STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	*	Settlement Tracking No.
	*	SA-AE-10-0047
GULF SOUTH PIPELINE COMPANY, LP	*	
	*	
AI # 42059, 71, 4216, 7832, 8157, 23088,	*	Enforcement Tracking No.
23638, 31538, 31656, 66363, 98149	*	AE-PP-06-0052
	*	
PROCEEDINGS UNDER THE LOUISIANA	*	
ENVIRONMENTAL QUALITY ACT	*	
LA. R.S. 30:2001, ET SEQ.	*	

SETTLEMENT

The following Settlement is hereby agreed to between Gulf South Pipeline Company, LP ("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 limited partnership that owns and/or operates the Arnaudville Compressor Station (Agency Interest No. 42059), located at 304 Koch Road, 2 miles east of Arnaudville, St. Landry Parish, Louisiana. Respondent also owns and/or operates the Montpelier Compressor Station (Agency Interest No. 71), located at 477 Louisiana Highway 441 in Holden, St. Helena Parish, Louisiana ("the Facility(s)").

II

On May 9, 2007, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-06-0052, which was based upon the following findings of fact:

On or about April 29, 2006, May 12, 2006, and May 25, 2006, file reviews of the Arnaudville Compressor Station and the Montpelier Compressor Station owned and/or operated by Gulf South

Pipeline Company, LP (Respondent), were performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Louisiana Air Quality Regulations. The Arnaudville Compressor Station is located at 304 Koch Road, 2 miles east of Arnaudville, St. Landry Parish, Louisiana. The Montpelier Compressor Station is located at 477 La. Highway 441 in Holden, St. Helena Parish, Louisiana.

The following violations were noted for the Arnaudville Compressor Station during the course of the file reviews:

A. Compliance test reports received by the Department on or about December 29, 2005, show that GE Model E Gas Turbine (Emission Source ID No. TE-1), located at the Arnaudville Compressor Station, tested average/maximum NO_x emission rate of 25.68 lb/hr. This is an exceedance of the permitted average/maximum NO_x emission rate of 19.23 lbs/hr as specified in Permit No. 2600-00029-V0. This is a violation of General Condition III of Permit No. 2600-00029-V0, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act. Subsequent to the compliance test performed on October 31, 2005, and the issuance of Permit No. 2600-00029-V1 on January 4, 2006, the Respondent submitted a permit modification application to the Department dated April 5, 2006, requesting to update the NO_x emissions limits on two (2) turbine engines (Emission Source ID Nos. TE-1 and TE-2). The permit modification application was approved by the Department and Permit No. 2600-00029-V2 was issued on March 21, 2007.

B. The Respondent failed to include existing emissions from start-up vents (Emission Sources SU-1 and SU-2) associated with the turbine engines (Emission Source ID Nos. TE-1 and TE-2) at the Arnaudville Compressor Station. Emission Sources SU-1 and SU-2 are not included in the Emission Point List provided to the Department for the operating permit (Permit No. 2600-00029-V1). Each failure to obtain approval from the permitting authority prior to construction, modification, or operation of a facility, which may result in an increase in emission of air contaminants, is a violation of LAC 33:III.501.C.2 and Sections 2057(A)(1) and 2057(A)(2) of the Act. The Respondent has since submitted a permit modification application to the Department dated April 5, 2006, with a request to include previously unaccounted emissions from the start-up vents (Emission Source ID Nos. SU-1 and SU-2). The permit modification application was approved by the Department and Permit No. 2600-00029-V2 was issued on March 21, 2007.

The following violations were noted for the Montpelier Compressor Station during the course of the file reviews:

A. A compliance test report submitted to the Department on or about September 20, 2005, shows that of the eight (8) compressor engines tested at the Montpelier Compressor Station on August 15-18, 2005, three (3) 1,500 HP Clark HLA-6 compressor engines (Emission Source ID Nos. E-6, E-7, E-8) did not meet the required 16 grams/hp-hr emission factor limit for lean-burning stationary internal combustion engines. Each exceedance is a violation of General Condition I and II of Permit No. 2540-00003-V0, LAC 33:III.501.C.4 and Sections 2057(A)(1) and 2057(A)(2) of the Act. An application for a minor modification to Permit No. 2540-00003-V0 was submitted to the Department on May 11, 2006. The permit modification application was approved by the Department and Permit No. 2540-00003-V1 was issued on July 7, 2006.

