	2331 CityWest Blvd, HQ-08N-N860-03, Houston, TX 77042-2862	COUNTY:	Eddy
AGENCY INTEREST:	0255	AQB AIRS #:	350150126

This Notice of Violation (NOV) is a written record of the AIR QUALITY BUREAU'S ("Bureau") finding that a violation of AIR QUALITY CONTROL REGULATIONS OR AIR QUALITY PERMIT CONDITIONS has occurred. A Notice is issued each time a violation is observed or discovered. This Notice may subject you to monetary penalties through administrative, civil, or criminal prosecution.

Each violation set forth in this NOV has been evaluated in accordance with EPA's Guidance on Federally-Reportable Violations for Clean Air Act Stationary Sources (September 2014) and Timely and Appropriate Enforcement Response to High Priority Violations (August 2014). The overall assessment of this enforcement case reflects the highest level determined.

NRV: Non-Reportable Violation
FRV: Federally-Reportable Violation
HPV: High Priority Violation

If you have questions or believe any statement in this notice is erroneous, please contact Cember Hardison, Enforcement Specialist, at 505-629-6688 or ceamber.hardison@env.nm.gov. If you are represented by counsel, please contact Chris Vigil, Assistant General Counsel, at (505) 469-4696 or ChristopherJ.Vigil@env.nm.gov.

Pursuant to the NMED Delegation Order dated February 19, 2024, the Cabinet Secretary has delegated the authority to issue Notice of Violation to the Air Quality Bureau Chief.

Please note that your facility will appear on the Department's Enforcement Watch as a result of this NOV (see: <https://www.env.nm.gov/enforcement-watch/>). Further, the Department may issue a press

release to local media highlighting your facility as appearing on this webpage. Your facility will remain on the Enforcement Watch website as an active matter until this matter is fully resolved.



Air Quality Bureau Official

3/6/24

Date

Company:	DCP Operating Company, LP	Inspection By:	Margaret Doyle
Facility:	Dagger Draw Compressor Station	Date of Discovery:	September 16, 2021
Case #:	DCP-0255-2101	NOV Prepared By:	Cember Hardison
Permit #s:	644M9, 644M9R2, and 644M9R3	NRV, FRV or HPV:	FRV
Agency Interest #:	0255	AQB AIRS #:	350150126

VIOLATION 1: Construction permit 644M9, Specific Condition A203.A *Tank Throughput and Separator Pressure (Unit TK-1)*

Number of Claims: 38

Requirement:

Specific Condition A203.A states, "Compliance shall be demonstrated by limiting the ... monthly rolling 12-month average separator pressure to 35 psia"

Description:

DCP exceeded the average storage tank separator pressure limit.

In response to a records request for a full compliance evaluation (FCE) by the Department, DCP provided on September 16, 2021, records of the monthly rolling 12-month average separator pressure for storage tank TK-1 from July 31, 2018 to August 2021. According to these records, DCP exceeded the average separator pressure limit continuously for 38 consecutive months.

The separator pressure in pounds per square inch at atmospheric pressure (PSIA) is an assumption used to calculate the VOC emissions and permit limits from storage tanks. It is used as parametric monitoring to verify compliance with VOC emission limits.

Conclusion:

The failure of DCP to limit the average tank separator pressure is in violation of Specific Condition A203.A. Violating the separate pressure limit for 38 months results in 38 claims of this violation.

Additional Information Required:

Within 30 days from the date this NOV is signed:

1. DCP shall submit in writing the causes of this violation as well as the actions taken to prevent the recurrence of this violation; and
2. records of the average separator pressure of the storage tanks from January 31, 2022 to January 31, 2024.

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Agency Interest #:	0255	AQB AIRS #:	350150126

VIOLATION 2: Construction permit 644M9, General Condition B110 *General Reporting* B(2)

Number of Claims: 3

Requirement:

General Condition B110 states, "B. The permittee shall notify the Department's Compliance Reporting Section using the current Submittal Form posted to NMED's Air Quality web site under Compliance and Enforcement/Submittal Forms in writing of, or provide the Department with (20.2.72.212.A and B):

(2) after receiving authority to construct, the equipment serial number as provided by the manufacturer or permanently affixed if shop-built and the actual date of initial startup of each new or modified source within fifteen (15) days after the startup date: ..."

Description:

DCP failed to notify the Department of new serial numbers for engine replacements.

On September 16, 2021 during the FCE, the AQB compliance inspector confirmed on-site that the compressor engine serial numbers for Units 4, 6, and 7 did not match the serial numbers listed in Table 104.A-*Regulated Sources List* in permit number 0644-M9. On April 13, 2018 DCP reported a new serial number for engine unit 4 which also did not match the serial number of the on-site unit 4.

During the inspection, the compliance inspector confirmed with the DCP contact that they had no record notifying the Department of the correct serial numbers of the engines pursuant to General Condition B110.B(2).

Conclusion:

The failure of DCP to notify the Department of the correct serial numbers for engines is in violation of General Condition B110.B(2). Failure submit notifications for three (3) engines represents three claims.

Additional Information Required:

Within 30 days from the date this NOV is signed, DCP shall submit in writing the causes of this violation as well as the actions taken to prevent the recurrence of this violation.

ADDITIONAL INFORMATION VERIFICATION

This form must be completed and signed by the facility's Responsible Official (Title V) or other designee and returned by the deadlines specified in the Notice of Violation. Submit this form and all required information to:

Cember Hardison
Cember.hardison@env.nm.gov

All submittals must be accompanied with the Reporting Submittal Form which can be found at:
<https://www.env.nm.gov/air-quality/compliance-and-enforcement/#> .

I hereby verify that DCP Operating Company, LP has initiated the required additional information response outlined in this Notice of Violation. The following information has been submitted or will be submitted by the dates indicated below for each violation. All required documentation will be submitted electronically within 30 days of the receipt of the Notice of Violation.

Date NOV received: _____

Alleged Violation 1

- _____ *A description of the cause of the violation*
- _____ *Documentation of the steps taken to correct the violation to date.*
- _____ *Documentation of steps taken (or to be taken) to prevent recurrence of this violation.*
- _____ *Records of the average separator pressure from January 31, 2022 to January 31, 2024.*

Alleged Violation 2

- _____ *A description of the cause of the violation*
- _____ *Documentation of the steps taken to correct the violation to date.*
- _____ *Documentation of steps taken (or to be taken) to prevent recurrence of this violation.*

Signature

Date

Printed Name:

Title:



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Conclusion:

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VIOLATION 2: Construction permit 644M9, General Condition B110 *General Reporting B(2)*

Number of Claims: 3

Requirement:

General Condition B110 states, "B. The permittee shall notify the Department's Compliance Reporting Section using the current Submittal Form posted to NMED's Air Quality web site under Compliance and Enforcement/Submittal Forms in writing of, or provide the Department with (20.2.72.212.A and B):

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Alleged Violation 2

- _____ *A description of the cause of the violation*
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- _____ *Documentation of steps taken (or to be taken) to prevent recurrence of this violation.*

Signature

Date

Printed Name:

Title: