

**STATE OF NEW MEXICO
ENVIRONMENT DEPARTMENT**

**ENVIRONMENTAL PROTECTION DIVISION
OF THE NEW MEXICO ENVIRONMENT DEPARTMENT,
Complainant,**

v.

NO. AQB _____

**Frontier Field Services, L.L.C. (Maljamar Gas Plant),
Respondent.**

SETTLEMENT AGREEMENT AND STIPULATED FINAL COMPLIANCE ORDER

This Settlement Agreement and Stipulated Final Compliance Order (“Final Order”) is entered into between the Environmental Protection Division (“Division”) of the New Mexico Environment Department (the “Department”) and the Respondent, Frontier Field Services, L.L.C. (“Respondent”) (collectively, the “Parties”) to resolve alleged statutory, regulatory, and permit violations by the Respondent. The Department alleges violations of the New Mexico Air Quality Control Act (“AQCA”), NMSA 1978, § 74-2-1 to 74-2-17; the Air Quality Control Regulations (“AQCR”), 20.2. NMAC (“Regulations”), and Air Quality Operating Permit Number P123 R1 (“Operating Permit”), attached as Exhibit A.

I. BACKGROUND

A. PARTIES

1. The Department is an agency of the executive branch of the State of New Mexico, created pursuant to NMSA 1978, § 9-7A-4. The Division is an organizational unit of the Department. The Secretary of the Department has delegated to the Director of the Division the authority to seek administrative enforcement of the AQCA and the AQCR, including assessing

civil penalties for violations thereof. NMSA 1978, § 74-2-12. The Air Quality Bureau (“Bureau”) is an organizational unit of the Division.

2. The Respondent is a Delaware limited liability company doing business in New Mexico and owns and operates the Maljamar Gas Plant (“Facility”). The Facility is natural gas processing facility, located in Lea County, New Mexico.

B. HISTORY AND ALLEGED VIOLATIONS

3. 20.2.70.200 NMAC states: “Operating permits must be obtained from the Department for the following sources: A. Any major source;”

4. 20.2.70.302.B NMAC states: “Permit duration: The department shall issue operating permits for a fixed term of five (5) years.”

5. 20.2.70.300.B.2 NMAC state: “Timely application: A timely application for a source applying for a permit under this part is: ... (2) for purposes of permit renewal, one that is submitted at least twelve (12) months prior to the date of permit expiration...”

6. The Facility emits over 100 tons per year of Sulfur Dioxide and Nitrogen Dioxide and is therefore a major source under 20.2.70.7.R NMAC, and Respondent may not operate the Facility without an operating permit from the Bureau pursuant to 20.2.70.200 NMAC.

7. On March 24, 2008, the Bureau issued the Operating Permit to Respondent for the Facility. In addition to the Operating Permit, the Facility is subject to NSR Permit 319M9R2 issued by the Bureau.

8. The Operating Permit expires five years from the date of issuance pursuant to 20.2.70.302.B NMAC. The Operating Permit expiration date is March 24, 2013.

9. The application for renewal of the Operating Permit was due twelve (12) months prior to the date of expiration, pursuant to 20.2.70.300.B.2 NMAC, on March 24, 2012. The

Operating Permit application was submitted to the Bureau eleven (11) days late on April 4, 2012. By submitting the renewal application after March 24, 2012, Respondent violated 20.2.70.300.B.2 NMAC.

10. Because the Operating Permit application was not submitted to the Bureau in a timely manner, the facility is not authorized to operate under the Operating Permit after March 24, 2013, pursuant to 20.2.70.300.C.4 NMAC.

11. Pursuant to 20.2.70.402 NMAC, a draft of the renewal Permit P123R2 was sent to the United States Environmental Protection Agency (“US EPA”) on March 5, 2013 to begin the required forty-five (45) day review period. The 45-day review period ends on April 19, 2013. Pursuant to 20.2.70.402 NMAC, the Bureau cannot issue the renewed Operating Permit before April 19, 2013.

12. Beginning March 24, 2013, Respondent will be operating the Facility without an operating permit issued by the Bureau, in violation of 20.2.70.201.A.1 NMAC.

II. COMPROMISE AND SETTLEMENT OF NOTICE OF VIOLATIONS

A. GENERAL

13. To avoid further legal proceedings, the Division and Respondent agree to terms and conditions in this Final Order.

14. The Parties agree that it is necessary and appropriate for the Facility to continue operating after March 24, 2013, and that shutting down the Facility will cause currently operating gas wells to shut in or the producers and operators of such wells to flare gas at the wellhead.

15. The Parties admit jurisdiction and consent to the relief specified herein.

B. TERMS OF SETTLEMENT

16. From March 24, 2013 until renewal Permit P123R2 is issued by the Bureau, Respondent agrees to operate the Facility in accordance with the terms and conditions of the Operating Permit.

17. In compromise and settlement of the alleged violations set above, the Parties agree that the Respondent shall pay a civil penalty of \$93,600.

18. Payment shall be made within 30 calendar days after the final Operating Permit (Permit P123 R2) is issued by the Bureau.

19. Payment shall be made to the *State of New Mexico General Fund* by certified or corporate check and sent to the following address:

Jennifer Hower
Deputy General Counsel
Office of General Counsel
New Mexico Environment Department
P.O. Box 5469
Santa Fe, New Mexico 87502-5469

20. If Respondent fails to make timely and complete payment of the civil penalty, Respondent shall pay interest on the outstanding balance at the rate established for judgments and decrees under NMSA 1978, § 56-8-4.

III. OTHER TERMS AND CONDITIONS

A. RESERVATION OF RIGHTS AND DEFENSES

21. This Final Order shall not be construed to prohibit or limit in any way the Department from requiring Respondent to comply with any applicable state or federal requirement. This Final Order shall not be construed to prohibit or limit in any way the Department from seeking any relief authorized by the AQCA for violation of any state or federal requirement applicable to Respondent not resolved herein. This Final Order shall not be

construed to prohibit or limit in any way Respondent from raising any defense to a Department action seeking such relief.

B. MUTUAL RELEASE

22. The Parties mutually release each other from all claims that each party raised or could have raised against the other regarding the facts and violations alleged in the Final Order. Such release applies only to civil liability.

C. WAIVER OF STATE LIABILITY

23. Respondent shall assume all costs and liabilities incurred in performing all obligations under this Final Order. The Department, on its own behalf and on behalf of the State of New Mexico, does not assume any liability for Respondent's performance of any obligation under this Final Order.

D. EFFECTIVE DATE AND TERMINATION DATES

24. This Final Order shall become effective on the date it has been signed by the Department Secretary.

25. Except as otherwise provided in this Paragraph, the terms of this Final Order shall terminate when Respondent has fulfilled the requirements of this Final Order. The reservations of rights and defenses and the mutual release in Paragraphs 22 and 23 shall not terminate, and shall remain in effect as an agreement between the Parties.

E. INTEGRATION

26. This Final Order merges all prior written and oral communications between the Parties concerning the subject matter of this Final Order, contains the entire agreement between the Parties, and shall not be modified without the express written agreement of the Parties.

F. BINDING EFFECT

27. This Final Order shall be binding on the Parties and their officers, directors, employees, agents, subsidiaries, successors, assigns, trustees, or receivers.

G. AUTHORITY OF SIGNATORIES

28. The persons executing this Final Order on behalf of Respondent and the Division, respectively, represent that he or she has the authority to execute this Final Order on behalf of Respondent and the Division.

H. COUNTERPARTS

29. This Final Order may be signed in counterparts.

**ENVIRONMENTAL PROTECTION DIVISION
NEW MEXICO ENVIRONMENT DEPARTMENT**

By: Mary E Rose
MARY ROSE
ACTING DIRECTOR

Date: 3/22/13

FRONTIER FIELD SERVICES, L.L.C.

