

STATE OF LOUISIANA
DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	* Settlement Tracking No.
	* SA-AE-09-0021
CHEVRON PHILLIPS CHEMICAL COMPANY LP	* *
AI # 2384	* Enforcement Tracking No.
	* AE-PP-08-0029
	* AE-PP-08-0179
PROCEEDINGS UNDER THE LOUISIANA ENVIRONMENTAL QUALITY ACT	* *
LA. R.S. 30:2001, <u>ET SEQ.</u>	*

SETTLEMENT

The following Settlement is hereby agreed to between Chevron Phillips Chemical Company LP ("Respondent") and the Department of Environmental Quality ("LDEQ" 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 limited partnership that owned and/or operated a styrene facility located at 9901 Louisiana Highway 18 in St. James, St. James Parish, Louisiana ("the Facility").

II

On May 23, 2008, the LDEQ issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-08-0029, which was based upon the following findings of fact:

On or about January 25 and January 31, 2008, a file review of St. James Styrene Facility, owned and/or operated by Chevron Phillips Chemical Company LP (Respondent), was 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 9901 Louisiana Highway 18 in St. James, St.

James Parish, Louisiana. The facility currently operates under Title V Permit No. 2560-00007-V8 issued on February 26, 2007.

While the Louisiana Department of Environmental Quality's (the Department) review is not yet complete, the following violation was noted during the course of the file review:

On August 21, 2006, the Respondent notified the Department of an unauthorized discharge of crude styrene at the St. James Plant that occurred on that same day. According to the Respondent's Follow-Up Notification Report dated August 25, 2006, the unauthorized discharge occurred "... in the process of draining water off of our MF-208B styrene off test tank, in preparation to rerun the off-test material back into the process, the dike sump (GY-391) became full and the hub behind the off-test tank began overflowing." The Respondent reported that approximately "87% of the spilled material was recovered and/or cleaned-up" and "approximately 13% was released to the atmosphere via evaporative losses." The following table identifies the components of crude styrene and the amount of each component that was released as reported by the Respondent.

Crude Styrene Component	Total Pounds Spilled Per Component (pounds)	Total Pounds Per Component Released to the Air (pounds)	Reportable Quantity (RQ) (pounds)
Benzene	8,255	3,790	10
Toluene	490	95	1,000
Xylenes	122	6	100
Ethylbenzene	15,203	1,040	1,000
Styrene	18,844	880	1,000

The unauthorized discharge of crude styrene from the styrene off test tank (MF-208B) is a violation of LAC 33:III.905 which states "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." Control equipment as defined by LAC 33:III.111 is "any device or contrivance, operating procedure or abatement scheme used to prevent or reduce air pollution." This is also a violation of La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

On February 9, 2009, the LDEQ issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-08-0179, which was based upon the following findings of fact:

On or about September 19 and September 25, 2008, file reviews of St. James Styrene Facility, owned and/or operated by Chevron Phillips Chemical Company LP (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 9901 Louisiana Highway 18 in St. James, St. James Parish, Louisiana. The facility currently operates under Title V Permit No. 2560-00007-V8 and PSD Permit No. PSD-LA-551 (M-7), both issued on February 26, 2007.

While the Louisiana Department of Environmental Quality's (the Department) investigation is not yet complete, the following violation(s) were noted during the course of the file reviews:

- A. According to the Respondent's 40 CFR Part 70 Permit Deviation Report dated December 30, 2006, "The E Boiler (Source ID 3-88) [EQT 040] Continuous Emissions Monitor (CEMs) analyzer was operational but automatic calibration system malfunctioned. Manual calibration was not performed during the automatic system outage. The E boiler is subject to NSPS Subpart Db requirements. . . . The duration of the deviation was seven days beginning August 30, 2006; the automatic calibration system was not returned to service until September 7, 2006." "During calibration, the valve allows the calibration standard to enter the CEMs; due to the leaking, the standard was contaminating the sample and caused a swift swing on the high side." "Troubleshooting was expedited and indicated that the 3 way valve was leaking; the 3-way valve was replaced." Each failure to calibrate the CEMs daily is a violation of 40 CFR 60.13(d)(1), which language has been adopted as a Louisiana Regulation in LAC 33:III.3003, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2). The Respondent also reported these deviations in its Title V 2006 Annual Compliance Certification Report dated March 31, 2007, and its Title V Semiannual Monitoring Report dated March 31, 2007.
- B. According to the Respondent's 40 CFR Part 70 Permit Deviation Report dated June 25, 2007, "On February 13, 2007, the B-Boiler [EQT 053] residue burn rate limit was exceeded for approximately 33 minutes. Note that the V7 Title V permit does not explicitly define the residue burn rate limit and its associated averaging period. However, a residue burn limit of 40 lbs/min was established in a Prevention of Significant Deterioration (PSD) permit-required performance test; during the incident, the residue burn rate did not

