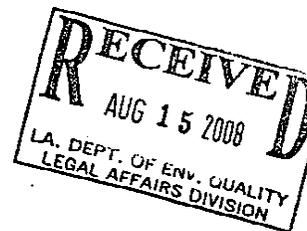


STATE OF LOUISIANA
DEPARTMENT OF ENVIRONMENTAL QUALITY



IN THE MATTER OF:

**FLORIDA GAS TRANSMISSION
COMPANY, LLC**

AI # 8007

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

- * **Settlement Tracking No.**
- * **SA-AE-08-0026**
- *
- *
- * **Enforcement Tracking No.**
- * **AE-CN-07-0174**
- *
- *
- *

SETTLEMENT

The following Settlement is hereby agreed to between Florida Gas Transmission Company, LLC ("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 who owns and/or operates a natural gas pipeline facility located at 8406 Lower Zachary Road in Zachary, East Baton Rouge Parish, Louisiana ("the Facility").

II

On January 31, 2008, the Department issued to Respondent a Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. AE-CN-07-0174, which was based upon the following findings of fact:

The Respondent owns and/or operates Zachary Compressor Station No. 8, a natural gas pipeline facility. The facility is located at 8406 Lower Zachary Road in Zachary, East Baton Rouge

Parish, Louisiana. The Respondent's facility currently operates under Title V Permit no. 0840-00132-V3 issued on March 27, 2006.

On or about November 7, 2007, 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 violation was noted during the course of the file review:

The Respondent reported in a letter dated September 5, 2007, that the facility conducted a scheduled source test on Unit 801, Emission Point EQT 003 on July 30, 2007. The test results indicated that the measured average hourly rate of CO for Emission Point EQT 003 was 6.8 lb/hr, which exceeds the CO permit limit of 6.2 lb/hr. The exceedance of the permitted limit of CO is a violation of LAC 33:III.501.C.4, 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 HUNDRED FIFTY AND NO/100 DOLLARS (\$250.00) of which Seventy-seven and 28/100 Dollars (\$77.28) represents DEQ'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 DEQ 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 inspection report(s), the 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.

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 East Baton Rouge 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 a proof-of-publication affidavit 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.

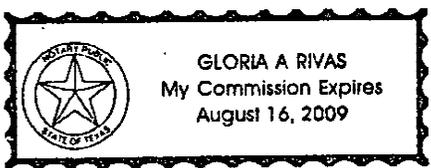
FLORIDA GAS TRANSMISSION
COMPANY, LLC.

BY: LT Stone CRB
(Signature)

LT Stone
(Print)

TITLE: Vice President

THIS DONE AND SIGNED in duplicate original before me this 8th day of
August, 2008, at Harris County, Texas.



Gloria A. Rivas
NOTARY PUBLIC (ID #)

Gloria A. Rivas
(Print)

LOUISIANA DEPARTMENT OF
ENVIRONMENTAL QUALITY
Harold Leggett, Ph.D., Secretary

BY: Peggy Hatch

Peggy Hatch, Assistant Secretary
Office of Environmental Compliance

THIS DONE AND SIGNED in duplicate original before me this 20th day of
November, 2008, at Baton Rouge, Louisiana.

[Signature]
NOTARY PUBLIC (ID # 40539)

Jed H. Boyles II
(Print)

Approved: Peggy Hatch
Peggy Hatch, Assistant Secretary