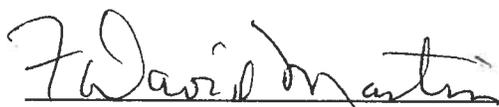
By: [Signature]
Print Name: TIMOTHY L. GARNETT

Date: 3/22/2013

Print Title: CHIEF FINANCIAL OFFICER

STIPULATED FINAL COMPLIANCE ORDER

This Settlement Agreement and Stipulated Final Compliance Order, agreed to by the Division and the Respondent Frontier Field Services, is hereby incorporated herein and **APPROVED AS A FINAL COMPLIANCE ORDER** issued pursuant to NMSA 1978, §74-2-12.



F. DAVID MARTIN
SECRETARY OF ENVIRONMENT

Date: 3-22-13



New Mexico
ENVIRONMENT DEPARTMENT



BILL RICHARDSON
Governor

Air Quality Bureau
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Santa Fe, NM 87507-3113
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RON CURRY
Secretary

DIANE DENISH
Lieutenant Governor

JON GOLDSTEIN
Deputy Secretary

Certified Mail No: 7004 0750 0001 3312 6243
Return Receipt Requested

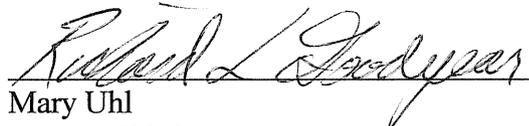
OPERATING PERMIT NO: P123R1
Tempo/IDEA ID No.: 565-PRT20060002
AIRS No. 35-025-00004
FACILITY NAME: Maljamar Gas Plant

PERMITTEE: Frontier Field Services LLC
4200 E. Skelly Drive, Suite 700
Tulsa, Oklahoma 74135

RESPONSIBLE COMPANY OFFICIAL: Chad Cagle, Director of Operation

Air Permit Contact: Teri Holmes, Manager of Compliance

ISSUED BY: New Mexico Environment Department

for 
Mary Uhl
Bureau Chief
Air Quality Bureau

March 24, 2008
Date of Issuance

INTRODUCTION

Operating Permit Number P123R1 is issued by the Air Quality Bureau of the New Mexico Environment Department ("Department") to Frontier Field Services LLC pursuant to the federal Clean Air Act ("federal Act"), the New Mexico Air Quality Control Act ("state Act") and regulations adopted pursuant to the state and federal Acts, including Title 20, New Mexico Administrative Code, Chapter 2, Part 70 (20.2.70 NMAC) - Operating Permits. This permit authorizes the operation of this facility located at UTM Zone 13, UTMH 615.0 km, UTMV 3631.2 km, approximately 3 miles south of Maljamar, New Mexico in Lea County.

This permit is valid only for the named permittee, owner, and operator. A permit modification is required to change any of those entities. Advanced approval via administrative modification is

required to change the Responsible Official or Alternate Responsible Official. This facility is a natural gas processing plant. The facility extracts and processes natural gas liquids and residue gas products from field natural gas.

This renewal incorporates the equipment removed and change in operation authorized by PSD Permits 319M7, 319M7R1, 319M7R2, 319M7R3 and all the Administrative changes since P123 was issued. NO_x and CO emission resulted in reduction due to replacement of RICE with electric driven compressors, VOC increased mainly due to Unit 28 Dehydrator and Unit 29 Skimmer Flash Tank, see values in the SB-DBS. Recently promulgated regulations reviewed but are not applicable include 40 CFR 63, Subpart ZZZZ and 40 CFR 64 CAM Rule.

The term of this permit is five (5) years. It will expire five years from the date of issuance, pursuant to 20.2.70.302.B NMAC. Application for renewal of this permit is due twelve (12) months prior to the date of expiration, pursuant to 20.2.70.300.B.2 NMAC.

Pursuant to 20.2.70.302.A.1 NMAC, the Department specifies with this permit, terms and conditions upon the operation of this facility to assure compliance with all applicable requirements, as defined in 20.2.70 NMAC at the time this permit is issued.

Pursuant to the New Mexico Air Quality Control Act NMSA 1978, Chapter 74, Article 2, all terms and conditions in this permit, including any provisions designed to limit this facility's potential to emit, are enforceable by the Department. Pursuant to 20.2.70.302.A.5 NMAC, all terms and conditions are enforceable by the Administrator of the United States Environmental Protection Agency ("EPA") and citizens under the federal Act, unless the term or condition is specifically designated in this permit as not being enforceable under the federal Act.

PERMIT SHIELD

Pursuant to 20.2.70.302.J NMAC, compliance with the conditions of this permit shall be deemed to be compliance with any applicable requirements existing as of the date of permit issuance and identified in Table A.1 of Appendix A. The requirements in Table A.1 are applicable to this facility with specific requirements identified for individual emission units.

The Department has determined that the requirements in Table A.2 of Appendix A as identified in the permit application are not applicable to this source, or they do not impose any conditions in this permit.

This permit shield does not extend to administrative amendments, to minor permit modifications, to changes made under Section 502(b)(10) of the federal Act, or to permit terms for which notice has been given to reopen or revoke all or part.

TOTAL POTENTIAL EMISSIONS

The total potential emissions from this facility, excluding insignificant or trivial activities, are shown in the following table. Emission limitations for individual units are shown in section 3.2.

Table 1, Total Potential Criteria Pollutant Emissions from Entire Facility (for information only, not an enforceable condition):

Pollutant	Emissions (tons per year)
Sulfur Dioxide	3573.6
Carbon Monoxide	34.2
Nitrogen Dioxide	247.7
Volatile Organic Compounds (VOC)*	121.1
Particulate Matter (2.5 microns or less)	0.8
Particulate Matter (10 microns or less)	0.8

Table 2, Total Potential HAPS that exceed 0.5 ton per year (for information only, not an enforceable condition):

Pollutant	Emissions (tons per year)
Benzene	3.3
Formaldehyde	1.8
Toluene; (Methyl benzene)	2.8
Xylenes (total); (Xylol)	0.9
Total HAP**	7.9

* HAP Emissions are already included in VOC emissions.

** The total HAP emissions may not agree with the sum of individual HAPs because only individual HAPs greater than 0.5 tons per year are listed here.

PERMIT TERMS AND CONDITIONS

1.0 GENERAL CONDITIONS

1.1 The following permit terms and conditions are placed upon the permittee in accordance with 20.2.70.7, 201.B, 300, 301.B, 302, 405 NMAC.

1.1.1 The permittee shall abide by all terms and conditions of this permit, except as allowed under Section 502(b)(10) of the federal Act, and 20.2.70.302.H.1 NMAC. Any permit noncompliance is grounds for enforcement action, and significant or repetitious noncompliance may result in termination of this permit. Additionally, noncompliance with federally enforceable conditions of this permit constitutes a violation of the federal Act.

1.1.2 It shall not be a defense for the permittee in an enforcement action to claim that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit.

1.1.3 If the Department determines that cause exists to modify, reopen and revise, revoke and reissue, or terminate this permit, this shall be done in accordance with 20.2.70.405 NMAC.

1.1.4 The permittee shall furnish any information the Department requests in writing to determine if cause exists for reopening and revising, revoking and reissuing, or terminating the permit, or to determine compliance with the permit. This information shall be furnished within the time period specified by the Department. Additionally, the permittee shall furnish, upon request by the Department, copies of records required by the permit to be maintained by the permittee.

1.1.5 A request by the permittee that this permit be modified, revoked and reissued, or terminated, or a notification by the permittee of planned changes or anticipated noncompliance, shall not stay any conditions of this permit.

1.1.6 This permit does not convey property rights of any sort, or any exclusive privilege.

1.1.7 In the case where an applicant or permittee has submitted information to the Department under a claim of confidentiality, the Department may also require the applicant or permittee to submit a copy of such information directly to the Administrator of the EPA.

1.2 The issuance of this permit, or the filing or approval of a compliance plan, does not relieve the permittee from civil or criminal liability for failure to comply with the state or federal Acts, or any applicable state or federal regulation or law. This condition is pursuant to 20.2.70.302.A.6 NMAC and the New Mexico Air Quality Control Act NMSA 1978, Chapter 74, Article 2.

1.3 If any part of this permit is challenged or held invalid, the remainder of the permit terms and conditions are not affected and the permittee shall continue to abide by them. This condition is pursuant to 20.2.70.302.A.1.d NMAC.

