

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

CHEVRON PIPE LINE COMPANY

AI # 19861

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

- * Settlement Tracking No.
- * SA-AE-09-0062
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- * Enforcement Tracking No.
- * AE-CN-08-0097
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SETTLEMENT

The following Settlement is hereby agreed to between Chevron Pipe Line 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 crude oil terminal located at or near the east bank of the Mississippi River, approximately three miles south of Empire in Plaquemines Parish, Louisiana ("the Facility").

II

On September 26, 2008, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. AE-CN-08-0097, which was based upon the following findings of fact:

The Respondent owns and/or operates Empire-Ostrica Terminal (Facility), a crude oil terminal located at or near the east bank of the Mississippi River approximately three miles south of

Empire in Plaquemines Parish, Louisiana. The facility currently operates under Air Permit No. 2240-00048-07, issued on June 26, 2007.

On or about June 6, 2008, a file review of the Respondent's facility was conducted to determine the degree of compliance with the Act and the Air Quality Regulations. On February 25, 2008, the Respondent verbally notified the Department of an unauthorized discharge which occurred at the Respondent's facility on February 13, 2008. Written notification was submitted to the Department in a letter dated March 4, 2008, and postmarked on March 7, 2008. According to this letter from the Respondent, on February 13, 2008, the vapor recovery system at the facility was not utilized during a barge loading operation. This resulted in 16 pounds (lbs) of benzene and 178 lbs of hydrogen sulfide being released to the atmosphere. According to this letter, the unauthorized discharge was not discovered until five days after this barge loading operation, due to the fact that management did not review the documentation of this barge loading until five days after it occurred. The reportable quantities for benzene and hydrogen sulfide are 10 lbs and 100 lbs, respectively, as listed in Table 302.4 List of Hazardous Substances and Reportable Quantities in 40 CFR 302.4, which language has been adopted as a Louisiana Regulation in LAC 33:I.3931.A.1.b.

On or about June 6, 2008, a file review of the Respondent's facility was conducted to determine the degree of compliance with the Act and the Air Quality Regulations.

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

- A. The unauthorized discharge which occurred on February 13, 2008, at the Respondent's facility is a violation of LAC 33:III.905 which states, "To aid in controlling the overall levels of air contaminants into the atmosphere, air pollution control facilities should be installed whenever practically, economically, and technologically feasible. 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." Specific Requirement No. 204 of Air Permit No. 2240-00048-07, which incorporates LAC 33:III.2108.C.6, also states "Properly connect the vapor collection and disposal system to the barges before any loading is done." The failure to connect the vapor recovery system is a violation of Specific Requirement No. 204 of Air Permit No. 2240-00048-07, LAC 33:III.2108.C.6, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

- B. The unauthorized discharge which occurred on February 13, 2008, at the Respondent's facility was not discovered until five days after this barge loading operation, due to the fact that management did not review the documentation of this barge loading until five days after it occurred. The Respondent failed to verbally notify the Department by February 19, 2008, of the unauthorized discharge which occurred at the Respondent's facility on February 13, 2008. This is a violation of LAC 33:I.3917.A, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2). On February 25, 2008, the Respondent verbally notified the Department of this unauthorized discharge.
- C. The Respondent failed to submit written notification to the Department by February 26, 2008, regarding the unauthorized discharge which occurred at the Respondent's facility on February 13, 2008. This is a violation of LAC 33:I.3925.A, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2). Written notification was submitted to the Department in a letter dated March 4, 2008, and postmarked on March 7, 2008.

The following deviation, although not included in the foregoing enforcement action, is within the scope of the settlement herein.

On October 21, 2008, the Respondent submitted correspondence to the Department regarding an internal floating roof tank (Tank 6107) that partially submerged below the product level. This resulted in a release to the atmosphere of benzene and hydrogen sulfide in excess of reportable quantities. This is a violation of LAC 33:III.905 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

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 TWO THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$2,500.00) of which Two Hundred Ninety-Three and 18/100 Dollars (\$293.18) 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 letter from Jeffrey H. Downing, Environmental Specialist, Chevron Pipeline Co., to DEQ, dated March 4, 2008, the Consolidated Compliance Order & 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 Plaquemines 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.

CHEVRON PIPE LINE COMPANY

BY: Edward L. Cour
(Signature)

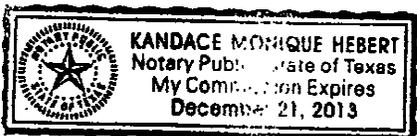
Edward LaCour
(Print)

TITLE: Vice President - Gulf Coast Crude Products

THUS DONE AND SIGNED in duplicate original before me this 31 day of March, 20 10, at Bellaire, Texas

Kandace Hebert
NOTARY PUBLIC (ID # 83275)

Kandace Hebert
(Print)



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 30th day of August, 20 10, at Baton Rouge, Louisiana.

Christopher A. Ratchiff
NOTARY PUBLIC (ID # 10149)

Christopher A. Ratchiff
(Print)

Approved: Paul D. Miller
Paul D. Miller, P.E., Assistant Secretary