

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

CONRAD INDUSTRIES, INC.

AI # 1350, 41118, 93675

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

\* Settlement Tracking No.  
\* SA-AE-10-0022  
\*  
\* Enforcement Tracking No.  
\* AE-CN-08-0067  
\* AE-CN-08-0067A  
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SETTLEMENT

The following Settlement is hereby agreed to between Conrad Industries, Inc. ("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 the following marine vessel fabrication and repair facilities: Main Shipyard, Agency Interest No. 1350, located in Morgan City, St. Mary Parish, Louisiana; Aluminum Shipyard, Agency Interest No. 41118, located in Amelia, St. Mary Parish, Louisiana; and Amelia Deepwater Shipyard, Agency Interest No. 93675, located in Amelia, St. Mary Parish, Louisiana.

II

On January 28, 2009, the Department issued to Respondent a Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. AE-CN-08-0067, which was based upon the following findings of fact:

The Respondent owns and/or operates Main Shipyard (Agency Interest No. 1350), a facility for the fabrication and repair of marine vessels. The facility is located on Front Street in Morgan City, St. Mary Parish, Louisiana. The facility currently operates under Air Permit No. 2660-00010-00, issued on August 11, 2003. On or about December 27, 2007, the Department received a minor source permit modification application for the facility.

On or about August 19, 2008, a file review of the Respondent's facility was performed 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:

According to Specific Condition No. 5 of Air Permit No. 2660-00010-00, use of any material emitting a Toxic Air Pollutant (TAP) not listed in the permit shall require a permit modification prior to use. According to an email from the Respondent's representative dated August 18, 2008, and a Specific Condition Report dated March 31, 2008, the Respondent emitted the following unpermitted pollutants during the 2007 and 2008 calendar years:

12-month Consecutive Totals of Cumene (tons)	Month/Year
0.019	January 2007
0.028	February 2007
0.043	March 2007
0.052	April 2007
0.072	May 2007
0.087	June 2007
0.104	July 2007
0.105	August 2007
0.115	September 2007
0.126	October 2007
0.131	November 2007
0.138	December 2007
0.126	January 2008
0.121	February 2008
0.121	March 2008
0.117	April 2008
0.098	May 2008
0.090	June 2008
0.074	July 2008

12-month Consecutive Totals of Phenol (tons)	Month/Year
0.001	February 2007
0.001	March 2007
0.001	April 2007
0.001	May 2007
0.001	June 2007
0.001	July 2007
0.001	August 2007
0.001	September 2007
0.002	October 2007
0.002	November 2007
0.002	December 2007
0.001	January 2008
0.001	February 2008
0.001	March 2008

12-month Consecutive Totals of Barium and its Compounds (tons)	Month/Year
0.003	January 2007
0.005	February 2007
0.009	March 2007
0.014	April 2007
0.015	May 2007
0.015	June 2007
0.015	July 2007
0.015	August 2007
0.015	September 2007
0.015	October 2007
0.015	November 2007
0.016	December 2007
0.001	January 2008
0.001	February 2008
0.001	March 2008
0.001	April 2008
0.001	May 2008
0.001	June 2008
0.001	July 2008

12-month Consecutive Totals of Copper and its Compounds (tons)	Month/Year
0.004	March 2007
0.004	April 2007
0.004	May 2007
0.004	June 2007
0.004	July 2007
0.004	August 2007
0.004	September 2007
0.004	October 2007
0.004	November 2007
0.004	December 2007
0.008	January 2008
0.007	February 2008
0.004	March 2008
0.004	April 2008
0.004	May 2008
0.004	June 2008
0.004	July 2008

12-month Consecutive Totals of 2-Butoxy Ethanol (tons)	Month/Year
0.001	March 2008
0.001	April 2008
0.001	May 2008
0.001	June 2008
0.001	July 2008

Each incident of emissions of each unpermitted pollutant is a violation of Specific Condition No. 5 of Air Permit No. 2660-00010-00, LAC 33:III.501.C.4, LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

The Respondent owns and/or operates the Aluminum Shipyard (Agency Interest No. 41118), an aluminum marine vessel construction and repair facility. The facility is located at 9752 U.S. Highway 90 in Amelia, St. Mary Parish, Louisiana. The facility currently operates under Administrative Amendment to Air Permit No. 2660-00281-00, issued on June 26, 2006. On or about

December 27, 2007, the Department received a minor source permit modification application for the facility.

On or about August 19, 2008, a file review of the Respondent's facility was performed 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:

According to an email from the Respondent's representative dated August 18, 2008, and a Specific Requirement Report dated March 31, 2008, the facility exceeded the annual and consecutive twelve-month permit limits for the pollutants listed in the following table, and emitted the unpermitted pollutants also listed in the following table. These emissions are associated with surface coating operations (Emission Point No. 03-03/ ARE002).