1.4 The permittee shall pay fees to the Department consistent with the fee schedule in 20.2.71 NMAC - Operating Permit Emission Fees. The fees will be assessed and invoiced separately from this permit. This condition is pursuant to 20.2.70.302.A.1.e NMAC.

1.5 A responsible official (as defined in 20.2.70.7.AD NMAC) shall certify the accuracy, truth and completeness of every report and compliance certification submitted to the Department as required by this permit. These certifications shall be part of each document. This condition is pursuant to 20.2.70.300.E NMAC.

1.6 Revocation or termination of this permit by the Department terminates the permittee's right to operate this facility. This condition is pursuant to 20.2.70.201.B NMAC.

1.7 The permittee shall submit an emissions inventory for this facility annually. The emissions inventory shall be submitted by the later of April 1 or within 90 days after the Department makes such request. This condition is pursuant to 20.2.73 NMAC and 20.2.70.302.A.1 NMAC.

1.8 The permittee will continue to comply with all applicable requirements. For applicable requirements that will become effective during the term of the permit, the permittee will meet such requirements on a timely basis. This condition is pursuant to sections 300.D.11.c and 302.G.3 of

20.2.70 NMAC.

1.9 Compliance with this operating permit is sufficient to comply with all NSR permits listed in Table A.1. This condition is pursuant to 20.2.70.302.A.1 NMAC.

2.0 FACILITY INFORMATION

Conditions of 2.0 are pursuant to 20.2.70.302.A.7 NMAC; and NSR Permits 0319M7, M7R1, M7R2, and M7R3.

2.1 All of the process equipment authorized for this facility is listed in the table(s) shown below (emission units that were identified as insignificant or trivial, and equipment not regulated pursuant to the Act are not included):

Table 2.1, Regulated Equipment:

Unit No.	Description	Manufacturer/ Model	Capacity Rated/Site	RPM	Serial #	Install Date	Control
AU	Amine Unit					~1964	Unit 17
12	Hot oil heater	Born Inc.	11 MMBtu/hr	N/A	2354	~1981	none
13	Mole sieve regeneration heater	Radco	3.05 MMBtu/hr	N/A	87197	~1981	none
14	Mole sieve regeneration heater	Radco	3.05 MMBtu/hr	N/A	87196	1981	none
17	H ₂ S Flare	John Zink	32.1 MMscf/yr	N/A	N/A	unknown	N/A
18	Emergency flare (low pressure)	NFF-CG	N/A	N/A	None	unknown	N/A
19	Emergency flare (high pressure)	NFF-CG	N/A	N/A	None	unknown	N/A
20	Natural gas reciprocating engine	White Superior 6G825	495 hp	900	17970	~1964	Catalytic Converter & AFR
21	Natural gas reciprocating engine	White Superior 6G825	495 hp	900	15727	~1964	N/A
22	Natural gas reciprocating engine	White Superior 8GTL	1100 hp	900	282259	~1987	N/A
23	Refrigeration skid #1	Dickson & Tryer	25 MMscf/day*	N/A	N/A	1987	N/A
24	Refrigeration skid #2	Armellini Engineering	25 MMscf/day*	N/A	N/A	1991	N/A
FUG	Process fugitive emissions	N/A	N/A	N/A	N/A	N/A	N/A
25	Electric Driven Inlet Gas Compression	Ariel, JGU/8	4500 HP	1200rpm /4500 hp	F19966	1/1/2005	N/A

Unit No.	Description	Manufacturer/ Model	Capacity Rated/Site	RPM	Serial #	Install Date	Control
26	Electric Driven Inlet Gas Compression	Ariel, JGU/6	4500 HP	1200rpm /4500 hp	F19967	1/1/2005	N/A
27	TEG Reboiler Hot Oil Heater	TBD	350 Mbtu/hr	N/A	TBD	TBD	N/A
28	TEG Skid Unit	TBD	20 MMSCF/D	N/A	TBD	TBD	Condenser and flare
29	Skimmer Flash Tank	N/A	27200 bbl/y / 1000 bbl	N/A	N/A	1981	

*Natural gas fueled, reciprocating internal combustion engine.

N/A means Not Applicable; TBD means To Be Determined, not installed as of this permit.

2.2 All the pollution control equipment required for this facility is listed in the table shown below. Each emission point is identified by the same number that was assigned to it in the permit application:

Table 2.2, Emission Control Equipment:

Control Unit No.	Control Equipment Type	Control Equipment Mfg & model (or equivalent)	Control For Unit(s)
N/A	AFR Controller*	Dynalco AF-1000	20
N/A	Catalytic Converter	Mirtech, 81.7 % NOx	20
17	Process Flare	John Zink	Amine Unit

*air-fuel ratio controller

This control equipment is located within the facility at the following places and serves the following functions: the catalytic converter controls the engine NOx, and the process flare converts 99% of the H₂S from the Amine Sweetening Unit into SO₂.

3.0 REQUIREMENTS FOR INDIVIDUAL EMISSIONS UNITS

Information regarding applicable requirements, emission limits, operational limitations and requirements, work practices, and monitoring, testing and recordkeeping requirements is provided below for each emissions unit or set of similar units.

3.1 Applicable Requirements

All applicable requirements for this facility are listed in Appendix A, Table A.1. This condition is pursuant to 20.2.70.302.A.1 NMAC.

3.1.1 The two 4500 HP electric driven gas compressors (Units 25 & 26), and the two 25 million scfd (nominal rating for identification purposes, not an enforceable limit) skid-mounted refrigeration units (Units 23 and 24) are subject to federal new source performance standards (NSPS) 40 CFR Part 60, Subpart A – General Provisions, and Subpart KKK, Standards of Performance for Equipment Leaks of VOC from Onshore Natural Gas Processing Plants, and

shall comply with both the notification requirements in Subpart A and with the specific requirements of Subpart KKK. This condition was brought forward from NSR Permit 0319M7, Condition 1.f and 1.g.

3.1.2 This facility is subject to 20.2.35 NMAC, Natural Gas Processing Plant – Sulfur for New Natural Gas Processing Plants. This determination has been made based on the 1985 increase in the gas production rate, and the increase in inlet compression to allow for the increase, as stated in Conoco’s (Former Owner/Operator of this facility) letter dated August 14, 1985. This condition was brought forward from NSR Permit 0319M7, Condition 1.i.

3.1.2.1 This facility is subject to 20.2.35.112.A.1-3 NMAC. Complying with the existing sulfur monitoring, recordkeeping, and reporting conditions in this permit demonstrate that the facility has satisfied the requirements of 20.2.35.112A.1-3 NMAC.

3.1.3 This facility is subject to 20.2.37 NMAC – Petroleum Processing Facilities as a new petroleum processing facility. This condition was brought forward from NSR Permit 0319M7, Condition 1.j.

3.2 Emissions Limits

Table 3.2 lists the emission units, and their allowable emission limits. This condition is pursuant to 40 CFR 50; Paragraphs 1, 7 and 8 of 20.2.70.302.A NMAC; and NSR Permits 0319M7, M7R1, and M7R2.

Table 3.2: Maximum Allowable Emission Rates in lb/hr and tons/y*

Emission Unit No.	NO_x lb/hr	NO_x tons/y	CO lb/hr	CO tons/y	VOC lb/hr	VOC tons/y	SO₂ lb/hr	SO₂ tons/y	PM₁₀ tons/y
12	1.0	4.5	0.3	1.1		0.1			0.4
13	0.3	1.3		0.3		0.1		0.1	0.2
14	0.3	1.3		0.3		0.1		0.1	0.2
17*** (AU)							815.8	3573.4	
20	2.2	9.6	3.3	14.3	1.1	4.8			
21	16.4	71.7	2.0	8.6	0.2	1.0			
22	36.4	159.3	2.2	9.6	1.2	5.3			
23					0.86	3.8			
24					0.86	3.8			
28					7.2	31.7			
29					3.0	13.3			
FUG					13.3	58.1			
Total Allowables**		247.7		34.2		121.1		3573.6	0.8

* Pounds per hour/tons per year

** Total Allowables are for information, not enforceable conditions, and used to determine

annual Operating Fees.

