

REBUTTAL STATEMENT - DCP MIDSTREAM, LP

IN THE MATTER OF AMBIENT AIR QUALITY STANDARDS REGULATION NUMBERS 3, 7
AND 11 FOR THE DENVER METROPOLITAN & NORTH FRONT RANGE AREA OZONE
ACTION PLAN

Under authority set forth in Section 1.5.5(5)(d) of Procedural Rules of the Colorado Air Quality Control Commission ("Commission") (5 CCR 1001-1), DCP Midstream, LP ("DCP"), by and through its counsel, Carver Schwarz McNab & Bailey, LLC, files this Rebuttal Statement.

Executive Summary

There are four (4) competing rule alternatives the Commission will consider at the December 11 public hearing. These include the specific rules noticed on September 18, two alternatives the Division presented in conjunction with its Prehearing Statement on November 13, 2008, and an alternative presented on November 17, 2008 in the Final Prehearing Statement filed by the Well Operators.¹ Since the VOC emissions from DCP's operations in the 8-hour ozone control area have been effectively controlled for a number of years, as memorialized in construction permits and Title V operating permits issued by the Division, it is critical that any alternative the Commission adopts: (a) account for the steps DCP has already taken to control its VOC emissions; (b) not subject DCP to duplicative control, surveillance, recordkeeping and reporting requirements; and (c) avoid unintended air quality impacts in areas of the State that lie outside the 8-hour ozone control area that will be subject to stakeholder and rulemaking processes to start in early 2009.

DISCUSSION

Exhibit 3 to DCP's Prehearing Statement set forth revisions and clarifications to Regulation No. 7, Sections XII.A4, XII.G, XII.C.1.c and VXIII, that we understand are acceptable to the Division. These revisions and clarifications apply to the rule alternative the Commission noticed for rulemaking on September 18, 2008 (including revisions presented by the Division to the parties on November 5, 2008).

Exhibit 1 to this Rebuttal Statement sets forth revisions to the Alternatives 1 and 2 that the Division proposed in its Prehearing Statement. The revisions will result in DCP controlling all of the atmospheric condensate storage tanks it operates in the 8-hour ozone control area with uncontrolled actual emissions of VOC greater than 2 tpy. DCP has presented and discussed the suggested rule language with the Division. DCP understands that the Division agrees with

¹ The "Well Owners" are comprised of Anadarko Petroleum Corporation, Noble Energy and Williams Production RMT Company.

DCP's proposal and that the Division intends to incorporate the changes into the Alternatives 1 and 2.

The Well Operators alternative Regulation No. 7, Section XII is acceptable to DCP because it maintains current system-wide *de minimis* levels currently found in Section XII.A.6 and XII.A.8.

DCP requested 20 minutes for rebuttal testimony in its Prehearing Statement and herein renews that request.

DATED this 25th day of November, 2008.

Respectfully submitted,

DCP Midstream, LP

By: s/ Jeffrey W. Schwarz

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ATTORNEYS FOR DCP MIDSTREAM, LP

CERTIFICATE OF SERVICE

This is to certify that I have duly caused to be served by electronic mail the within **REBUTTAL STATEMENT IN THE MATTER OF AMBIENT AIR QUALITY STANDARDS REGULATION NUMBERS 3, 7 AND 11 FOR THE DENVER METROPOLITAN & NORTH FRONT RANGE AREA OZONE ACTION PLAN** upon the parties identified below this 25th day of November 2008, addressed as follows:

s/ Jeffrey W. Schwarz

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EXHIBIT 1

**Rebuttal Statement - DCP Midstream, LP
In The Matter Of Ambient Air Quality Standards
Regulation Numbers 3, 7 AND 11
For The Denver Metropolitan & North Front Range Area
Ozone Action Plan**

**Proposed Revisions to the Division's November 13, 2007
Alternatives 1 and 2**

- XII.A.3 Natural gas processing plants and qualifying natural gas compressor stations and drip stations located in an Ozone Non-attainment or Attainment Maintenance Area are subject to Sections ~~XII.B, XII.G and XII.H~~.
- XII.A.4 DELETE
- XII.A.5 Renumber as XII.A.4
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- XII.G Gas-processing plants located in the 8-hour Ozone Control Area or an Ozone Non-attainment or Attainment/Maintenance Area shall comply with requirements of this Section XII.G, as well as the requirements of Sections XII.~~B~~C, XII.C.1.A, XII.C.1.B, XII.H, and XVI.
- XII.G.1 For fugitive VOC emissions from leaking equipment, the leak detection and repair (LDAR) program as provided at 40 C.F.R. Part 60, Subpart KKK (see Regulation No. 6, Part A, Subpart KKK) shall apply, regardless of the date of construction of the affected facility.
- XII.G.2 Air pollution control equipment shall be installed and properly operated to reduce emissions of volatile organic compounds from any atmospheric condensate storage tank (or tank battery) used to store condensate that has not been stabilized that has uncontrolled actual emissions greater than or equal to two tons per year. Such air pollution control equipment shall have a control efficiency of at least 95% on a rolling 12-month basis.
- XII.G.3 Existing natural gas processing plants in the 8-hour Ozone Control Area shall comply with the requirements of this Section XII.~~B~~C by no later than May 1, 2005.
- XII.G.4 The provisions of this Section XII.~~B~~C shall apply upon the commencement of operation of any gas processing plant that commences operation in the 8-hour Ozone Control Area or an Ozone Non-attainment or Attainment/Maintenance Area after the effective date of this subsection.

XII.G.5 The requirements of this Section XII shall not apply to the owner or operator of any natural gas compressor station or natural gas drip station located in an Ozone Non-attainment or Attainment/Maintenance Area if:

XII.G.5.a air pollution control equipment is installed and properly operated to reduce emissions of volatile organic compounds from all atmospheric condensate storage tanks (or tank battery) that have uncontrolled actual emissions of greater than or equal to two tons per year;

XII.G.5.b the air pollution control equipment is designed to achieve a VOC control efficiency of at least 95% on a rolling 12-month basis and meets the requirements of Sections XII.C.1.A and XII.C.1.B;

XII.G.5.c the owner or operator of such natural gas compressor station or natural gas drip station does not own or operate any exploration and production facilities in the Ozone Non-attainment or Attainment/Maintenance Area; and

XII.G.5.d the addition of the air pollution control equipment is memorialized in a construction permit or Title V operating permit issued by the Division.

XII.G.6 A natural gas compressor station or natural gas drip station subject to this Section XII.G at which a glycol natural gas dehydrator and/or natural gas-fired stationary or portable engine is operated shall be subject to Sections XII.H and/or XVI.