



October 31, 2019

SENT VIA CERTIFIED MAIL NO. 7017 0660 0000 0139 3434
Return Receipt Requested

Matthew Hastings
Rocky Mountain Midstream LLC
3601 Stagecoach Road, Suite 202
Longmont, CO 80504

Re: Proposed Early Settlement Agreement in the Matter of Rocky Mountain Midstream LLC
AIRS No.: 123-9E99
Case No.: 2019-085

Dear Matthew Hastings:

Rocky Mountain Midstream LLC (“Rocky Mountain Midstream”) owns and operates the natural gas processing plant known as the Discovery Fort Lupton Plant at Section 11, Township 1N, Range 66W in Weld County, Colorado (“Facility”). The Facility is subject to the terms and conditions of the Colorado Construction Permit Number 16WE0773, Issuance 2, issued to Discovery DJ Services LLC on January 8, 2018 (“Permit Number 16WE0773, Issuance 2”), Air Quality Control Statutes, and Colorado Air Quality Control Commission (“AQCC”) Regulations. The Facility was subject to the terms and conditions of the Colorado Construction Permit Number 16WE0773, Issuance 1, issued to Discovery DJ Services LLC on December 21, 2016 (“Permit Number 16WE0773, Issuance 1”). Rocky Mountain Midstream acquired Discover DJ Services LLC on August 3, 2018.

The following equipment or activity is/was subject to Permit Number 16WE0773, Issuance 1, and/or Permit Number 16WE0773, Issuance 2, and is relevant to this Early Settlement Agreement:

Facility Equipment ID	AIRS Point	Startup Date	Equipment Description
E2	002	9/23/2017	One Caterpillar Model: G3516B SN: TBD natural gas fired, turbocharged, 4SLB RICE, site rated at 1,380 HP and 1400 RPM. This emission unit is used for natural gas compression.
E3	003	5/13/2018	One Caterpillar Model: G3516B SN: TBD natural gas fired, turbocharged, 4SLB RICE, site rated at 1,380 HP and 1400 RPM. This emission unit is used for natural gas compression.
CB	005	9/23/2017	Natural gas venting from compressor blowdowns. Emissions from this source are vented to the atmosphere.



Facility Equipment ID	AIRS Point	Startup Date	Equipment Description
RP	006	9/23/2017	Natural gas venting from reciprocating compressor rod packing. Emissions from this source are vented to the atmosphere.
D1	007	9/23/2017	One Enerflex Ethylene Glycol natural gas dehydration unit (Model & Serial Number: TBD) with a design capacity of 20 MMscf per day. This emissions unit is equipped with one gas-glycol pump (Make, Model, SN: TBD) with a design capacity of 7.5 gallons per minute. This unit is equipped with a reboiler, still vent and flash tank.
FUG	009	9/23/2017	Equipment leaks (fugitive VOCs) from a natural gas processing facility.
CT	010	9/23/2017	10-400 barrel fixed roof storage vessels connected via liquid manifold used to store condensate. Emissions from this source are a function of VRU downtime. 10% VRU downtime is assumed.
E5	011	3/15/2018	One Caterpillar Model: G3508B SN: TBD natural gas fired, turbocharged, 4SLB RICE, site rated at 690 HP and 1400 RPM. This emission unit is used for natural gas compression.
E6	012	3/15/2018	One Caterpillar Model: G3508B SN: TBD natural gas fired, turbocharged, 4SLB RICE, site rated at 690 HP and 1400 RPM. This emission unit is used for natural gas
Plant Flare	013	9/23/2017	One enclosed flare (Make, Model, SN: TBD) used to control emissions from the ethylene glycol dehydration unit still vent (point 007 and 008). This enclosed flare also controls emissions from the ethylene glycol dehydration unit flash tank (point 007 and 008) when emissions are not routed to the reboiler and from the condensate storage vessels (point 010) when emissions are not routed to the VRU.
LT	014	9/23/2017	Truck loadout of condensate.