*** Flare emission limits when amine unit (AU) is operating.

3.2.1 In addition to the above emission limits, facility sulfur dioxide emissions shall not exceed 816 pounds per hour, averaged over any twenty-four (24) hour time period from midnight to midnight, and 3573.4 tons per year. This rate is based on Conoco's May 29, 1994 letter that states the facility gas inlet rate shall not exceed 60 MMscf/day at an H₂S content of 121 grains per 100 scf. If the facility is not currently capable of this potential emission rate, and a physical change or change in the method of operation is needed to achieve this potential emission rate, a permit will be required under 20.2.72 NMAC, Construction Permits. This condition was brought forward from NSR Permit 0319M7, Specific Condition 2.

3.2.2 A permit would be required under 20.2.74 NMAC, Prevention of Significant Deterioration (PSD) if the SO₂ increase, as a result of any physical change or change in the method of operation, results in a net emissions increase that would equal or exceed 40 tons per year above the average rate from the previous two (2) year period. This condition was brought forward from NSR Permit 0319M7, Specific Condition 2.

3.3 Operational Requirements

Conditions of 3.3 are pursuant to Paragraphs 1, 7 and 8 of 20.2.70.302.A NMAC.

3.3.1 Total sulfur released in facility processes shall not exceed an average rate of 5 tons per day in accordance with 20.2.35.110 NMAC. This condition was brought forward from NSR Permit 0319M7, Condition 1.d, and revised. Meeting the SO₂ emission limit established for the Flare, Unit 17, and the existing sulfur monitoring, recordkeeping, and reporting demonstrate that the facility has not triggered the 5 tons per day limit to make the facility subject to 20.2.35.110 NMAC.

3.3.2 All engines at the facility shall be fired by sweet natural gas containing less than 0.25 grains of hydrogen sulfide per 100 standard cubic feet of gas. This condition was brought forward from NSR Permit 0319M7, Condition 1.h.

3.3.3 The facility sour gas treating and processing rate shall not exceed 60 million standard cubic feet (MMscf) for any single day as measured prior to the amine contactor inlet. The facility inlet sweet gas rate shall not exceed 20 MMscf per day and is in addition to the 60 MMscf of the treated and processed gas. This condition was brought forward from NSR Permit 0319M7, Condition 1.k.

3.3.4 The Flares (Units 17, 18 and 19) are flares that do/can receive blowdown emissions from plant processes. Therefore, the flares are subject to the requirements of 20.2.37.205.E NMAC as defined as a "New facility – blowdown system".

3.4 Emissions Monitoring and Testing Requirements:

Conditions of 3.4 are pursuant to 20.2.70. 302.A and C NMAC; and NSR Permit 0319M7.

3.4.1 General Monitoring Requirements

3.4.1.1 The following monitoring and/or testing requirements shall be used to determine compliance with applicable requirements and emission limits. Any sampling, whether by portable analyzer or EPA reference method, that measures an emission rate over the applicable averaging period greater than an emission limit in this permit constitutes noncompliance with this permit. The Department may require, at its discretion, additional tests pursuant to EPA Reference Methods at any time, including when sampling by portable analyzer measures an emission rate greater than an emission limit in this permit; but such requirement shall not be construed as a determination that the sampling by portable analyzer does not establish noncompliance with this permit and shall not stay enforcement of such noncompliance based on the sampling by portable analyzer.

3.4.1.2 If the emission unit is shutdown at the time when periodic monitoring is due to be accomplished, the permittee is not required to restart the unit for the sole purpose of performing the monitoring. Using electronic or written mail, the permittee shall notify the Department's Enforcement Section of a delay in emission tests prior to the deadline for accomplishing the tests. Upon recommencing operation, the permittee shall submit any pertinent pre-test notification requirements set forth in the current version of the Department's Standard Operating Procedures For Use Of Portable Analyzers in Performance Test, and shall accomplish the monitoring.

3.4.1.3 The requirement for monitoring during any monitoring period is based on the percentage of time that the unit has operated as follows:

3.4.1.3.1 If the emission unit has operated for more than 25% of a monitoring period, then the permittee shall conduct monitoring during that period.

3.4.1.3.2 If the emission unit has operated for 25% or less of a monitoring period then the monitoring is not required. After two successive periods without monitoring, the permittee shall conduct monitoring during the next period regardless of the time operated during that period, except that for any monitoring period in which a unit has operated for less than 10% of the monitoring period, the period will not be considered as one of the two successive periods.

3.4.1.3.3 A minimum of one of each type of monitoring activity shall be conducted during the five-year term of this permit.

3.4.1.4 The permittee is not required to report a deviation for any monitoring or testing required in section 3.4.2 if the deviation was authorized in the General Monitoring Requirements section 3.4.1.

3.4.1.5 For all periodic monitoring events, except when a federal or state regulation is more stringent, three test runs shall be conducted at 90% or greater of the full normal load as stated in this permit, or in the permit application if not stated in this in the permit, and at additional loads when requested by the Department. If the 90% load cannot be achieved, the monitoring will be

conducted at the maximum achievable load under prevailing operating conditions except when a federal or state regulation requires more restrictive test conditions. The load and the parameters used to calculate it shall be recorded to document operating conditions and shall be included with the monitoring report that is required to be furnished to the Department.

3.4.1.6 When requested by the Department, the permittee shall provide schedules of testing and monitoring activities. Compliance tests from previous NSR and Title V permits may be re-imposed if it is deemed necessary by the Department to determine whether the source is in compliance with applicable regulations or permit conditions.

3.4.1.7 Monitoring shall become effective 120 days after the date of permit issuance if the monitoring is new or in addition to monitoring imposed by an existing applicable requirement. Any pre-existing monitoring requirements incorporated in this permit shall continue to be in force from the date of permit issuance.

3.4.1.8 Startup, Shutdown and Malfunction Conditions: For operations and equipment subject to 40 CFR 60, excess emissions, or operations under startup, shutdown, or malfunction shall be addressed in accordance with the requirements of 40 CFR 60.7(c) or 40 CFR 60.8(c), as appropriate. This condition is pursuant to 20.2.70.302.A.1 and A.4 NMAC.

3.4.2 Unit Specific Monitoring Requirements: The following table lists emission units and their required monitoring. Descriptions of required monitoring follow the table.

Table 3.4.2, Required Monitoring

Emission unit Nos.	Parameters To Monitor	To Comply With	Monitoring Required	Monitoring Conditions
General Monitoring				
Plant wide, Amine Contactor	Sulfur	Emission Limits specified in Table 3.2, and NSR Permit 319M7, Condition 3.c	Daily gas flow, H ₂ S and sulfur in Tons Per day	3.4.2.1
12, 13, 14, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28	Maintenance and Repair Activities	Emission Limits specified in Table 3.2	Maintenance and Repair	3.4.2.2
Monitoring for IC Engines				
20	NO _x , CO, VOC	Emission Limits specified in Table 3.2, NSR 319M7, Conditions 3.a and 3.b.	Periodic Emission Tests (Quarterly)	3.4.2.3
20, 21, 22	SO ₂ and PM ₁₀	Emission Limits specified in Table 3.2, and NSR 319M7, Conditions 1.h.	Sweet natural gas fuel	3.4.2.4