B. A semi-annual emission testing report dated March 17, 2006, for tests conducted on or about March 8, 2006, reported that three (3) 1,500 HP Clark HLA-6 compressor engines (Emission Source ID Nos. E-6, E-7, E-8), operating at near full load/full speed conditions during periods outside of the ozone season, exceeded the permitted lbs/hr and grams/hp-hr limits for both NO_x and CO. Each exceedance is a violation of General Condition III of Permit No. 2540-00003-V0, LAC 33:III.501.C.4 and Sections 2057(A)(1) and 2057(A)(2) of the Act. The Respondent states in the report that it intends to submit a permit modification application in order to raise the permit limits to accurately reflect actual levels of emissions from the compressor engines at the Montpelier Compressor Station. An application for a minor modification to Permit No. 2540-00003-V0 was submitted to the Department on May 11, 2006. The permit modification application was approved by the Department and Permit No. 2540-00003-V1 was issued on July 7, 2006.

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

A. <u>Montpelier Compressor Station (Agency Interest No. 71)</u>

According to correspondence from the Respondent dated September 17, 2007, a 300 barrel engine oil storage tank was incorrectly listed in Permit No. 2540-00003-V1 as a 300 gallon tank and exempt under LAC 33.III.501.B.5.A.3. The tank should be shown as a significant source.

The unauthorized operation of the emission source is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

B. Bayou Sale Compressor Station (Agency Interest No. 4216)

According to correspondence from the Respondent dated September 17, 2007, Permit No. 2660-00050-V1 lists one new oil tank as insignificant. There are actually two new oil tanks on site, a 121 barrel and an 8 barrel oil tank. The station is not in operation and the tanks are out of service, but both storage tanks should be listed as insignificant sources in the permit under LAC 33:III.501.B.5.A.3. LAC 33:III.501.B.5 states "...no exemption listed in the following table shall become effective until approved by the administrator in accordance with 40 CFR 70." The unauthorized operation of the emission source is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

C. Bistineau Compressor Station (Agency Interest No. 7832)

According to correspondence from the Respondent dated September 17, 2007, the site has two 0.42 MMBtu/hr gas fired water heaters, but only one is listed in Permit No. 0360-00007-V1. The second water heater should be added as an insignificant activity under LAC 33:III.501.B.5.A.5. LAC 33:III.501.B.5 states "...no exemption listed in the following table shall become effective until approved by the administrator in accordance with 40 CFR 70." The unauthorized operation of the emission source is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

D. Napoleonville Compressor Station (Agency Interest No. 8157)

According to correspondence from the Respondent dated September 17, 2007, a turbine startup gas vent and three propylene glycol storage tanks are not included in Permit No. 0200-00012-V2. The Respondent believes startup vents are exempt under LAC 33:III.501.B.5.B.28. The startup gas vent could also possibly be listed in the permit as an insignificant activity under LAC 33:III.501.B.5.D and the storage tank could be listed as insignificant under LAC 33:III.501.B.5.A.4. LAC 33:III.501.B.5 states "...no exemption listed in the following table shall become effective until approved by the administrator in accordance with 40 CFR 70." The unauthorized operation of each emission source is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

E. Clarence Compressor Station (Agency Interest No. 23088)

According to correspondence from the Respondent dated September 17, 2007, the 250 barrel condensate tank was replaced with a 100 barrel tank under a small source exemption. Permit No. 1980-00003-V0 incorrectly lists the tank as 250 barrels.

F. Hall Summit Compressor Station (Agency Interest No. 23638)

1. According to correspondence from the Respondent dated September 17, 2007, the 150 barrel wastewater tank is shown as a significant source in Permit No. 0360-00017-V1. It could be listed as an insignificant activity under LAC 33:III.501.B.5.A.3.

2. According to correspondence from the Respondent dated September 17, 2007, the 6,400 gallon ethylene glycol tank listed in Permit No. 0360-00017-V1 as an insignificant activity is called a triethylene glycol tank. It should be changed to ethylene glycol.