exceed 42.2 lbs/min. . . . During the exceedance, Operations immediately adjusted the valve position to decrease flow of the residue fuel to the B-Boiler. However, the valve adjustment was slow to respond and therefore, the exceedance lasted for approximately 33 minutes.” The exceedance of the residue burn rate is a violation of PSD Specific Condition No. 9 of PSD Permit No. PSD-LA-551 (M-6), Part 70 Specific Condition No. 15 of Title V Permit No. 2560-00007-V7, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2). The Respondent also reported this deviation in its Title V 2007 Annual Compliance Certification Report dated March 26, 2008, and the Title V Semiannual Monitoring Report dated September 15, 2007.

- C. The Department received an Unauthorized Discharge Notification Report from the Respondent dated March 12, 2007. According to this report, on March 6, 2007, “At 1000 hours, Operations was notified by on-site contractors of a hydrocarbon smell [*sic*] emitting from the South Tank Farm Area. Upon inspection of the area, pools of a suspected hydrocarbon and water mixture were observed within the earthen dike area of the tank farm. Preliminary investigations indicated that while in the process of draining water off of the MF-3309B [EQT 47] Slop Oil Tank, the drain line from the collection hub leading to the GY-3011 sump backed up and thus overflowed. This ultimately resulted in the overflow of hydrocarbons from the hub, which pooled within the earthen secondary containment area of the tank farm. . . . It was estimated that approximately 729.8 pounds [(lbs) 99.9 gallons] of slop oil was spilled. . . . Approximately 21% was released to the atmosphere via evaporated losses. It is estimated that approximately 79% of the spilled material was recovered and/or cleaned-up via the above mentioned recovery devices and soil remediation efforts. . . .” The following table identifies the chemical make-up of slop oil and the amount of each component that was released as reported by the Respondent.

Slop Oil Component	Pounds Spilled Per Component (lbs)	Pounds Evaporated Per Component (lbs)	Reportable Quantity (RQ) (lbs)
Benzene	315.5	130.3	10
Diethylbenzene	25.0	0.2	N/A
Ethylbenzene	245.0	18.3	1,000
Styrene	102.4	4.9	1,000
Toluene	3.5	0.6	1,000
Xylenes	1.6	0.1	100
“Heavies”*	36.8	Trace	N/A

* “Heavies” are described as high boiling point compounds.

This unauthorized discharge of slop oil from the slop oil tank (MF-3309B) is a violation of LAC 33:III.905 which states “When facilities have been installed on a property, they shall be used and diligently maintained in proper

working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded.” Control equipment as defined by LAC 33:III.111 is “any device or contrivance, operating procedure or abatement scheme used to prevent or reduce air pollution.” This unauthorized discharge is also a violation of La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

- D. The Department received an Unauthorized Discharge Notification Report from the Respondent dated March 27, 2007. According to this report, on March 25, 2007, “At approximately ~0945 hours, the EB Operator noticed a liquid dripping from an overhead deck grading. His investigation revealed an insulated pipe leak from the water boot drain associated a water/benzene separation drum. . . . The pipe insulation was removed and a patch was installed on the pipe at approximately 1030 hours. The source of the leak was an area of insulated pipe that was externally corroded. An estimated 13 gallons of water with a benzene concentration of ~800 parts per millions (ppm) was flushed to a process drain to ultimately be re-run through the process. The estimated vapor release was 26.1 pounds of benzene. The total amount of benzene released (liquid and vapor) was 26.2 pounds. . . . On March 27, 2007, a 7-foot section of pipe was replaced.” This unauthorized discharge of benzene is a violation of LAC 33:III.905 which states “When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded.” Control equipment as defined by LAC 33:III.111 is “any device or contrivance, operating procedure or abatement scheme used to prevent or reduce air pollution.” This unauthorized discharge is also a violation of La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- E. According to the Respondent’s Unauthorized Discharge Notification Report dated May 24, 2007, and the 40 CFR Part 70 Permit Deviation Report dated September 15, 2007, “. . . at 1500 hours (May 18th), it was determined that the pounds per hour (lbs/hr) emissions rate for Emissions Point Number (EPN) EQT022 1-95B-GT-3302 Cooling Water Tower had been exceeded as stated in our Title V Permit (No. 2560-00007-V8). . . . The calculations to determine the actual emission rate (lbs/hr) revealed that we exceeded the permitted rate limit starting May 2, 2007 at 0600 hours.” On May 18, 2007, “. . . via email communication, a variance was requested and subsequently approved by LDEQ to temporarily allow the hourly benzene permit limit . . .” to be increased from the permitted emission rate of 0.10 lbs/hr to 0.37 lbs/hr during the variance period that expired on July 15, 2007. “. . . Chevron Phillips completed its repair by June 5, 2007. . . .” According to the Respondent, the emission rates from May 2, 2007, though May 17, 2007, are as shown in the following table:

