

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

ANR PIPELINE COMPANY

AI # 3394 & 16816

PROCEEDINGS UNDER THE LOUISIANA  
ENVIRONMENTAL QUALITY ACT  
LA. R.S. 30:2001, ET SEQ.

\* Settlement Tracking No.  
\* SA-AE-10-0018  
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\* Enforcement Tracking No.  
\* AE-PP-05-0052  
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SETTLEMENT

The following Settlement is hereby agreed to between ANR Pipeline Company (“Respondent”) and the Department of Environmental Quality (“DEQ” or “the Department”), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. (“the Act”).

I

Respondent is a corporation that owns and/or operates a natural gas compressor station and liquid handling facility (Grand Chenier Facility, Agency Interest No. 3394) located in Grand Chenier, Cameron Parish, Louisiana. Respondent also owns and/or operates a natural gas liquid stabilization, storage, and loading facility (Patterson Terminal, Agency Interest No. 16816) located in Patterson, St. Mary Parish, Louisiana (“the Facility(s”).

II

On July 17, 2009, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-05-0052, which was based upon the following findings of fact:

On or about January 26, 2009, and April 21, 2009, file reviews of the Grand Chenier Facility (Agency Interest No. 3394), owned and/or operated by ANR Pipeline Company (Respondent), were

performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations. The facility is located at 192 Mermentau River Road in Grand Chenier, Cameron Parish, Louisiana. The facility currently operates under Title V Permit No. 0560-00034-V3, issued on July 25, 2007.

The following violations were noted during the course of the file reviews:

- A. According to the Respondent's letter dated June 25, 2003, the Grand Chenier Facility is comprised of a Liquids Handling Unit (LH) and a Compressor Station (CS), which are physically separated by a two-lane public roadway that passes between them. During the initial Title V permitting review, the Respondent determined that the LH and CS should not be considered as a single facility. The Respondent concluded that the CS should be considered a major source and the LH was determined not to be a major source. Subsequently, the Respondent submitted an initial Title V Permit Application to the Department for the CS in April 1996, and a Synthetic Minor Source Permit Application for the LH in June 1996. On October 9, 1998, Title V Permit No. 0560-00034-V0 was issued for the Grand Chenier Compressor Station. A permit was not issued for the LH. During the internal review as part of the Title V permit renewal application, the Respondent researched the 1996 conclusion that the two facilities should be considered separately. The Respondent determined that the CS and LH should be considered a single major source and therefore, operate under a single Title V permit. The LH unit was operating under Permit No. 790 issued on September 7, 1977. According to Permit No. 790, the facility's flare, Emission Source No. ES 6-77, was designated for emergency use and truck HC loading. On April 11, 2005, representatives of the Respondent met with the Department. According to the notes from this meeting, the facility's flare, Emission Source No. ES 6-77, is used 8,760 hours per year. Operation of the facility's flare, other than for emergency use and truck HC loading, is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2). On July 13, 2005, the Respondent was issued Title V Permit No. 0560-00034-V1 which incorporated the LH facility into the Grand Chenier Facility.
- B. On or about January 24, 2006, the Respondent submitted a letter to the Department which stated that during the response to Hurricane Rita which made landfall on September 24, 2005, at the facility, the Respondent restored the flare to operation soon after obtaining a variance, but could not repair the existing flash gas compressor. To reduce the volatile organic compound (VOC) emissions, a temporary flash gas recovery compressor was installed on November 10, 2005. The operations of the flash gas compressor did result in 1.44 tons of nitrogen oxides (NO<sub>x</sub>), 2.42 tons of carbon monoxide (CO),

0.01 tons of particulate matter, less than 0.01 tons of sulfur dioxide, and 0.02 tons of VOC emissions that were not previously considered. The operation of the flash gas compressor without prior approval from the permitting authority is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

- C. Specific Requirement Nos. 6 and 14 of Title V Permit No. 0560-00034-V1 issued on July 13, 2005, require that a performance test for nitrogen oxides (NO<sub>x</sub>) and carbon monoxide (CO) be conducted within 180 days of permit issuance for sources EQT002 and EQT003. In a Notice of Deviation letter dated April 17, 2006, the Respondent reported that due to an error the Respondent did not submit the test data within the required 180 days. In the letter, the Respondent stated that these units were previously tested within five (5) years, and this test data was to be submitted in lieu of testing in order to meet the specific requirements. Each incident of the Respondent's failure to submit the test data within the required 180 days is a violation of Title V Permit No. 0560-00034-V1, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2). The Respondent also reported these deviations in the Title V Semiannual Monitoring Report dated September 27, 2006, and Title V Annual Compliance Certification dated March 27, 2007.
- D. On October 19, 2005, the Respondent was issued a Temporary Variance for the operation of specified temporary emission sources including a marine barge and a 500 barrel (bbl) saltwater storage tank. On January 27, 2006, the Respondent was issued a Temporary Variance for a temporary heater, flare, and flash gas compressor. In a Notice of Deviation letter dated July 19, 2006, Title V Semiannual Monitoring Report dated September 27, 2006, Title V Semiannual Monitoring Report dated March 27, 2007, and Title V Annual Compliance Certification dated March 27, 2007, the Respondent reported that two saltwater storage tanks were used instead of one as stated in the variance, and the tanks were used after the variance expired on April 30, 2006, for an unknown period of time. The Respondent also reported that the temporary heater, flare, and flash gas compressor were utilized after the variance expired on June 1, 2006, for an unknown period of time. Each incident of operation of each source without prior approval from the permitting authority is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

On or about January 26, 2009, and April 21, 2009, file reviews of Patterson Terminal (Agency Interest No. 16816), owned and/or operated by ANR Pipeline Company (Respondent), were performed to determine the degree of compliance with the Act and the Air Quality Regulations. The

facility is located at 3609 U.S. Highway 90 West in Patterson, St. Mary Parish, Louisiana. The facility currently operates under Title V Permit No. 2660-00059-V3, issued on November 9, 2006.