12 month Consecutive Totals of n-Butanol (tons) (Permit Limit 0.015 tons per year (tpy))	Month/Year Exceeded
0.981	January 2007
1.341	February 2007
1.613	March 2007
1.708	April 2007
1.947	May 2007
1.951	June 2007
1.976	July 2007
1.865	August 2007
1.709	September 2007
1.639	October 2007
1.531	November 2007
1.458	December 2007
1.668	January 2008
1.335	February 2008
1.278	March 2008
1.331	April 2008
1.323	May 2008
1.549	June 2008
1.559	July 2008

12 month Consecutive Totals of Cumene (tons) (Not permitted)	Month/Year Exceeded
0.003	January 2007
0.016	February 2007
0.025	March 2007
0.029	April 2007
0.030	May 2007
0.032	June 2007
0.032	July 2007
0.036	August 2007
0.047	September 2007
0.047	October 2007
0.047	November 2007
0.051	December 2007
0.052	January 2008
0.040	February 2008
0.032	March 2008
0.028	April 2008
0.033	May 2008
0.036	June 2008
0.039	July 2008

12 month Consecutive Totals of Ethyl benzene (tons) (Permit Limit 0.174 tpy)	Month/Year Exceeded
0.196	January 2007
0.236	February 2007
0.376	March 2007
0.414	April 2007
0.499	May 2007
0.522	June 2007
0.531	July 2007
0.625	August 2007
0.619	September 2007
0.616	October 2007
0.608	November 2007
0.665	December 2007
0.615	January 2008
0.588	February 2008
0.527	March 2008
0.567	April 2008
0.571	May 2008

12 month Consecutive Totals of Ethyl benzene (tons) (Permit Limit 0.174 tpy)	Month/Year Exceeded
0.605	June 2008
0.615	July 2008

12 month Consecutive Totals of Methanol (tons) (Permit Limit 0.225 tpy)	Month/Year Exceeded
0.292	May 2007
0.298	June 2007
0.300	July 2007
0.360	August 2007
0.446	September 2007
0.452	October 2007
0.481	November 2007
0.518	December 2007

12 month Consecutive Totals of Naphthalene (tons) (Not permitted)	Month/Year Exceeded
0.018	February 2007
0.018	March 2007
0.019	April 2007
0.021	May 2007
0.021	June 2007
0.021	July 2007
0.026	August 2007
0.055	September 2007
0.055	October 2007
0.055	November 2007
0.055	December 2007
0.063	January 2008
0.046	February 2008
0.048	March 2008
0.047	April 2008
0.052	May 2008
0.058	June 2008
0.066	July 2008

12 month Consecutive Totals of Phenol (tons) (Not permitted)	Month/Year Exceeded
0.001	January 2007
0.001	February 2007
0.002	March 2007
0.004	April 2007
0.004	May 2007
0.005	June 2007
0.005	July 2007
0.005	August 2007
0.005	September 2007
0.005	October 2007
0.005	November 2007
0.007	December 2007
0.007	January 2008
0.007	February 2008
0.005	March 2008
0.003	April 2008
0.004	May 2008
0.003	June 2008
0.003	July 2008

12 month Consecutive Totals of Toluene (tons) (Permit Limit 0.844 tpy)	Month/Year Exceeded
1.020	May 2007
1.043	June 2007
1.049	July 2007
1.262	August 2007
1.563	September 2007
1.587	October 2007
1.684	November 2007
1.818	December 2007

12 month Consecutive Totals of Xylene (tons) (Permit Limit 1.992)	Month/Year Exceeded
2.023	June 2007
2.048	July 2007
2.414	August 2007
2.430	September 2007
2.342	October 2007
2.429	November 2007

12 month Consecutive Totals of Xylene (tons) (Permit Limit 1.992)	Month/Year Exceeded
2.579	December 2007
2.672	January 2008
2.559	February 2008
2.302	March 2008
2.575	April 2008
2.712	May 2008
2.835	June 2008
2.877	July 2008

12 month Consecutive Totals of Barium and its Compounds (tons) (Not permitted)	Month/Year Exceeded
0.001	March 2007
0.001	April 2007
0.001	May 2007
0.001	June 2007
0.001	July 2007
0.001	August 2007
0.002	September 2007
0.002	October 2007
0.002	November 2007
0.003	December 2007

12 month Consecutive Totals of Copper and its Compounds (tons) (Not permitted)	Month/Year Exceeded
0.005	February 2007
0.010	March 2007
0.014	April 2007
0.028	May 2007
0.028	June 2007
0.030	July 2007
0.030	August 2007
0.030	September 2007
0.030	October 2007
0.038	November 2007
0.041	December 2007
0.048	January 2008
0.043	February 2008

12 month Consecutive Totals of Copper and its Compounds (tons) (Not permitted)	Month/Year Exceeded
0.043	March 2008
0.045	April 2008
0.039	May 2008
0.047	June 2008
0.047	July 2008

12 month Consecutive Totals of Methyl ethyl ketone (tons) (Permit Limit 0.002 tpy)	Month/Year Exceeded
0.018	May 2008
0.029	June 2008
0.029	July 2008