Cooling Water Tower GT-3302 EQT 022 Emission Rates	
Date	Amount of Benzene (lbs/day)
5/2/2008	13.19
5/3/2008	13.15
5/4/2008	13.16
5/5/2008	13.16
5/6/2008	13.18
5/7/2008	13.21
5/8/2008	10.06
5/9/2008	10.06
5/10/2008	10.05
5/11/2008	10.06
5/12/2008	10.05
5/13/2008	10.06
5/14/2008	10.03
5/15/2008	10.04
5/16/2008	11.14
5/17/2008	11.14

Each benzene permit limit exceedance of the maximum pounds per hour is a violation of Title V Permit No. 2560-00007-V8, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2). The Respondent also reported this deviation in its Title V 2007 Annual Compliance Certification Report dated March 26, 2008, and the Title V Semiannual Monitoring Report dated September 15, 2007.

- F. According to the Respondent’s Unauthorized Discharge Notification Report dated September 10, 2007, and the 40 CFR Part 70 Permit Deviation Report dated December 27, 2007, “On Friday, September 7, 2007, at approximately 0149 hours, . . . St. James Plant (Chevron Phillips) has exceeded the maximum temperature established for the SM-I Hotwell Absorption Tower (EQT 004- EIQ No.:1-93) at 0110 hours. . . . the temperature excursion was the result of an electrical failure of our process unit refrigeration equipment. The shutdown of this process refrigeration equipment triggered the increase in temperature of the SM-I Hotwell Absorption Tower scrubbing liquid above the range established in the most recent performance test . . . The production rate was reduced in order to decrease emissions. . . . The permitted emission rate from the Hotwell Absorption Tower for benzene (CAS: 71-43-2) and toluene (CAS: 108-88-3) were exceeded. The maximum permitted rate for both constituents is 0.03 pounds per hour (lb/hr). The temperature was out of range for 7 ½ hours and the emission rates for benzene was 0.046 lb/hr and toluene was 0.089 lb/hr during this time period. The amounts of excess emissions above permitted limits, during the temperature excursion, were

0.120 pounds for benzene and 0.445 pounds for toluene.” Each benzene and toluene permit limit exceedance of the maximum pounds per hour is a violation of Title V Permit No. 2560-00007-V8, LAC 33:III.501.C.4, LAC 33:III.5109 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2). The Respondent also reported this deviation in its Title V 2007 Annual Compliance Certification Report dated March 26, 2008, and the Title V Semiannual Monitoring Report dated March 25, 2008.

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 SEVEN THOUSAND AND NO/100 DOLLARS (\$7,000.00), of which One Thousand Five Hundred Fifty-Four and 25/100 Dollars (\$1,554.25) represents the LDEQ'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 LDEQ 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 LDEQ may consider the inspection report(s), 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 LDEQ 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 LDEQ 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 LDEQ 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 St. James Parish, Louisiana. The advertisement, in form, wording, and size approved by the LDEQ, announced the availability of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted a proof-of-publication affidavit to the LDEQ and, as of the date this Settlement is executed on behalf of the LDEQ, 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 LDEQ. 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.

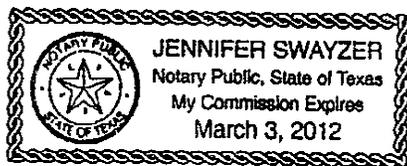
**CHEVRON PHILLIPS CHEMICAL
COMPANY LP**

BY: Rick L. Roberts ^{DAS}
(Signature)

Rick L. Roberts
(Print)

TITLE: SR. VICE PRESIDENT MANUFACTURING

THUS DONE AND SIGNED in duplicate original before me this 4th day of
January, 20 10, at _____.



Jennifer Swayzer
NOTARY PUBLIC (ID # _____)
Jennifer Swayzer
(Print)

**LOUISIANA DEPARTMENT OF
ENVIRONMENTAL QUALITY**

Peggy M. Hatch, Secretary

BY: Paul D. Miller
Paul D. Miller, P.E., Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 3th day of
February, 20 10, at Baton Rouge, Louisiana.

Christopher A. Ratcliff
NOTARY PUBLIC (ID # 1014911)
Christopher A. Ratcliff
(Print)

Approved: Peggy M. Hatch
Peggy M. Hatch, Assistant Secretary