Emission unit Nos.	Parameters To Monitor	To Comply With	Monitoring Required	Monitoring Conditions
Monitoring for Heaters				
12, 13, and 14	Combustion Characteristics	Emission limits specified in Table 3.2	Operational Inspection (Annual)	3.4.2.5
12, 13, and 14	SO ₂ and PM ₁₀	Emission limits specified in Table 3.2	Sweet natural gas fuel	3.4.2.4
Monitoring for Flares				
17	SO ₂	Emission limits specified in Table 3.2, 40CFR60.18(e), and 40CFR64 (CAM)	Flare monitoring (Continuous)	3.4.2.6
17, 18, and 19	Visible Emissions	Blowdown System requirements in 20.2.37.205.E NMAC	Opacity	3.4.2.7
Monitoring for Cryogenic Unit and Glycol Dehydrators				
23, 24 and 28	Equipment corrosion and leaks	Emission limits specified in Table 3.2	Equipment Inspection (Semiannual)	3.4.2.8
28	Operational inspection parameters and VOC by GRI GLYCALC calculation	Emission limits specified in Table 3.2, NSR Permit Condition 3.e and 4.d	Quarterly Operational inspection and Annual GLY-Calc calculation of emissions	3.4.2.9
28	Flow gas through dehydrator	Emission limits specified in Table 3.2, NSR Permit 0319M7, Condition 3.d	Continuous measure and record flow of gas from through the dehydrator.	3.4.2.10
Monitoring for Equipment Leaks				
17, 23, 24, 25, 26, and FUG	Equipment Leaks of VOC	40CFR60, Subpart KKK and general provisions in Subpart A, NSR Permit 0319M7, Conditions 3.f and 4.e.	Specific requirements of 40CFR60, Subpart KKK and general provisions of Subpart A	3.4.2.11
Monitoring for Particulate Emissions				
12, 13, 14, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28	Particulate Emissions	Particulate matter emission limits specified in 20.2.37.202.A NMAC	Particulate Emissions	3.4.2.4
Monitoring for Amine Contactor Vents				

Emission unit Nos.	Parameters To Monitor	To Comply With	Monitoring Required	Monitoring Conditions
Amine Unit	Sulfur	Emission limits specified in Table 3.2 and 40 CFR 64 –CAM Rule	Amine Inlet Gas H ₂ S (S) Concentration, Residue/Sales Gas Sulfur Concentration and Fuels Burned Sulfur Concentration (daily)	3.4.2.1.2
Amine Unit	Sulfur	20.2.35.112 NMAC, emission limits specified in Table 3.2, and NSR 0319M7, Condition 1.d.	Quantity of Sulfur Released in Plant Processes from AU	3.4.2.12

Note: The numbering of conditions in this table are in the same sequence for the next three major Sections of the permit: Monitoring, Recordkeeping, and Reporting.

3.4.2.1 The permittee shall monitor the daily gas flow (MMscf/day) and the H₂S concentrations (grains/100 scf or equivalent), and the amount of sulfur coming into the facility for processing and/or treating (tons/day) on a daily basis. These shall be determined at the inlet to the amine contactor where a flow meter is installed. This condition was brought forward from NSR Permit 0319M7, Specific Condition 3.c.

3.4.2.1.1 The monitoring above will demonstrate compliance with Conditions 3.3.1 and 3.3.3.

3.4.2.1.2 The permittee shall follow the Department approved method to determine H₂S content to the contactor. It involves use of stain tubes and has been reviewed in previous Department audits of the facility; see condition 4.2.1.

3.4.2.2 Maintenance and Repair Monitoring (For Units 12, 13, 14, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28): Maintenance and repair activities that involve adjustment, replacement, or repair of functional components with the potential to affect operation of an emission unit shall be documented as they occur for the following events:

- (a) Routine Maintenance that takes a unit out of service for more than two hours during any twenty-four hour period.
- (b) Unscheduled repairs that require a unit to be taken out of service for more than two hours in any twenty-four hour period.

3.4.2.3 Periodic Emissions Test Monitoring (For Engine, Unit 20): The permittee shall test using a portable analyzer subject to the requirements and limitations of section 3.4.1, General Monitoring Requirements. For periodic testing NO_x and CO emissions tests shall be carried out as described below:

- (a) The monitoring period shall be a calendar quarter.

- (b) Initial monitoring shall occur within the first monitoring period occurring after permit issuance.
- (c) All subsequent monitoring shall occur in each succeeding monitoring period. No two monitoring events shall occur closer together in time than 25% of a monitoring period.
- (d) Follow the portable analyzer requirements and test procedures in section 3.5.

3.4.2.3.1 For each air fuel ratio (AFR) controlling type device, demonstrate that the manufacturer's or supplier's recommended maintenance is performed, including replacement of oxygen sensor as necessary for oxygen-based controllers. Verification of proper operation of the controller shall be demonstrated at least quarterly by measuring and recording exhaust oxygen or NO_x concentrations with a properly calibrated portable analyzer as specified in the most current version of the SOP for "Use of Portable Analyzers in Performance Tests". This condition was brought forward from NSR Permit 319M7, Condition 3.a.

3.4.2.3.2 For any engine equipped with a catalytic converter or an oxidation catalyst, demonstrate the maintenance of the NO_x and CO reduction efficiency across the catalyst bed. This test shall be performed within ninety (90) days following initial startup and on a quarterly basis thereafter, unless an alternative testing schedule is specified by the department. Properly calibrated portable analyzers are acceptable for this demonstration. The test shall be conducted at ninety percent (90%) or greater of full load and shall include the exhaust volume flow rate (dscf) and the NO_x and CO emission rate (lb/hr). This condition was brought forward from NSR Permit 319M7, Condition 3.b.

3.4.2.4 Opacity Monitoring (For Units 12, 13, 14, 17 through 28): Use of pipeline quality natural gas fuel or natural gas liquids constitutes compliance with SO₂ and PM₁₀ emission limits. At such time as fuel other than pipeline quality natural gas or natural gas liquids is used, opacity shall be measured in accordance with the procedures at 40 CFR 60, Appendix A, Method 9. Opacity measurements shall continue on a quarterly basis per calendar year for each effected unit until such time as pipeline quality natural gas or natural gas liquids are used. This condition was brought forward from NSR Permit 319M7, Condition 1.h.

3.4.2.4.1 Pipeline quality natural gas is defined as a naturally occurring fluid mixture of hydrocarbons that contains 20.0 grains or less of total sulfur per 100 standard cubic feet (scf) and is either composed of at least 70% methane by volume or has a gross calorific value between 950 and 1100 Btu per standard cubic foot.

3.4.2.4.2 For the purposes of Condition 3.4.2.4 of this permit, "natural gas liquids" means those substances meeting the definition in 40 CFR 60.631.

3.4.2.4.3 Particulate Emissions Monitoring for Petroleum Processing Facilities (For Facility wide): The entire facility is subject to State Regulation for Petroleum Processing Facilities (20.2.37 NMAC) and shall meet the requirements of 20.2.37 NMAC, Subparts 201, 202.A and 205.E. The permittee shall demonstrate compliance with 20.2.37.202.A NMAC by only

combusting pipeline quality natural gas for fuel that contains no more than 20.0 grains of total sulfur per 100 standard cubic feet of fuel.

3.4.2.5 Operational Inspection (For Heaters, Units 12, 13, and 14): The heater(s)/boiler(s) shall undergo operational inspections annually by the methods described below:

The permittee shall conduct operational inspections to determine that the heater(s)/boiler(s) are operating properly. The operational inspections shall include operational checks for indications of insufficient excess air, or too much excess combustion air. These operational checks shall include observation of common physical indications of improper combustion, including indications specified by the heater manufacturer, and indications based on operational experience with these units.

3.4.2.6 Continuous Monitoring for Flare, Unit 17: The permittee shall comply with the requirements in the 40 CFR 60.18(e) including monitoring continuously the presence of a flare pilot flame using a thermocouple equipped with a continuous recorder and alarm, to detect the presence of a flame or any other equivalent device as approved by the department.

3.4.2.6.1 A thermocouple is not used at this facility. Monitoring of continuous flame is assured through fire eye aimed at flare tip that detects UV. The Department has approved this device.

3.4.2.6.2 Compliance with the provisions of 40 CFR 60.18(e) shall constitute compliance with the monitoring requirements of 40 CFR 64, Compliance Assurance Monitoring.

3.4.2.7 Facility Blowdown System Flare Operation (Units 17, 18, and 19): This blowdown flare shall be a smokeless flare pursuant to 20.2.37.205.E NMAC and Condition 3.3.4.

3.4.2.7.1 A smokeless flare is defined as a flare with no visible emissions except for periods not to exceed a total of 5 minutes during any 2 consecutive hours.

3.4.2.8 Equipment Inspection Monitoring (For Dehydrator, Unit 28 and for Cryogenic Skids, Unit 23 and 24): The permittee shall examine each unit semi-annually and any VOC control equipment for corrosion and gas leaks and shall note whether any repairs or maintenance were made.