12 month Consecutive Totals of Methyl isobutyl ketone (tons) (Permit Limit 0.011 tpy)	Month/Year Exceeded
0.018	March 2008
0.018	April 2008
0.027	May 2008
0.030	June 2008
0.030	July 2008

12 month Consecutive Totals of Styrene (tons) (Not permitted)	Month/Year Exceeded
0.002	January 2008
0.002	February 2008
0.002	March 2008
0.002	April 2008
0.002	May 2008
0.002	June 2008
0.002	July 2008
0.002	July 2008

12 month Consecutive Totals of VOCs (tons) (Permit Limit 12.93 tpy)	Month/Year Exceeded
14.38	September 2007
14.18	October 2007
14.89	November 2007
15.34	December 2007

Each incident of exceedance of each permitted emission limit is a violation of Air Permit No. 2660-00281-00, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2). Each incident of emissions of each unpermitted pollutant is a violation of LAC 33:III.501.C.2, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

The Respondent owns and/or operates Amelia Deepwater Shipyard (Agency Interest No. 93675), a facility used for the fabrication of new marine vessels and the repair of existing vessels. The facility is located adjacent to the Bayou Boeuf Intracoastal Canal on Duhon Bypass Road south of U.S. Highway 90 in Amelia, St. Mary Parish, Louisiana. The facility currently operates under Air Permit No. 2660-00251-00, issued on January 8, 2003. On or about December 27, 2007, the Department received a minor source permit modification application for the facility.

On or about August 19, 2008, a file review of the Respondent's facility was performed 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:

According to an email from the Respondent's representative dated August 18, 2008, the Respondent emitted the following pollutants during the 2007 and 2008 calendar years. These emissions are associated with surface coating operations (Emission Point No. 01-02).

12-month Consecutive Totals of n-butanol (tons) (Permit Limit 0.06 tpy)	Month/Year Exceeded
5.582	January 2007
5.554	February 2007

12-month Consecutive Totals of n-butanol (tons) (Permit Limit 0.06 tpy)	Month/Year Exceeded
5.104	March 2007
5.383	April 2007
5.150	May 2007
5.046	June 2007
5.022	July 2007
4.251	August 2007
4.184	September 2007
3.479	October 2007
3.703	November 2007
3.453	December 2007
3.140	January 2008
2.770	February 2008
2.690	March 2008
2.483	April 2008
2.511	May 2008
2.418	June 2008
3.144	July 2008

12-month Consecutive Totals of Cumene (tons) (Not permitted)	Month/Year Exceeded
0.084	January 2007
0.087	February 2007
0.081	March 2007
0.087	April 2007
0.088	May 2007
0.093	June 2007
0.101	July 2007
0.094	August 2007
0.099	September 2007
0.093	October 2007
0.088	November 2007
0.101	December 2007
0.085	January 2008
0.078	February 2008
0.073	March 2008
0.069	April 2008
0.072	May 2008
0.064	June 2008
0.055	July 2008

12-month Consecutive Totals of Ethyl benzene (tons) (Permit Limit 0.69 tpy)	Month/Year Exceeded
0.882	January 2007
0.855	February 2007
0.853	March 2007
1.120	April 2007
1.095	May 2007
1.100	June 2007
1.104	July 2007
1.054	August 2007
1.183	September 2007
1.130	October 2007
1.229	November 2007
1.304	December 2007
1.250	January 2008
1.252	February 2008
1.171	March 2008
0.972	April 2008
1.089	May 2008
1.242	June 2008
1.566	July 2008

12-month Consecutive Totals of Methyl ethyl ketone (tons) (Permit Limit 0.01 tpy)	Month/Year Exceeded
0.020	December 2007
0.020	January 2008
0.020	February 2008
0.020	March 2008
0.020	April 2008
0.038	May 2008
0.035	June 2008
0.035	July 2008

12-month Consecutive Totals of Naphthalene (tons) (Not permitted)	Month/Year Exceeded
0.030	January 2007
0.030	February 2007

12-month Consecutive Totals of Naphthalene (tons) (Not permitted)	Month/Year Exceeded
0.038	March 2007
0.041	April 2007
0.042	May 2007
0.049	June 2007
0.060	July 2007
0.064	August 2007
0.063	September 2007
0.063	October 2007
0.044	November 2007
0.043	December 2007
0.043	January 2008
0.043	February 2008
0.033	March 2008
0.030	April 2008
0.029	May 2008
0.023	June 2008
0.008	July 2008

12-month Consecutive Totals of Phenol (tons) (Not permitted)	Month/Year Exceeded
0.002	January 2007
0.002	February 2007
0.002	March 2007
0.002	April 2007
0.002	May 2007
0.003	June 2007
0.003	July 2007
0.003	August 2007
0.003	September 2007
0.003	October 2007
0.004	November 2007
0.004	December 2007
0.002	January 2008
0.002	February 2008
0.002	March 2008
0.002	April 2008
0.002	May 2008
0.002	June 2008
0.002	July 2008

12-month Consecutive Totals of Xylene (tons) (Permit Limit 7.96 tpy)	Month/Year Exceeded
8.088	July 2008

