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NEWS RELEASE

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Environment Department & Regency Reach Air Quality Agreement

Santa Fe – The New Mexico Environment Department and natural gas processor Regency Field Services LLC, reached a settlement agreement this week concerning alleged air quality violations. The alleged violations occurred in Lea County at the Jal #3 Gas Plant and at the former Jal #4 Gas Plant.

Under the terms of the settlement, Regency will pay approximately \$1.2 million in civil penalties to the state's General Fund. To substantially reduce excess emissions of air pollutants, Regency has also invested an additional \$20 million in operational enhancements pertinent to air quality, such as replacing a damaged flare tip in 2013 and completing a turbine replacement project in 2014, at the Jal #3 natural gas processing plant.

The violations were discovered through NMED's on-site inspections of the Regency facilities and through reports submitted to the regulatory agency as required by statute.

Environment Department Secretary Ryan Flynn described the settlement as an important step in NMED's broader efforts to improve air quality conditions in the state's southeast corner.

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