On November 21, 2018, Joseph Wright, of the Colorado Air Pollution Control Division (“Division”), inspected the Facility. Based on the Division’s inspection, and a review of records related to the Facility, the Division issued a Compliance Advisory to Rocky Mountain Midstream on June 19, 2019. On July 22, 2019, the Division and Rocky Mountain Midstream met to discuss the issues identified in the Compliance Advisory. On August 9, 2019 and September 23, 2019, Rocky Mountain Midstream provided additional information related to the issues identified in the advisory.

Based upon a review of the Division’s inspection, records related to the Facility, and the information provided by Rocky Mountain Midstream, the Division has determined the following:

- A. Pursuant to Permit Number 16WE0773, Issuance 1, Condition 1, Rocky Mountain Midstream must notify the Division no later than 15 days of the latter of commencement of operation or issuance of this permit, by submitting a Notice of Startup (“NOS”) form to the Division for the equipment covered by this permit. Rocky Mountain Midstream failed to submit the NOS for AIRS Points 005, 006, 009,



010, 013, and 014 within 15 days of commencement of operation as described in Table 1, below, violating Permit Number 16WE0773, Issuance 1, Condition 1.

Table 1		
AIRS Point	Start-up Date	NOS Received
005	9/23/2017	1/12/2018
006		1/12/2018
009		1/12/2018
010		1/12/2018
013		1/30/2018
014		1/12/2018

B. Pursuant to Permit Number 16WE0773, Issuance 1, Condition 7, Rocky Mountain Midstream must provide the manufacturer, model number, and serial number for AIRS Point 013 to the Division within 15 days of the latter of commencement of operation or issuance of this permit and include this information with the NOS form. Rocky Mountain Midstream commenced operation of AIRS Point 013 on September 23, 2017 but did not submit the NOS form with the manufacturer, model number, and serial number information until January 30, 2018, violating Permit Number 16WE0773, Issuance 1, Condition 7.

C. Pursuant to Permit Number 16WE0773, Issuance 1, Condition 9, Rocky Mountain Midstream must:

- i. Limit emissions of volatile organic compounds (“VOCs”) from AIRS Point 005 to 832 pounds per month (“lb/mo”) during the first 12 months of operation. Rocky Mountain Midstream commenced operation of AIRS Point 005 on September 23, 2017 and emitted 2,238.72 lb of VOCs from AIRS Point 005 during December 2017.
- ii. Calculate actual emissions each month and keep a compliance record on site or at a local field office with site responsibility for Division review. Rocky Mountain Midstream commenced operation of AIRS Point 007 on September 23, 2017 and failed to calculate monthly and annual actual emissions for the period from September 2017 through January 2018.

Rocky Mountain Midstream failed to limit emissions of VOCs from AIRS Point 005 to 832 lb/mo in December 2017 and failed to calculate actual emissions (monthly and annual) from AIRS Point 007 for the period from September 2017 through January 2018, violating Permit Number 16WE0773, Issuance 1, Condition 9. On August 9, 2019, Rocky Mountain Midstream provided the monthly and annual emissions for AIRS Point 007 for the period from November 2017 through October 2018.

D. Pursuant to Permit Number 16WE0773, Issuance 1, Condition 13, Rocky Mountain Midstream must:

- i. Limit compressor blowdown events for AIRS Point 005 to 12 events per month during the first 12 months of operation. Rocky Mountain Midstream commenced operation of AIRS Point 005 on September 23, 2017 and reported 33 compressor blowdown events during December 2017.
- ii. Maintain monthly records of the actual processing rates. Rocky Mountain Midstream failed to record natural gas throughput for AIRS Point 007 for the period from September 2017 through January 2018.



Rocky Mountain Midstream failed to limit compressor blowdown events for AIRS Point 005 to 12 events during December 2017 and failed to record throughput for AIRS Point 007 for the period from September 2017 through January 2018, violating Permit Number 16WE0773, Issuance 1, Condition 13. On August 9, 2019, Rocky Mountain Midstream provided the monthly and annual throughput totals for AIRS Point 007 for the period from November 2017 through October 2018.

- E. Pursuant to Permit Number 16WE0773, Issuance 2, Condition 10, Rocky Mountain Midstream must limit emissions of air pollutants to the limitations identified in the permit. Rocky Mountain Midstream failed to limit emissions of nitrogen oxides (“NOx”), VOCs and carbon monoxide (“CO”) from AIRS Points 002, 003, 011 and 012 to the limitations identified in the permit as described in Table 2, below, violating Permit Number 16WE0773, Issuance 2, Condition 10.