12-month Consecutive Totals of Methyl isobutyl ketone (tons) (Permit Limit 0.04 tpy)	Month/Year Exceeded
0.055	August 2007
0.097	December 2007
0.097	January 2008
0.097	February 2008
0.097	March 2008
0.097	April 2008
0.099	May 2008
0.102	June 2008
0.087	July 2008

12-month Consecutive Totals of Barium and its Compounds (tons) (Not permitted)	Month/Year Exceeded
0.001	September 2007
0.001	October 2007
0.001	November 2007
0.001	December 2007
0.001	January 2008
0.001	February 2008
0.001	March 2008

12-month Consecutive Totals of Copper and its Compounds (tons) (Not permitted)	Month/Year Exceeded
0.149	January 2007
0.131	February 2007
0.125	March 2007
0.147	April 2007
0.132	May 2007
0.119	June 2007
0.122	July 2007
0.112	August 2007

12-month Consecutive Totals of Copper and its Compounds (tons) (Not permitted)	Month/Year Exceeded
0.113	September 2007
0.100	October 2007
0.110	November 2007
0.105	December 2007
0.094	January 2008
0.096	February 2008
0.085	March 2008
0.068	April 2008
0.083	May 2008
0.088	June 2008
0.127	July 2008

12-month Consecutive Totals of TAPs (tons) (Permit Limit 12.99 tpy)	Month/Year Exceeded
13.703	July 2008

Each incident of exceedance of each permitted emission limit is a violation of Air Permit No. 2660-00251-00, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2). Each incident of emissions of each unpermitted pollutant is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

On October 22, 2009, the Department issued to Respondent an Amended Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. AE-CN-08-0067A, which amended Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. AE-CN-08-0067, as follows:

The Department hereby removes paragraph II of the Findings of Fact portion of Consolidated Compliance Order & Notice of Potential Penalty, Enforcement Tracking No. AE-CN-08-0067.

The Department hereby amends paragraph IV of the Findings of Fact portion of Consolidated Compliance Order & Notice of Potential Penalty, Enforcement Tracking No. AE-CN-08-0067, to read as follows:

“IV.

On or about August 19, 2008, and October 6, 2009, file reviews of the Respondent’s facility were performed 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 reviews:

On or about February 23, 2009, the Department received a revised 2007 Specific Requirement Report, the 2008 Specific Requirement Report, and revised and quarterly deviation reports for the 2007 and 2008 calendar years. On or about October 2, 2009, the Department received a semiannual deviation report for the period encompassing January through June 2009. According to these reports, the facility exceeded the annual and consecutive twelve-month permit limits for the pollutants listed in the following tables, and emitted the unpermitted pollutants as listed in the following tables. These emissions are associated with surface coating operations (Emission Point No. 03-03/ ARE002).

12 month Consecutive Totals of n-Butanol (tons) (Permit Limit 0.015 tons per year (tpy))	Month/Year Exceeded
0.981	January 2007
1.341	February 2007
1.613	March 2007
1.708	April 2007
1.947	May 2007
1.951	June 2007
1.976	July 2007
1.865	August 2007
1.709	September 2007
1.639	October 2007
1.531	November 2007
1.458	December 2007
1.668	January 2008
1.335	February 2008
1.278	March 2008
1.331	April 2008
1.323	May 2008
1.549	June 2008
1.600	July 2008
1.668	August 2008
1.710	September 2008
1.836	October 2008

12 month Consecutive Totals of n-Butanol (tons) (Permit Limit 0.015 tons per year (tpy))	Month/Year Exceeded
1.884	November 2008
1.888	December 2008
2.003	January 2009
2.153	February 2009
2.054	March 2009
2.224	April 2009
2.050	May 2009
1.831	June 2009

12 month Consecutive Totals of Cumene (tons) (Not permitted)	Month/Year Exceeded
0.003	January 2007
0.016	February 2007
0.025	March 2007
0.029	April 2007
0.030	May 2007
0.032	June 2007
0.032	July 2007
0.036	August 2007
0.047	September 2007
0.047	October 2007
0.047	November 2007
0.051	December 2007
0.052	January 2008
0.040	February 2008
0.032	March 2008
0.028	April 2008
0.033	May 2008
0.036	June 2008
0.039	July 2008
0.037	August 2008
0.028	September 2008
0.032	October 2008
0.032	November 2008
0.032	December 2008
0.036	January 2009
0.042	February 2009
0.044	March 2009

12 month Consecutive Totals of Cumene (tons) (Not permitted)	Month/Year Exceeded
0.046	April 2009
0.048	May 2009
0.045	June 2009

12 month Consecutive Totals of Ethyl benzene (tons) (Permit Limit 0.174 tpy)	Month/Year Exceeded
0.189	January 2007
0.219	February 2007
0.339	March 2007
0.369	April 2007
0.442	May 2007
0.463	June 2007
0.471	July 2007
0.554	August 2007
0.531	September 2007
0.526	October 2007
0.512	November 2007
0.562	December 2007
0.615	January 2008
0.588	February 2008
0.527	March 2008
0.567	April 2008
0.571	May 2008
0.605	June 2008
0.615	July 2008
0.733	August 2008
0.801	September 2008
0.855	October 2008
0.892	November 2008
0.831	December 2008
0.847	January 2009
0.915	February 2009
0.904	March 2009
0.944	April 2009
0.955	May 2009
0.933	June 2009

