

**STATE OF NEW MEXICO  
ENVIRONMENT DEPARTMENT**

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

**NO. AQB WIL-1277-1102-R1 (NOV)**

**WILLIAMS FOUR CORNERS LLC,  
Respondent.**

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**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, Williams Four Corners LLC (“Respondent”) (collectively, the “Parties”) to resolve alleged statutory, regulatory, and permit violations by the Respondent, as identified in the June 6, 2012 Notice of Violation: WIL-1277-1102 and as amended in the Revised Notice of Violation and Settlement Offer WIL-1277-1102-R1. 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 Permit Number P101-R1-M1 (“Permit”).

**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 limited liability company doing business in New Mexico at the Milagro Cogeneration and Gas Plant Facility ("Facility"). The function of the Facility is to treat natural gas to create commercial quality natural gas and have the ability to produce electricity for commercial sale. It is located in San Juan County, New Mexico.

**B. HISTORY AND ALLEGED VIOLATIONS**

3. Permit Requirement A202 A. states in relevant part: "A. TEG Regenerator Still Vent Requirements. Requirement: At all times units 9b, 10b, 11b, 14b, and 15b are operating still vent emissions shall be routed to a VRU with condenser except during maintenance of the VRU...Monitoring: The permittee shall inspect the VRU-condenser semi-annually to ensure it is operating properly...."

4. Permit General Condition B108 H. states in relevant part: "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..."

5. The requirement to inspect the VRU-condenser is a new monitoring condition of the Permit. Therefore, in accordance with General Condition B108 H., monitoring became effective within 120 days of Permit issuance. P101-R1-M1 was issued January 13, 2011; as a result monitoring became effective on May 13, 2011.

6. On July 11, 2011 the Air Quality Bureau received a Semi-Annual Monitoring Report (Report) from Respondent for the Facility. The Report covered the time period from January 13 to June 1, 2011. The Report listed as a deviation the failure to perform an inspection of the vapor recovery unit condenser (VRU-condenser) during the December 1 to May 31, 2011 semi-

annual monitoring period. An inspection of the VRU-condenser was not conducted until June, 22, 2011.

7. Permit Requirement A202 B. states in relevant part: "TEG Regenerator Flash Tank Requirements. Requirement: At all times units 9b, 10b, 11b, 14b, and 15b are operating flash tank emissions shall be recovered via a closed loop system by the separation equipment...Monitoring: The permittee shall inspect the closed loop system semi-annually to ensure it is operating properly...."

8. Permit Condition B108 H. states in relevant part: "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..." .

9. The requirement to inspect the closed loop system is a new monitoring condition of the Permit. Therefore, in accordance with General Condition B108 H., monitoring became effective within 120 days of Permit issuance. The Permit was issued January 13, 2011; as a result, monitoring became effective on May 13, 2011.

10. On July 11, 2011 the Air Quality Bureau received a Semi-Annual Monitoring Report (Report) from Respondent for the Facility. The Report covered the time period from January 13 to June 1, 2011. The Report listed as a deviation the failure to perform an inspection of the closed loop system for several triethylene glycol (TEG) regenerator flash tanks during the December 1, 2010 to May 31, 2011 semi-annual monitoring period. An inspection of the closed loop system was not conducted until June 22, 2011.

11. On June 6, 2012, the Bureau issued to Respondent Notice of Violation WIL-1277-1102 ("NOV"), alleging violations of the AQCA, the AQCR, and the Permit. The alleged

violations were the failure to perform timely inspections of 1) the vapor recovery unit condenser and 2) the closed loop system for TEG regenerator flash tanks.

12. The NOV included a Corrective Action Verification (“CAV”) requiring Respondent to submit to the Bureau measures taken to ensure future compliance with the permit conditions.

13. On July 9, 2012, the Bureau received the CAV from Respondent. The CAV was determined to be satisfactory by the Bureau on July 13, 2012. On July 19, 2012, the Bureau issued to Respondent Notice of Violation WIL-1277-1102-R1 (“Revised NOV”), which clarified that both inspections were not conducted during the December 1, 2010 to May 31, 2011 semi-annual monitoring period.

14. On October 24, 2012, the Bureau issued to Respondent a proposal of a civil penalty for the alleged violations at the Facility.

15. The Parties have engaged in settlement discussions to resolve the Revised NOV without further proceedings.

## **II. COMPROMISE AND SETTLEMENT OF NOTICE OF VIOLATIONS**

### **A. GENERAL**

16. Respondent does not admit any of the allegations in the Revised NOV. To avoid further legal proceedings, the Division and Respondent agree to terms and conditions in this Final Order to resolve the alleged violations in the Revised NOV.

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

### **B. CIVIL PENALTY**

18. In compromise and settlement of the alleged violations set forth in the Revised NOV and upon consideration of the seriousness of the alleged violations and good faith efforts to

comply, the Parties agree that Respondent shall pay a civil penalty of \$10,000.00 to the State of New Mexico within 30 calendar days after the effective date of this Final Order.

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

New Mexico Environment Department  
Air Quality Bureau  
c/o Compliance and Enforcement Manager  
1301 Siler Rd., Building B  
Santa Fe, New Mexico 87507-3113

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 Revised NOV. 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 21 and 22 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 Complainant, respectively, represent that he or she has the authority to execute this Final Order on behalf of Respondent and Complainant.

**ENVIRONMENTAL PROTECTION DIVISION  
NEW MEXICO ENVIRONMENT DEPARTMENT**

By: Mary Rose  
**MARY ROSE  
ACTING DIRECTOR**

Date: 12/3/13

**WILLIAMS FOUR CORNERS LLC**

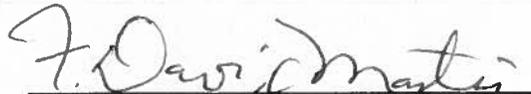
By: Don Wicburg  
**DON WICBURG  
GENERAL MANAGER**

Date: 12/13/2012



**STIPULATED FINAL COMPLIANCE ORDER**

This Settlement Agreement and Stipulated Final Compliance Order, agreed to by the Division and the Respondent Williams Four Corners LLC, 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: 1-4-13