Table 2							
AIRS Point	Month-Year	Air Pollutants					
		Reported NOx (lb/mo)	NOx Limit (lb/mo)	Reported VOC (lb/mo)	VOC Limit (lb/mo)	Reported CO (lb/mo)	CO Limit (lb/mo)
002	May-2018	1,207	1,138	1,159	1,087	1,207	1,138
003	Aug-2018	1,142	1,138	1,097	1,087	1,142	1,138
011	Sept-2018	Did not exceed	578	640	328	Did not exceed	578
012	Sept-2018	584	578	646	628	584	578

- F. Pursuant to Permit Number 16WE0773, Issuance 2, Condition 16, Rocky Mountain Midstream must limit the consumption of natural gas as fuel for AIRS Points 002, 011 and 012 to the rates identified in the permit. Rocky Mountain Midstream failed to limit the consumption of natural gas as fuel for AIRS Points 002, 011 and 012 to the rates identified in the permit as described in Table 3, below, violating Permit Number 16WE0773, Issuance 2, Condition 16.

Table 3			
AIRS Point	Month-Year	Reported Monthly Consumption (MMscf ¹)	Monthly Limit (MMscf)
002	May-2018	7.19	6.8
011	Sept-2018	3.45	3.39
012	Sept-2018	3.48	3.39

- G. Pursuant to AQCC Regulation No. 3, Part B, § II.A.1, except where specifically authorized by the terms of this Regulation No. 3, no person shall commence construction of any stationary source or modification of a stationary source without first obtaining or having a valid construction permit from the Division. On April 18, 2017, Rocky Mountain Midstream submitted a permit modification application. In its application, Rocky Mountain Midstream requested to modify the emissions for AIRS Point 005 to account for the removal of inlet gas compression (*i.e.*, AIRS

¹ Million standard cubic feet.



Points 001 through 004). Based on the updated emission calculations in the application, the Division determined AIRS Point 005 was permit exempt because the uncontrolled actual emissions of VOCs were less than one ton per year (“tpy”). On January 8, 2018, the Division issued the APEN Required/Permit Exempt letter for AIRS Point 005 (APEN No. 17WE1156.XP). However, inlet gas compression was not removed from the Facility until May 31, 2019. Based on calculations using the emission factor provided in Permit Number 16WE0773, Issuance 1, which accounts for inlet gas compression, uncontrolled actual emissions of VOCs from AIRS Point 005 on a rolling 12-month total have been greater than one tpy since January 2018, with the highest total of 6.89 tpy ending November 2018, as described in Table 4, below. From January 2018 to May 31, 2019, Rocky Mountain Midstream failed to have a construction permit for AIRS Point 005, violating AQCC Regulation No. 3, Part B, § II.A.1. As of May 31, 2019, the emission factor approved by the Division in the April 18, 2017 modification and permit exempt determination for AIRS Point 005 is valid for determining emissions from AIRS Point 005, and Rocky Mountain Midstream is not required to obtain a construction permit for this point.

Rolling 12-month period ending Month-Year	Uncontrolled actual emissions of VOCs (tpy)
Jan-2018	3.70
Feb-2018	4.07
Mar-2018	4.44
Apr-2018	4.71
May-2018	4.92
Jun-2018	5.29
Jul-2018	5.39
Aug-2018	5.66
Sept-2018	5.29
Oct-2018	5.02
Nov-2018	4.65
Dec-2018	6.48
Jan-2019	5.56
Feb-2019	5.50
Mar-2019	5.56
Apr-2019	5.29
May-2019	5.09
Jun-2019	4.71
Jul-2019	4.62
Aug-2019	4.35

Based on information provided by Rocky Mountain Midstream, the Division will no longer pursue enforcement for the issues identified in Paragraph G of the Compliance Advisory issued on June 19, 2019.