12 month Consecutive Totals of Naphthalene (tons) (Not permitted)	Month/Year Exceeded
0.018	February 2007
0.018	March 2007
0.019	April 2007
0.021	May 2007
0.021	June 2007
0.021	July 2007
0.026	August 2007
0.055	September 2007
0.055	October 2007
0.055	November 2007
0.055	December 2007
0.063	January 2008
0.046	February 2008
0.048	March 2008
0.047	April 2008
0.052	May 2008
0.058	June 2008
0.066	July 2008
0.066	August 2008
0.040	September 2008
0.046	October 2008
0.058	November 2008
0.066	December 2008
0.068	January 2009
0.073	February 2009
0.074	March 2009
0.076	April 2009
0.069	May 2009
0.063	June 2009

12 month Consecutive Totals of Phenol (tons) (Not permitted)	Month/Year Exceeded
0.001	January 2007
0.001	February 2007
0.002	March 2007
0.004	April 2007
0.004	May 2007
0.005	June 2007
0.005	July 2007

12 month Consecutive Totals of Phenol (tons) (Not permitted)	Month/Year Exceeded
0.005	August 2007
0.005	September 2007
0.005	October 2007
0.005	November 2007
0.007	December 2007
0.007	January 2008
0.007	February 2008
0.005	March 2008
0.003	April 2008
0.004	May 2008
0.003	June 2008
0.003	July 2008
0.003	August 2008
0.003	September 2008
0.004	October 2008
0.004	November 2008
0.003	December 2008
0.001	January 2009
0.001	February 2009
0.002	March 2009
0.002	April 2009
0.002	May 2009
0.002	June 2009

12 month Consecutive Totals of Xylene (tons) (Permit Limit 1.992)	Month/Year Exceeded
2.235	August 2007
2.209	September 2007
2.117	October 2007
2.191	November 2007
2.321	December 2007
2.672	January 2008
2.559	February 2008
2.302	March 2008
2.575	April 2008
2.712	May 2008
2.835	June 2008
2.877	July 2008
3.328	August 2008
3.588	September 2008

12 month Consecutive Totals of Xylene (tons) (Permit Limit 1.992)	Month/Year Exceeded
4.004	October 2008
4.295	November 2008
4.051	December 2008
4.115	January 2009
4.394	February 2009
4.367	March 2009
4.440	April 2009
4.390	May 2009
4.317	June 2009

12 month Consecutive Totals of Copper and its Compounds (tons) (Not permitted)	Month/Year Exceeded
0.005	February 2007
0.010	March 2007
0.014	April 2007
0.028	May 2007
0.028	June 2007
0.030	July 2007
0.030	August 2007
0.030	September 2007
0.030	October 2007
0.038	November 2007
0.041	December 2007
0.048	January 2008
0.043	February 2008
0.043	March 2008
0.045	April 2008
0.039	May 2008
0.047	June 2008
0.047	July 2008
0.052	August 2008
0.056	September 2008
0.061	October 2008
0.062	November 2008
0.062	December 2008
0.058	January 2009
0.066	February 2009
0.068	March 2009
0.079	April 2009

12 month Consecutive Totals of Copper and its Compounds (tons) (Not permitted)	Month/Year Exceeded
0.073	May 2009
0.064	June 2009

12 month Consecutive Totals of Methyl ethyl ketone (tons) (Permit Limit 0.002 tpy)	Month/Year Exceeded
0.018	May 2008
0.029	June 2008
0.029	July 2008
0.029	August 2008
0.035	September 2008
0.035	October 2008
0.035	November 2008
0.035	December 2008
0.035	January 2009
0.035	February 2009
0.035	March 2009
0.037	April 2009
0.049	May 2009
0.038	June 2009

12 month Consecutive Totals of Methyl isobutyl ketone (tons) (Permit Limit 0.011 tpy)	Month/Year Exceeded
0.018	March 2008
0.018	April 2008
0.027	May 2008
0.030	June 2008
0.030	July 2008
0.166	August 2008
0.212	September 2008
0.214	October 2008
0.242	November 2008
0.238	December 2008
0.238	January 2009
0.267	February 2009
0.260	March 2009
0.262	April 2009

12 month Consecutive Totals of Methyl isobutyl ketone (tons) (Permit Limit 0.011 tpy)	Month/Year Exceeded
0.255	May 2009
0.252	June 2009