3.4.2.9 Operational Inspection and GRI GLYCALC Calculation Monitoring (For Dehydrator, Unit 23 and 24): The permittee shall measure and record the following parameters for each glycol dehydrator:

a) The permittee shall verify the proper operation of the dehydrator control units at least once each quarter. This verification shall include assurance that the condenser is maintaining a minimum 85% VOC control efficiency and the non-condensable vapors from the condenser are not being released to the atmosphere. This is brought forward from NSR Permit 0319M7, Condition 3.e.

b) Generate an annual GLY-Calc emissions estimate using a current extended gas analysis (C6+) taken from the dehydrator's inlet gas stream just prior to the glycol contactor, if possible. This is brought forward from NSR Permit 0319M7, Condition 4.d.

3.4.2.10 Continuous Flow rate Monitoring (For Dehydrator, Unit 23 and 24): The permittee shall install a flow meter to continuously measure and record the flow rate of gas through the dehydrator contactor that treats the sweet gas from the Mescalero/Holly High pressure gas line. This is brought forward from NSR Permit 0319M7, Specific Condition 3.d.

3.4.2.11 Equipment Leaks of VOC (For Units 17, 23, 24, 25, 26, and Plant Fugitives): A volatile organic compound (VOC) leak detection, monitoring, and repair program shall be implemented for all the applicable equipment at the facility, and affected facilities in VOC service or in wet gas service as defined by 40 CFR 60, Subpart KKK. This is brought forward from NSR Permit 0319M7, Specific Conditions 3.f and 4.e.

3.4.2.12 Sulfur Monitoring: The permittee shall monitor the sulfur content of the inlet gas, fuels burned, residue/sales gas streams at the frequency necessary to reasonably demonstrate compliance with 20.2.35.112 NMAC. This condition was brought forward from NSR Permit 0319M7, Specific Condition 1.d and revised to current Department requirements.

3.5 Portable Analyzer Requirements and Test Procedures (For Engine, Unit 20):

3.5.1 Portable Analyzer Requirements: A portable analyzer that is used for periodic emissions test must be capable of measuring the specified pollutants and O₂ over the full range of expected allowable emissions measurements. The manufacturer's specifications of the analyzer(s) to be used shall be submitted to the department for review as part of the emissions test protocol that is submitted to the Department prior to testing.

3.5.2 Portable Analyzer Test Procedures

3.5.2.1 The permittee shall use a portable analyzer, subject to the requirements and limitations of the first paragraph of section 3.4. Periodic testing is required for total nitrogen oxides (NO_x) and carbon monoxide (CO). Test results that demonstrate compliance with the NO_x and CO emission limits shall also be considered to demonstrate compliance with the volatile organic compound (VOC) emission limits.

3.5.2.2 The portable emissions analyzer shall be setup and operated in accordance with the manufacturer's instructions, with the current version of the Department's Standard Operating Procedure for Use of Portable Analyzers in Performance Tests, and with the following conditions:

(a) Equipment shall be tested in the "as found" condition. Equipment may not be adjusted or tuned prior to any test for the purpose of lowering emissions, and then returned to previous settings or operating conditions after the test is complete.

(b) During emissions tests the moisture content, O₂ concentration, flow rate and temperature of the exhaust gas shall be monitored (or calculated by an acceptable

method) and recorded. This information shall be included with the test report that is required to be furnished to the Department.

(c) After the time a correlation is established between emission rate and concentration of a pollutant, the periodic emission test may consist of measuring the pollutant concentration. Exhaust flow rate at the time of correlation (by 40CFR60-method 19, by manufacturer's correlation, or by initial testing) may be used to calculate emission rates at later tests.

4.0 RECORDKEEPING

Conditions of 4.0 are pursuant to 20.2.70.302.D NMAC.

4.1 General Recordkeeping Requirements:

Conditions of 4.1 are pursuant to 20.2.70.302.D.1 NMAC.

4.1.1 All sampling and measured data required by this permit for the emissions units in this facility shall be recorded. The minimum information to be included in these records is:

4.1.1.1 equipment identification (include make, model and serial number for all tested equipment and emission controls);

4.1.1.2 date(s), and time(s) of sampling or measurements;

4.1.1.3 date(s) analyses were performed;

4.1.1.4 the company or entity that performed the analyses;

4.1.1.5 analytical or test methods used;

4.1.1.6 results of analyses or tests; and

4.1.1.7 operating conditions existing at the time of sampling or measurement.

4.1.2 The permittee shall keep copies of all records of monitoring and measurement data, equipment calibration and maintenance, Data Acquisition and Handling System (DAHS) if used, other supporting information, and reports required by this permit for at least five (5) years from the time the data was gathered or the reports written. Each record shall show clearly to which emissions unit and/or piece of monitoring equipment it applies, and the date the data was gathered. This condition is pursuant to 20.2.70.302.D.2 NMAC.

4.1.3 The permittee shall keep a record describing off permit changes made at this source that result in emissions of a regulated air pollutant subject to an applicable requirement, but not otherwise regulated under this permit, and the emissions resulting from those changes. This condition is pursuant to 20.2.70.302.I.2 NMAC.

4.2 Unit Specific Recordkeeping Requirements:

Conditions are pursuant to Subsection C and Paragraph D(1) of 20.2.70.302 NMAC.

4.2.1 The permittee shall record the daily gas flow (MMscf/day) and the H₂S concentrations (grains/100 scf or equivalent), and the amount of sulfur coming into the facility for processing and/or treating (tons/day) on a daily basis in accordance with Condition 3.4.2.1.

Frontier Field Services is authorized to use stain tubes to determine H₂S concentration as per the January 23, 1996 letter from Vince Vigil to Terry Killian. If Frontier Field Services selects the Tutwiler method for measuring H₂S concentration, only personnel trained in the procedure shall perform the measurements. Records shall be kept showing the date and time of titration, the amount of titrant required, the concentration of the titrant, expiration date of the titrant, the burette temperature, and the name of the technician making the measurement. The concentrations shall be corrected for burette temperature and the average barometric pressure of Maljamar. These records shall be retained for the most recent two (2) years from the date of generation, shall be kept on location at the Maljamar facility, and shall be made available to the Air Quality Bureau upon request. This condition was brought forward from NSR Permit 0319M7, Specific Condition 4.f.

4.2.1.1 The permittee shall keep records of all the H₂S monitoring equipment maintenance. The permittee shall keep records of quality assurance and calibration procedures activities.

4.2.2 Maintenance and Repair Recordkeeping (For Units 12, 13, 14 and 17 thru 28): Records of maintenance and repair activities shall be maintained. Records of maintenance and repair activities shall include identification of emission units and the work involved.

4.2.2.1 For Unit 20, the following items shall be recorded if they are performed as part of any operational check or as part of any maintenance or repair activity:

(a) Air/Fuel Ratio Controller Settings

(b) Condition of Catalytic Converter Unit. Inspect and ensure the external physical integrity of the catalytic converter.

4.2.3 Periodic Emissions Test Recordkeeping (For Engine, Unit 20): Records of periodic emissions tests shall be maintained for the reciprocating engines.

4.2.4 Opacity Recordkeeping (For Units 12, 13, 14, 17 through 28): The permittee shall record dates and duration of use of any fuels other than pipeline quality natural gas or natural gas liquids and the corresponding opacity measurements.

4.2.5 Operational Inspection Recordkeeping (For Heaters, Units 12, 13, and 14): Records of operational inspections shall describe the results of visual and other sensory observations for insufficient or excessive combustion air in accordance with Section 3.4.2.5. The permittee shall append a contemporaneous fuel analysis if the gas is other than pipeline quality natural gas.

4.2.6 Recordkeeping for Flare, Unit 17: All instances of alarm activation, actions taken to bring the flare into normal operating conditions, and maintenance activities shall be recorded, including the dates and causes of alarm activation.

4.2.7 Facility Blowdown System Flare Operation (Units 17, 18, and 19): Permittee shall record

any visible emissions during blowdown events.

4.2.8 Equipment Inspection Recordkeeping (For Dehydrator, Unit 28 and for Cryogenic Skids, Unit 23 and 24): The permittee shall keep a record of the results of all equipment inspections.