The Colorado Air Pollution Prevention and Control Act, at § 25-7-122(1)(b), C.R.S., specifies that the penalty for such violations may be up to Fifteen Thousand Dollars (\$15,000.00) per day for each violation. The monetary amount of the Division’s settlement offer specified below is derived from a pre-established schedule of penalties, which takes into account, among other factors, the magnitude and severity of the violation, cooperation of the company, as well as the prior history of violations of air quality requirements associated with any of the company’s facilities/operations in the State of Colorado (including a company’s parent or subsidiary relations, if applicable). Settlement offers are based on the evaluation of the same factors and criteria in all cases. Based upon Rocky



Mountain Midstream's cooperation, and its efforts to bring its operations into compliance with the regulations and permit conditions identified above, the Division acknowledges that Rocky Mountain Midstream has appropriately and adequately addressed all compliance issues identified above. In the interest of settling the matters cited herein, the Division therefore offers the following settlement in accordance with the Division's settlement policy.

1. Payment of a reduced penalty in the sum of **Seventeen Thousand Five Hundred Dollars (\$17,500.00)**. Payment of the penalty precludes further enforcement by the Division for the above-described violation against Rocky Mountain Midstream. The Division retains its authority to take enforcement actions based on any and all violations not specifically described above.
2. Entering into this settlement shall not constitute an admission of violation of the air quality laws, or the alleged facts relating thereto, nor shall any third party infer it to be such an admission in any administrative or judicial proceeding. However, Rocky Mountain Midstream agrees not to challenge the factual or legal determinations herein, the Division's authority to bring, or the court's jurisdiction to hear, any action, insofar as it pertains to the matters contained herein, to enforce the terms of this settlement agreement. The described violation will constitute part of Rocky Mountain Midstream's compliance history for any purpose for which such history is relevant.

This letter constitutes an offer of settlement and is not a demand for payment. Please contact me if you wish to discuss this offer of settlement. We remain willing to consider any information you wish to submit related to the violation. Please be advised, however, that the offer of settlement contained in this letter is predicated on resolving this matter within fifteen (15) days of the date of this settlement proposal letter. If you elect to continue the negotiation of this matter beyond that date, this offer shall be deemed withdrawn, and any penalty mitigation built into this settlement proposal may be revoked. If you require additional time to evaluate this settlement proposal or discuss remaining issues with the Division, however, please contact me regarding your request for an extension of the offer. Any extension of the offer, if agreed to by the Division, must be confirmed, in writing, by the Division.

If the above terms are acceptable to you, please have the appropriate person sign and return this letter and send a check in the sum of **Seventeen Thousand Five Hundred Dollars (\$17,500.00)**, made payable to the Colorado Department of Public Health and Environment, to

**Air Pollution Control Division
Attn: Heather Wuollet
4300 Cherry Creek Drive South
APCD-SS-B1
Denver, Colorado 80246-1530**

This offer of settlement, upon being fully endorsed by both the Division and Rocky Mountain Midstream, shall constitute full and final resolution of the noncompliance issues identified herein and in the Compliance Advisory issued to Rocky Mountain Midstream.

You may write or call to request a settlement conference if you wish to discuss the matter with representatives of the Division's compliance staff. If we do not receive a response from you within fifteen (15) days of the date of this letter, we will assume that you are not interested in resolving this matter as outlined above. Please call me, at 303-692-3259, or Heather Wuollet, at 303-692-3198, if you have any further questions regarding this matter.



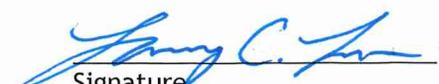
Sincerely,



Shannon McMillan
Compliance and Enforcement Program Manager

I certify that I am authorized by Rocky Mountain Midstream to execute this settlement agreement and bind Rocky Mountain Midstream, and any affiliated entities, to the terms and conditions of this agreement. I have read the above settlement and agree to the terms and conditions of this offer.

Name: Larry C. Larsen
Larry C. Larsen
Title: General Manager


Signature

801-209-9132
Telephone Number

11/5/19
Date

- cc: Shannon McMillan, APCD
- Jennie Morse, APCD
- Heather Wuollet, APCD
- Chris Laplante, APCD
- Michael Stovern, EPA (Region VIII)
- Joseph Wright, APCD
- Jen Mattox, APCD
- Tom Lovell, APCD
- Tom Roan, Attorney General's Office
- File