12 month Consecutive Totals of Styrene (tons) (Not permitted)	Month/Year Exceeded
0.002	January 2008
0.002	February 2008
0.002	March 2008
0.002	April 2008
0.002	May 2008
0.002	June 2008
0.002	July 2008
0.002	July 2008
0.002	August 2008
0.002	September 2008
0.002	October 2008
0.002	November 2008
0.004	December 2008
0.004	January 2009
0.004	February 2009
0.004	March 2009
0.004	April 2009
0.004	May 2009
0.004	June 2009
12 month Consecutive Totals of VOCs (tons) (Permit Limit 12.93 tpy)	Month/Year Exceeded
13.75	October 2008
14.57	November 2008
14.35	December 2008
14.83	January 2009
15.79	February 2009
15.64	March 2009
16.41	April 2009
15.79	May 2009
14.87	June 2009

Each incident of exceedance of each permitted emission limit is a violation of Air Permit No. 2660-00281-00, LAC 33:III.501.C.4, and

La. R.S. 30:2057(A)(1) and 30:2057(A)(2). Each incident of emissions of each unpermitted pollutant is a violation of LAC 33:III.501.C.2, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).”

The Department hereby amends paragraph VI of the Findings of Fact portion Consolidated Compliance Order & Notice of Potential Penalty, Enforcement Tracking No. AE-CN-08-0067, to read as follows:

“VI.

On or about August 19, 2008, and October 6, 2009, file reviews of the Respondent’s facility were performed to determine the degree of compliance with the Act and the Air Quality Regulations.

While the Department’s investigation is not yet complete the following violations were noted during the course of the file reviews:

According to an email from the Respondent’s representative dated August 18, 2008, revised quarterly deviation reports for the 2008 calendar year dated February 23, 2009, and correspondence from the Respondent dated March 3, 2009, and a semiannual deviation report dated September 29, 2009, the facility emitted the following pollutants during the 2007, 2008, and 2009 calendar years. These emissions are associated with surface coating operations (Emission Point No. 01-02).

12-month Consecutive Totals of n-butanol (tons) (Permit Limit 0.06 tpy)	Month/Year Exceeded
5.582	January 2007
5.554	February 2007
5.104	March 2007
5.383	April 2007
5.150	May 2007
5.046	June 2007
5.022	July 2007
4.251	August 2007
4.184	September 2007
3.479	October 2007
3.703	November 2007
3.453	December 2007
3.140	January 2008
2.770	February 2008

12-month Consecutive Totals of n-butanol (tons) (Permit Limit 0.06 tpy)	Month/Year Exceeded
2.690	March 2008
2.483	April 2008
2.511	May 2008
2.418	June 2008
3.144	July 2008
3.496	August 2008
3.739	September 2008
4.262	October 2008
4.457	November 2008
5.187	December 2008
5.588	January 2009
5.647	February 2009
5.576	March 2009
5.653	April 2009
5.806	May 2009
5.782	June 2009

12-month Consecutive Totals of Cumene (tons) (Not permitted)	Month/Year Exceeded
0.084	January 2007
0.087	February 2007
0.081	March 2007
0.087	April 2007
0.088	May 2007
0.093	June 2007
0.101	July 2007
0.094	August 2007
0.099	September 2007
0.093	October 2007
0.088	November 2007
0.101	December 2007
0.085	January 2008
0.078	February 2008
0.073	March 2008
0.069	April 2008
0.072	May 2008
0.064	June 2008
0.055	July 2008
0.054	August 2008
0.050	September 2008

12-month Consecutive Totals of Cumene (tons) (Not permitted)	Month/Year Exceeded
0.050	October 2008
0.053	November 2008
0.035	December 2008
0.058	January 2009
0.071	February 2009
0.099	March 2009
0.123	April 2009
0.123	May 2009
0.133	June 2009

12-month Consecutive Totals of Ethyl benzene (tons) (Permit Limit 0.69 tpy)	Month/Year Exceeded
0.882	January 2007
0.855	February 2007
0.853	March 2007
1.120	April 2007
1.095	May 2007
1.100	June 2007
1.104	July 2007
1.054	August 2007
1.183	September 2007
1.130	October 2007
1.229	November 2007
1.304	December 2007
1.250	January 2008
1.252	February 2008
1.171	March 2008
0.972	April 2008
1.089	May 2008
1.242	June 2008
1.568	July 2008
1.590	August 2008
1.505	September 2008
1.579	October 2008
1.704	November 2008
1.717	December 2008
1.817	January 2009
2.119	February 2009
2.123	March 2009

12-month Consecutive Totals of Ethyl benzene (tons) (Permit Limit 0.69 tpy)	Month/Year Exceeded
2.063	April 2009
1.948	May 2009
1.775	June 2009

12-month Consecutive Totals of Methyl ethyl ketone (tons) (Permit Limit 0.01 tpy)	Month/Year Exceeded
0.020	December 2007
0.020	January 2008
0.020	February 2008
0.020	March 2008
0.020	April 2008
0.038	May 2008
0.035	June 2008
0.035	July 2008
0.027	August 2008
0.028	September 2008
0.029	October 2008
0.031	November 2008
0.030	December 2008
0.035	January 2009
0.051	February 2009
0.112	March 2009
0.186	April 2009
0.185	May 2009
0.201	June 2009