G. Marksville Compressor Station (Agency Interest No. 31538)

According to correspondence from the Respondent dated September 17, 2007, an ethylene glycol tank is not listed in Permit No. 0220-00009-V1. It should be listed as an insignificant activity under LAC 33:III.501.B.5.A.4. LAC 33:III.501.B.5 states "...no exemption listed in the following table shall become effective until approved by the administrator in accordance with 40 CFR 70." The unauthorized operation of the emission source is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

H. Koran Compressor Station (Agency Interest No. 31656)

1. According to correspondence from the Respondent dated September 17, 2007, the 11,550 gallon new oil storage tank is incorrectly listed in Permit No. 2351-V3 as exempt under LAC 33:III.501.B.5.A.3. This tank should be shown as a significant source. The unauthorized operation of the emission source is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

2. According to correspondence from the Respondent dated September 17, 2007, the 480 barrel gun barrel tank (C1) is incorrectly listed in Permit No. 2351-V3 as a 400 barrel tank.

I. Burns Point Treating Facility (Agency Interest No. 66363)

According to correspondence from the Respondent dated September 17, 2007, the Department switched the facility from a SOGA permit to a minor source permit. Several emission points do not match between the permit and emission inventory list. Minor Source Permit No. 2660-00229-02 lists two 750 barrel condensate tanks and one 3,000 barrel tank. There are actually two 3,000 barrel condensate tanks and one 750 barrel tank. Storage vessels not listed in the permit as insignificant include: 500 gallon lube oil tank, 220 gallon container of triethylene glycol, empty 220 gallon container for diesel fuel #2, and a 250 gallon container of diesel fuel #2. These storage containers can be listed as insignificant under LAC 33:III.501.B.5.A.2 and 3. A vent for glycol dehydrator excess fuel can be listed in the permit under LAC 33:III.501.B.5.D as a case by case insignificant activity.

J. Rodrigue Compressor Station (Agency Interest No. 98149)

According to correspondence from the Respondent dated September 17, 2007, there are two station blowdown stacks (one blowdown for engines and one for pipeline), but only one is listed in Permit No. 0200-00044-01. The second blowdown vent needs to be added to the permit as a source of VOC emissions. The no. 2 glycol dehydrator has a 3" TEG vent to the atmosphere. Each reciprocating engine has a gas startup vent. All the engine vents can be grouped as insignificant activities under LAC 33:III.501.B.5.D. The in-ground sump inside the generator/shop building is not included in the permit and should be added as a significant source. The unauthorized operation of each emission source is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

K. Multiple Sites (Agency Interest Nos. 7832 and 23088)

According to correspondence from the Respondent dated September 17, 2007, at the Bistineau Compressor Station (Agency Interest No. 7832) each compressor/engine has two 2" fuel gas vents, a 2" packing case vent, a 4" crankcase vent, a 4" turbocharger vent, and a 2" high side packing case vent. According to the Respondent, other compressor stations owned and/or operated by the Respondent have similar type of compressor/engine vents in various quantities and sizes. It is not clear if these types of insignificant vents are included in each site's Title V Permits. The Respondent proposed to add these insignificant sources to the permits by grouping such engine/compressor vents as exempt as insignificant sources under LAC 33:III.501.B.5.D. The air permit renewal application dated March 19, 2008, for Clarence Compressor Station (Agency Interest No. 23088) requests the engine/fuel gas vents, packing case vents, crank case vents, and valve controllers be added as insignificant activities under LAC 33:III.501.B.5.D.

LAC 33:III.501.B.5 states "...no exemption listed in the following table shall become effective until approved by the administrator in accordance with 40 CFR 70." The unauthorized operation of each emission source is a violation of LAC 33:III.501.C.2 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 FIVE THOUSAND AND NO/100 DOLLARS ($5,000.00), of which Five Hundred Nineteen and 75/100 Dollars ($519.75) 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 file review reports, 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 St. Landry Parish, St. Helena Parish, St. Mary Parish, Bienville Parish, Assumption Parish, Natchitoches Parish, Avoyelles Parish, and Bossier Parish, Louisiana. The advertisements, 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 from each of the newspapers 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 notices.

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.

GULF SOUTH PIPELINE COMPANY, LP

BY: _____
(Signature)

_____
(Printed)

TITLE: _____

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

_____
NOTARY PUBLIC (ID #_____)

_____
(stamped or printed)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Peggy M. Hatch Secretary

BY: _____
Cheryl Sonnier Nolan, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this _____ day of _____, 20_____, at Baton Rouge, Louisiana.

_____
NOTARY PUBLIC (ID # _____)

_____
(stamped or printed)

Approved: _____
Cheryl Sonnier Nolan, Assistant Secretary