4.2.9 and 10 The permittee shall obtain and/or record the information required by permit condition a)-d) in order to demonstrate a continued minor source status of unit #28 under CFR Title 40, Part 63, Subpart HH, or Part 70. The permittee shall:

- a) Record the weekly rolling average gas flow into the glycol dehydrator, Unit 28. This condition satisfies recordkeeping for 3.4.2.10.
- b) Generate and maintain records related to the quarterly checks of the glycol dehydrator control unit including the date inspected, measured lean glycol flow rate and if applicable, the corrective measures taken to assure proper operation of the unit. This condition satisfies recordkeeping for 3.4.2.9.
- c) Keep records (e.g. manufacturer's sizing calculations) that demonstrate the adequate capacity of the dehydrator control unit to ensure compliance with emission limits in condition 3.2 above.
- d) Generate an annual GLY-Calc emissions estimate using a current extended gas analysis (C6+) taken from the dehydrator's inlet gas stream just prior to the glycol contactor, if possible. This condition satisfies recordkeeping for 3.4.2.9.

This condition was brought forward from NSR Permit 0319M7, Specific Condition 4.

4.2.11 Records shall be maintained in accordance with 40 CFR Part 60 Subpart A and KKK for the Flare (Unit 17), the two skid-mounted refrigeration units (Units 23 and 24) and the two new electric reciprocating engines (Units 25 and 26). Records on which the quarterly sulfur reports are based shall also be maintained. These records shall be kept on location at the Maljamar facility, and shall be made available to the Air Quality Bureau upon request. This condition was brought forward from NSR Permit 0319M7, Specific Condition 4.e and revised.

4.2.12 The permittee shall keep records of the sulfur content in the inlet gas, fuels burned, residue/sales gas streams. This condition is pursuant to 20.2.35.112A.1-3 NMAC.

5.0 REPORTING

Conditions of 5.0 are pursuant to 20.2.70.302.E NMAC.

5.1 General Reporting Requirements:

5.1.1 Reports shall clearly identify the subject equipment showing the emission unit ID number according to this operating permit. In addition, all instances of deviations from permit requirements, including those that occur during emergencies, shall be clearly identified in the

required reports. Reports of all required monitoring activities for this facility shall be submitted to the Department on the following schedule. This condition is pursuant to 20.2.70.302.E.1 NMAC.

Table 5.1.1, Schedule of Monitoring Activity Report Submittal:

Report for Emissions Unit Nos.	Submittal Date
12, 13, 14, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, and FUG	Within 45 days following the end of every 6-month period (due April 30th and October 31st) following the issuance date of permit P123, September 16, 2002.

5.1.2 The permittee shall submit reports of all deviations (including emergencies) from permit requirements to the Department when they occur. The permittee shall communicate initial notice of the deviation to the Department within twenty-four (24) hours of the start of the first business day following the discovery of the occurrence via telephone or facsimile. Within ten (10) calendar days of the start of the first business day following the discovery of the occurrence, written notice shall be submitted to the Department using the Department's Excess Emissions Form currently in use at time of discovery. This condition is pursuant to 20.2.70.302.E.2 NMAC.

5.1.3 At such time as new units are installed as authorized by NSR permit 0319-M7, the permittee shall fulfill the notification requirements of condition 1 (Reporting) of the General Conditions in the NSR permit.

5.2 Unit Specific Monitoring Reports:

Conditions of 5.2 are pursuant to 20.2.70.302.E NMAC.

5.2.1 For sulfur reporting requirements see condition 5.2.12 below.

5.2.1.1 H₂S Concentration Reporting (For Unit AU): Reports shall include records of all the H₂S monitoring, equipment maintenance and records of quality assurance and calibration procedures activities.

5.2.2 Maintenance and Repair Reporting (For Units 12, 13, 14 and 17 thru 28): These reports shall include a summary of the activities in section 4.2.2.

5.2.3 Periodic Emissions Test Reporting (For Engine, Unit 20): Reports shall be submitted in accordance with the requirements of section 4.1.1.

5.2.4 Opacity and Particulate Emissions Reporting (For Units 12, 13, 14, 17 through 28): The permittee shall report dates and duration of use of any fuel other than pipeline quality natural gas and the corresponding particulate matter emissions measurements. This condition was brought forward from NSR Permit 0319M7, Specific Condition 1.j and 20.2.37.202.A NMAC.

5.2.5 Operations Reporting (For Heaters, Units 12, 13, and 14): Reports of operational inspections and excess air measurements shall briefly summarize in chronological order the results of all heater inspections noting any adjustments needed to bring the heaters into compliance with permit conditions.

5.2.6 Reporting for Flare, Unit 17: A summary of activities shall be included in the reports.

5.2.7 Facility Blowdown System Flare Operation (Units 17, 18, and 19): A summary of records, if any, as required by condition 4.2.7.

5.2.8 Equipment Inspection Reporting (For Dehydrator, Unit 28 and for Cryogenic Skids, Unit 23 and 24): A summary of activities shall be included in the reports.

5.2.9 and 5.2.10 Reporting for the Glycol dehydrator (Unit 28): Provide an emissions estimate report to the AQB Enforcement Section by January 30, of each year. The report shall include: the extended gas analysis and the input summary report and aggregate results generated by the most recent version of GLY-Calc available at the time the information is generated. This condition was brought forward from NSR Permit 0319M7, Specific Condition 5.b. Summarize in the Semi-annual reports when this condition was last complied with.

5.2.11 Reports to the Department that shall be made in accordance with 40 CFR Part 60, Subpart A and KKK, and sulfur reports shall be submitted for each calendar quarter in accordance with 20.2.35.112 NMAC.

5.2.12 The quarterly reports required under 20.2.35.112A.1-3 NMAC shall include a table showing each daily inlet gas flow (MMSCF/D) and inlet H₂S concentrations (grains/100 scf/d or equivalent), and the amount of sulfur into the facility (tons/day) on a daily basis. The table shall show the date of H₂S measurement and the corresponding H₂S concentration. This condition was brought forward from NSR Permit 0319M7, Specific Condition 5.a.

5.2.13 Report to the AQB Enforcement Section any IC engine overhaul or replacement no later than fifteen (15) days after completion of such overhaul or replacement. This condition was brought forward from NSR Permit 0319M7, Specific Condition 5.c.

6.0 COMPLIANCE

6.1 The conditions of Section 6.1 are pursuant to 20.2.70.302.E.3 NMAC. The permittee shall submit compliance certification reports certifying the compliance status of this facility with respect to all permit terms and conditions, including applicable requirements. These reports shall be made on the current version of the Department's Compliance Certification Report Form (example attached to this permit) and submitted to the Department and to EPA at least every 12 months. This report is due no later than 30 days after each anniversary date of the first issued operating permit, P123, September 16, 2002.

6.1.1 For sources that have submitted air dispersion modeling that demonstrates compliance with federal ambient air quality standards, compliance with the terms and conditions of this permit regarding source emissions and operation shall be deemed to be compliance with federal ambient air quality standards (40 CFR 50 NAAQS).

6.2 Conditions of 6.2 are pursuant to 20.2.70.302.G.1 NMAC. The permittee shall allow representatives of the Department, upon presentation of credentials and other documents as may be required by law, to do the following:

6.2.1 enter the permittee's premises where a source or emission unit is located, or where records that are required by this permit to be maintained are kept;

6.2.2 have access to and copy, at reasonable times, any records that are required by this permit to be maintained;

6.2.3 inspect any facilities, equipment (including monitoring and air pollution control equipment), work practices or operations regulated or required under this permit; and

6.2.4 sample or monitor any substances or parameters for the purpose of assuring compliance with this permit or applicable requirements or as otherwise authorized by the federal Act.

6.3 A copy of this permit shall be kept at the permitted facility and shall be made available to Department personnel for inspection upon request. This condition is pursuant to 20.2.70.302.G.3 NMAC.

7.0 EMERGENCIES

Conditions of 7.0 are pursuant to 20.2.70.304 NMAC.