12-month Consecutive Totals of Naphthalene (tons) (Not permitted)	Month/Year Exceeded
0.030	January 2007
0.030	February 2007
0.038	March 2007
0.041	April 2007
0.042	May 2007
0.049	June 2007
0.060	July 2007
0.064	August 2007
0.063	September 2007

12-month Consecutive Totals of Methyl ethyl ketone (tons) (Permit Limit 0.01 tpy)	Month/Year Exceeded
0.063	October 2007
0.044	November 2007
0.043	December 2007
0.043	January 2008
0.043	February 2008
0.033	March 2008
0.030	April 2008
0.029	May 2008
0.023	June 2008
0.008	July 2008
0.004	August 2008
0.004	September 2008
0.005	October 2008
0.004	November 2008
0.002	December 2008
0.009	January 2009
0.009	February 2009
0.009	March 2009
0.009	April 2009
0.009	May 2009
0.012	June 2009
12-month Consecutive Totals of Phenol (tons) (Not permitted)	Month/Year Exceeded
0.002	January 2007
0.002	February 2007
0.002	March 2007
0.002	April 2007
0.002	May 2007
0.003	June 2007
0.003	July 2007
0.003	August 2007
0.003	September 2007
0.003	October 2007
0.004	November 2007
0.004	December 2007
0.002	January 2008
0.002	February 2008
0.002	March 2008
0.002	April 2008

12-month Consecutive Totals of Methyl ethyl ketone (tons) (Permit Limit 0.01 tpy)	Month/Year Exceeded
0.002	May 2008
0.002	June 2008
0.002	July 2008
0.002	August 2008
0.003	September 2008
0.003	October 2008
0.001	November 2008
0.001	December 2008
0.002	January 2009
0.002	February 2009
0.002	March 2009
0.002	April 2009
0.002	May 2009
0.002	June 2009

12-month Consecutive Totals of Xylene (tons) (Permit Limit 7.96 tpy)	Month/Year Exceeded
8.098	July 2008
8.196	August 2008
8.209	October 2008
8.411	November 2008
8.385	December 2008
8.698	January 2009
9.950	February 2009
9.924	March 2009
9.468	April 2009
8.478	May 2009
7.711	June 2009

12-month Consecutive Totals of Methyl isobutyl ketone (tons) (Permit Limit 0.04 tpy)	Month/Year Exceeded
0.055	August 2007
0.097	December 2007
0.097	January 2008
0.097	February 2008
0.097	March 2008
0.097	April 2008

12-month Consecutive Totals of Methyl isobutyl ketone (tons) (Permit Limit 0.04 tpy)	Month/Year Exceeded
0.099	May 2008
0.102	June 2008
0.087	July 2008
0.079	August 2008
0.079	September 2008
0.084	October 2008
0.090	November 2008
0.048	February 2009
0.089	March 2009
0.087	April 2009
0.085	May 2009
0.086	June 2009

12-month Consecutive Totals of Barium and its Compounds (tons) (Not permitted)	Month/Year Exceeded
0.001	September 2007
0.001	October 2007
0.001	November 2007
0.001	December 2007
0.001	January 2008
0.001	February 2008
0.001	March 2008

12-month Consecutive Totals of Copper and its Compounds (tons) (Not permitted)	Month/Year Exceeded
0.149	January 2007
0.131	February 2007
0.125	March 2007
0.147	April 2007
0.132	May 2007
0.119	June 2007
0.122	July 2007
0.112	August 2007
0.113	September 2007
0.100	October 2007
0.110	November 2007

12-month Consecutive Totals of Copper and its Compounds (tons) (Not permitted)	Month/Year Exceeded
0.105	December 2007
0.094	January 2008
0.096	February 2008
0.085	March 2008
0.068	April 2008
0.083	May 2008
0.088	June 2008
0.127	July 2008
0.141	August 2008
0.144	September 2008
0.154	October 2008
0.181	November 2008
0.212	December 2008
0.231	January 2009
0.250	February 2009
0.246	March 2009
0.241	April 2009
0.230	May 2009
0.232	June 2009

12-month Consecutive Totals of Epichlorohydrin (tons) (Not Permitted)	Month/Year Exceeded
0.001	June 2009

12-month Consecutive Totals of TAPs (tons) (Permit Limit 12.99 tpy)	Month/Year Exceeded
13.703	July 2008
14.108	August 2008
13.928	September 2008
14.935	October 2008
15.560	November 2008
16.093	December 2008
16.998	January 2009
18.789	February 2009
18.938	March 2009
18.592	April 2009
17.491	May 2009

12-month Consecutive Totals of TAPs (tons) (Permit Limit 12.99 tpy)	Month/Year Exceeded
16.546	June 2009

Each incident of exceedance of each permitted emission limit is a violation of Air Permit No. 2660-00251-00, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2). Each incident of emissions of each unpermitted pollutant is a violation of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

The following deviations, although not included in the foregoing enforcement actions, are within the scope of the settlement herein.