The following violations were noted during the course of the file reviews:

- A. In a Notice of Deviation letter dated March 19, 2004, Title V Semiannual Monitoring dated March 22, 2004, and the Title V Annual Compliance Certification dated March 22, 2004, the Respondent reported exceeding the volatile organic compound (VOC) permitted emission limits from two (2) 55,000 barrel (bbl) storage tanks (EQT002 and EQT004) during the 2003 calendar year. Each storage tank had a permit limit of 13.08 tons per year (tpy) of VOCs. The Respondent reported that the actual VOC emissions during the 2003 calendar year were 30 tons from each storage tank. Each incident of exceeding a permitted emission limit is a violation of Title V Permit No. 2660-00059-V0, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2). Title V Permit No. 2660-00059-V2, issued on November 14, 2005, accommodates these increased emissions.
  
- B. In a Notice of Deviation letter dated March 11, 2005, Title V Semiannual Monitoring Report dated March 21, 2005, and the Title V Annual Compliance Certification dated March 21, 2005, the Respondent reported exceeding the VOC permitted emission limits for two (2) 55,000 bbl storage tanks (EQT002 and EQT004) during the 2004 calendar year. Each storage tank had a permit limit of 13.08 tpy of VOCs. The Respondent reported that the actual VOC emissions during the 2004 calendar year were 31 tons from each storage tank. Each incident of exceeding a permitted emission limit is a violation of Title V Permit No. 2660-00059-V0, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2). Title V Permit No. 2660-00059-V2, issued on November 14, 2005, accommodates these increased emissions.

### III

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

### IV

Nonetheless, Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount of FOUR THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$4,500.00), of which One

Thousand One Hundred Forty-Seven and 59/100 Dollars (\$1,147.59) represents the Department's enforcement costs, in settlement of the claims set forth in this agreement. The total amount of money expended by Respondent on cash payments to the Department as described above, shall be considered a civil penalty for tax purposes, as required by La. R.S. 30:2050.7(E)(1).

#### V

Respondent further agrees that the Department may consider the Notice of Potential Penalty and this Settlement for the purpose of determining compliance history in connection with any future enforcement or permitting action by the Department against Respondent, and in any such action Respondent shall be estopped from objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

#### VI

This agreement shall be considered a final order of the secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this agreement, except such review as may be required for interpretation of this agreement in any action by the Department to enforce this agreement.

#### VII

This settlement is being made in the interest of settling the state's claims and avoiding for both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the Department considered the factors for issuing civil penalties set forth in LSA- R. S. 30:2025(E) of the Act.

## VIII

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Cameron Parish and St. Mary Parish, Louisiana. The advertisement, in form, wording, and size approved by the Department, announced the availability of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted an original proof-of-publication affidavit and an original public notice to the Department and, as of the date this Settlement is executed on behalf of the Department, more than forty-five (45) days have elapsed since publication of the notice.

## IX

Payment is to be made within ten (10) days from notice of the Secretary's signature. If payment is not received within that time, this Agreement is voidable at the option of the Department. Payments are to be made by check, payable to the Department of Environmental Quality, and mailed or delivered to the attention of Accountant Administrator, Financial Services Division, Department of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303. Each payment shall be accompanied by a completed Settlement Payment Form (Exhibit A).

## X

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

## XI

Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his or her respective party, and to legally bind such party to its terms and conditions.

ANR PIPELINE COMPANY

BY: [Signature]  
(Signature)  
**Vern Meler**  
VP, US Pipeline Operations

TITLE: [Signature] (Print)  
**Dean Patry**  
VP US Pipelines Central

THUS DONE AND SIGNED in duplicate original before me this 16th day of September, 20 10, at Houston TX.

[Signature]  
NOTARY PUBLIC (ID # \_\_\_\_\_)

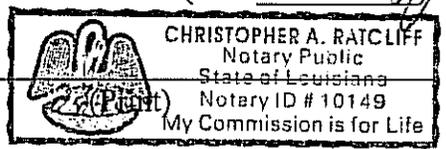


LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY  
Peggy M. Hatch, Secretary

BY: [Signature]  
Beau James Brock, Assistant Secretary  
Office of Environmental Compliance

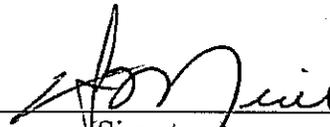
THUS DONE AND SIGNED in duplicate original before me this 19th day of January, 20 11, at Baton Rouge, Louisiana.

[Signature]  
NOTARY PUBLIC (ID # \_\_\_\_\_)



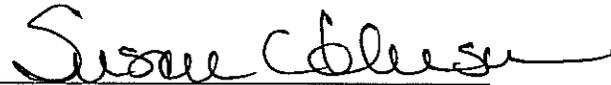
Approved: [Signature]  
Paul D. Miller, P.E., Assistant Secretary

ANR PIPELINE COMPANY

BY:   
(Signature)  
**Vern Meier**  
VP, US Pipeline Operations

(Print)  
TITLE:  **Dean Patry**  
**VP US Pipelines Central**

THIS DONE AND SIGNED in duplicate original before me this 16<sup>th</sup> day of September, 20 10, at Houston TX.

  
NOTARY PUBLIC (ID# \_\_\_\_\_)