7.1 An "emergency" means any situation arising from sudden and reasonably unforeseeable events beyond the control of the permittee, including acts of God, which situation requires immediate corrective action to restore normal operation, and that causes the source to exceed a technology-based emission limitation under the permit due to unavoidable increases in emissions attributable to the emergency. An emergency shall not include noncompliance to the extent caused by improperly designed equipment, lack of preventive maintenance, or careless or improper operation.

7.2 An emergency constitutes an affirmative defense to an action brought for noncompliance with technology-based emission limitations contained in this permit if the permittee has demonstrated through properly signed, contemporaneous operating logs, or other relevant evidence that:

a) An emergency occurred and that the permittee can identify the cause(s) of the emergency;

b) This facility was at the time being properly operated;

c) During the period of the emergency the permittee took all reasonable steps to minimize levels of emissions that exceeded the emission standards or other requirements in this permit; and

d) The permittee fulfilled notification requirements under Condition 5.1.2 of this permit. This notice must contain a description of the emergency, any steps taken to mitigate emissions, and corrective actions taken.

7.3 In any enforcement proceeding, the permittee seeking to establish the occurrence of an emergency has the burden of proof.

7.4 This provision is in addition to any emergency or upset provision contained in any applicable requirement.

8.0 PERMIT REOPENING AND REVOCATION

8.1 This permit will be reopened and revised when any one of the following conditions occurs, and may be revoked and reissued when 8.1.3 or 8.1.4 occurs. Conditions of 8.1 are pursuant to 20.2.70.405.A.1 NMAC.

8.1.1 Additional requirements under the federal Act become applicable to this source three (3) or more years before the expiration date of this permit. If the effective date of the requirement is later than the expiration date of this permit, then the permit is not required to be reopened unless the original permit or any of its terms and conditions has been extended due to the Department's failure to take timely action on a request by the permittee to renew this permit.

8.1.2 Additional requirements, including excess emissions requirements, become applicable to this source under Title IV of the federal Act (the acid rain program). Upon approval by the Administrator, excess emissions offset plans will be incorporated into this permit.

8.1.3 The Department or the Administrator determines that the permit contains a material mistake or that inaccurate statements were made in establishing the terms and conditions of the permit.

8.1.4 The Department or the Administrator determines that the permit must be revised or revoked and reissued to assure compliance with an applicable requirement.

8.2 Proceedings to reopen or revoke this permit shall affect only those parts of this permit for which cause to reopen or revoke exists. Emissions units for which permit conditions have been revoked shall not be operated until new permit conditions have been issued for them. This condition is pursuant to 20.2.70.405.A.2 NMAC.

9.0 RISK MANAGEMENT PLAN

This facility is subject to the requirement for a Risk Management Plan (RMP) under 40CFR68. The owner or operator shall certify annually, as described in Section 6.1 of this permit, that they have developed and implemented a RMP and are in compliance with 40CFR68. This condition is pursuant to 20.2.70.302.A.1 NMAC.

APPEAL PROCEDURES

Any person who participated in this permitting action before the Department and who is adversely affected by the action taken by the Department concerning this permit, may file a petition for a hearing before the Environmental Improvement Board ("board"). The petition must be made in writing to the board within thirty (30) days from the date notice is given of the Department's action. This petition must specify the portions of the permitting action to which the petitioner objects and certify that a copy of the petition has been mailed or hand-delivered as required by 20.2.70.403.A.2 NMAC; a copy of the permitting action for which review is sought must be attached to the petition. Upon receipt of the appeal notice, the petitioner must mail or deliver a copy of the petition to the Department, and to the applicant or permittee if the petitioner is not the applicant/permittee. Requests for a hearing shall be sent to:

Secretary, New Mexico Environmental Improvement Board
1190 St. Francis Drive, Runnels Bldg.
P.O. Box 26110
Santa Fe, New Mexico 87502

Unless a timely request for a hearing is made, the decision of the Department will be final. If a timely request for hearing is made, the board will hold a hearing within sixty (60) days of receipt of the petition in accordance with the New Mexico Air Quality Control Act NMSA 1978 § 74-2-7 and 20.2.70.403.A.3 NMAC.

Any person who is adversely affected by an administrative action taken by the board pursuant to 20.2.70.403.A NMAC may appeal to the Court of Appeals in accordance with New Mexico Air Quality Control Act NMSA 1978 § 74-2-9. Petitions for judicial review must be filed no later than thirty (30) days after the administrative action. This condition is pursuant to 20.2.70.403.B NMAC and New Mexico Air Quality Control Act NMSA 1978 § 74-2-9.

SUBMITTAL OF REPORTS AND CERTIFICATIONS

Test protocols, excess emission forms, test reports, Compliance Certification Reports, monitoring results and reports, emissions sampling and measurement data, monitoring activity reports, compliance schedule progress reports, and any other compliance status information required by this permit shall be certified by the responsible official and submitted to:

Program Manager, Compliance & Enforcement Section
New Mexico Environment Department

Air Quality Bureau
1301 Siler Road, Building B
Santa Fe, New Mexico 87507-3113

In accordance with 20.2.70.302.E.3 NMAC, Compliance Certifications Reports shall be submitted to the Administrator at the address below:

Chief, Air Enforcement Section
US EPA Region-6, 6EN-AA
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733

Questions about this permit should be referred to Joseph Kimbrell of the Air Quality Bureau in Santa Fe at (505) 476-4347.

Copies of the following documents can be downloaded from the NMED web site at URL http://www.nmenv.state.nm.us/aqb/permit/app_form.html for your convenience, or requested from the Bureau.

- Documents:**
- 1) Excess Emission Form (for reporting deviations and emergencies)
 - 2) Compliance Certification Report Form
 - 3) Acronyms
 - 4) SOP for Stack Test Protocol
 - 5) SOP for Use of Portable Analyzers in Performance Tests
 - 6) SOP for Contents of Stack Test Reports

APPENDIX A**Table A.1: APPLICABLE REQUIREMENTS FOR THIS FACILITY**

The permittee shall comply with all applicable sections of the requirements listed in the following table.

Applicable Requirements	Federally Enforceable	Entire Facility	Unit Nos.
20.2.7 NMAC - Excess Emissions during Malfunction Startup, Shutdown and Maintenance	X	X	
20.2.35.112 NMAC Natural Gas Processing	No	X	
20.2.37.202.A NMAC Petroleum Processing facilities	No	X	
20.2.37.205.E NMAC Petroleum Processing facilities	No		17, 18, and 19
20.2.70 NMAC Operating Permits	X	X	
20.2.71 NMAC Operating Permit Emission Fees	X	X	
Air Quality Bureau Permit No: 0319-M7, M7R1, M7R2, M7R3	X	X	
20.2.73 NMAC Notice of Intent and Emissions Inventory Requirements	X	X	
40 CFR 50 National Ambient Air Quality Standards	X	X	
40 CFR 60, Subpart A, General Provisions	X	X	
40 CFR 60, Subpart KKK – Standards of Performance for Equipment Leaks of VOC from Onshore Natural Gas Processing Plants	X		17, 23, 24, 25, 26, and FUG, process fugitive components
40 CFR 64, Compliance Assurance Monitoring			Unit 12, Amine, Unit 17 H ₂ S Flare
40 CFR 68, Chemical Accident Prevention	X	X	

APPENDIX A

Table A.2: The Department has determined that the following requirements identified in the permit application are not applicable requirements for this facility, or the requirement does not impose any conditions in this permit.

Requirements identified in the Permit Application as applicable	Not Applicable For This Facility (1)	No Requirements (2)
20.2.61 NMAC Control of Smoke and Visible Emissions	X ⁽³⁾	
20.2.72 NMAC Permits		X
202.74 NMAC		X
20.2.80 NMAC Stack Heights	X	
40 CFR 82, Subpart F, Protection of stratospheric Ozone	X	

- (1) No existing or planned operation/activity at this facility triggers the applicability of these requirements.
- (2) Although these regulations may provide guidance, they do not impose any specific requirements on the operation of the facility as described in this permit.
- (3) Facility is subject to Petroleum Processing Facilities 20.2.37 NMAC and therefore exempt from the requirements of 20.2.61 NMAC Control of Smoke and Visible Emissions.