The following pollutants were emitted from the Aluminum Shipyard, Agency Interest No. 41118:

12-month consecutive totals of n-butanol (tons)	Month/Year
1.797	July 2009
1.784	August 2009
1.773	September 2009

12-month consecutive totals of Cumene (tons)	Month/Year
0.042	July 2009
0.041	August 2009
0.038	September 2009

12-month consecutive totals of Ethyl Benzene (tons)	Month/Year
0.947	July 2009
0.773	August 2009
0.687	September 2009

12-month consecutive totals of Naphthalene (tons)	Month/Year
0.055	July 2009
0.050	August 2009
0.046	September 2009

12-month consecutive totals of Phenol (tons)	Month/Year
0.002	July 2009
0.002	August 2009
0.002	September 2009

12-month consecutive totals of Xylene (tons)	Month/Year
4.379	July 2009
3.748	August 2009
3.422	September 2009

12-month consecutive totals of Copper (tons)	Month/Year
0.067	July 2009
0.063	August 2009
0.058	September 2009

12-month consecutive totals of Methyl Ethyl Ketone (tons)	Month/Year
0.038	July 2009
0.038	August 2009
0.032	September 2009

12-month consecutive totals of Methyl Isobutyl Ketone (tons)	Month/Year
0.252	July 2009
0.118	August 2009
0.072	September 2009

12-month consecutive totals of Styrene (tons)	Month/Year
0.004	July 2009
0.004	August 2009
0.004	September 2009

12-month consecutive totals of VOCs (tons)	Month/Year
14.63	July 2009
13.33	August 2009

12-month consecutive totals of TAPs (tons)	Month/Year
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12-month consecutive totals of TAPs (tons)	Month/Year
4.066	April 2007
4.680	May 2007
4.802	June 2007
4.861	July 2007
5.135	August 2007
4.895	September 2007
4.663	October 2007
4.586	November 2007
4.568	December 2007
5.201	January 2008
4.687	February 2008
4.313	March 2008
4.676	April 2008
4.952	May 2008
5.413	June 2008
5.528	July 2008
6.305	August 2008
6.721	September 2008
7.332	October 2008
7.748	November 2008
7.450	December 2008
7.643	January 2009
8.204	February 2009
8.067	March 2009
8.381	April 2009
8.127	May 2009
7.734	June 2009
7.768	July 2009
6.830	August 2009
6.314	September 2009

The following pollutants were emitted from the Deepwater Shipyard, Agency Interest No. 93675:

12-month consecutive totals of n-butanol (tons)	Month/Year
5.416	July 2009
5.145	August 2009
4.971	September 2009

12-month consecutive totals of Cumene (tons)	Month/Year
0.138	July 2009

12-month consecutive totals of Cumene (tons)	Month/Year
0.135	August 2009
0.183	September 2009

12-month consecutive totals of Ethyl Benzene (tons)	Month/Year
1.545	July 2009
1.506	August 2009
1.425	September 2009

12-month consecutive totals of Methyl Ethyl Ketone (tons)	Month/Year
0.219	July 2009
0.229	August 2009
0.371	September 2009

12-month consecutive totals of Naphthalene (tons)	Month/Year
0.012	July 2009
0.011	August 2009
0.011	September 2009

12-month consecutive totals of Phenol (tons)	Month/Year
0.002	July 2009
0.002	August 2009
0.001	September 2009

12-month consecutive totals of Methyl Isobutyl Ketone (tons)	Month/Year
0.086	July 2009
0.082	August 2009
0.082	September 2009

12-month consecutive totals of Copper (tons)	Month/Year
0.231	July 2009
0.230	August 2009
0.233	September 2009

12-month consecutive totals of Epichlorohydrin (tons)	Month/Year
0.002	July 2009
0.002	August 2009
0.002	September 2009

### III

In response to the Consolidated Compliance Order and Notice of Potential Penalty, Respondent made a timely request for a hearing. In response to the Amended Consolidated Compliance Order and Notice of Potential Penalty, Respondent made a timely request for a hearing.

### IV

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

### V

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 TWENTY THOUSAND AND NO/100 DOLLARS (\$20,000.00) of which One Thousand Seven Hundred Five and 27/100 Dollars (\$1,705.27) 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).

### VI

Respondent further agrees that the Department may consider the Consolidated Compliance Order and Notice of Potential Penalty, Amended Consolidated Compliance Order and 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. Respondent may urge any mitigating factors it believes applicable in any such future proceedings.

## VII

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.

## VIII

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.

## IX

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in 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.

X

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).

XI

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

XII

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.

CONRAD INDUSTRIES, INC.

BY: [Signature]  
(Signature)

Terry T. Frickey  
(Print)

TITLE: V.P., C.O.O.

THUS DONE AND SIGNED in duplicate original before me this 16th day of June, 20 10, at 1:30 pm.

[Signature]  
NOTARY PUBLIC (ID # 6678)

Dale Hayes  
(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 12th day of October, 20 10, at Baton Rouge, Louisiana.

[Signature]  
NOTARY PUBLIC (ID # 10149)

Christopher A. Ratcliff  
(Print)

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