STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	*	**Settlement Tracking No.**
	*	**SA-AE-10-0044**
MURPHY OIL USA, INC.	*	
	*	**Enforcement Tracking No.**
AI # 93523	*	**AE-PP-07-0115**
	*	
PROCEEDINGS UNDER THE LOUISIANA ENVIRONMENTAL QUALITY ACT LA. R.S. 30:2001, ET SEQ.	*	

SETTLEMENT

The following Settlement is hereby agreed to between Murphy Oil USA, Inc. (Respondent) and the Department of Environmental Quality (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 petroleum storage and shipping facility located in Meraux, St. Bernard Parish, Louisiana (Facility).

II

A. **On September 10, 2007, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-07-0115, which was based upon the following findings of fact:**

On or about August 9, 2007, a file review of the Meraux Terminal, owned and/or operated by Murphy Oil USA, Inc. (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 or near 2501 East St. Bernard Highway in Meraux, St. Bernard Parish, Louisiana.

The following violation was noted during the course of the file review:

> The Respondent submitted a letter to the Department dated May 23, 2007, reporting that a gasoline spill had occurred at the Meraux Terminal on May 16,

2007, at approximately 04:45 hrs. According to the Respondent's report, a terminal operator failed to follow written procedures, thereby causing Gasoline Storage Tank No. 20-1 to be overfilled. The Respondent's calculations estimated that the event resulted in the release of 2,438 lbs of total volatile organic compounds (VOC) to the environment. Included in the total VOC was the release of 48 lbs of benzene in excess of the Reportable Quantity of ten (10) lbs and the release of 168 lbs of xylene in excess of the Reportable Quantity of 100 lbs. This is a violation of LAC 33:III.905.A 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." Additionally, this is a violation of LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(1) and 2057(A)(2) of the Act.

B. The following violations although not included in the foregoing enforcement action, are included within the scope of the settlement herein. These violations have not been cited in any previous enforcement actions.

An investigation of an unauthorized discharge which occurred on or about January 3, 2009, at the Respondent's Meraux Terminal was performed to determine the degree of compliance with the Act and the Air Quality Regulations. The following violations were noted:

In an Unauthorized Discharge Notification Report dated January 9, 2009, the Respondent reported a spill of diesel fuel into the secondary containment area of Tank 20-2 Diesel Fuel Cone Roof Storage Tank (EQT0003). The spill occurred at approximately 8:10 a.m. on January 3, 2009. The spill was caused by overfilling of Tank 20-2 and resulted in the release of 1,476 barrels of diesel onto the ground and 7,735 pounds of VOC released into the atmosphere. The Reportable Quantity (RQ) for diesel is one (1) barrel. Spilled material was recovered by a vacuum truck. The area was water washed with the wash water collected by vacuum truck for treatment at the Meraux Refinery. The Respondent indicated in the report that removal of contaminated soil from the secondary containment area was being performed. In a follow-up report dated October 5, 2009, the Respondent stated that the incident was preventable and provided actions taken/planned to prevent recurrence. The follow-up notification report was not submitted within 60 days following the previous written notification. The updated notifications were to be submitted until the investigation was complete and the results of the investigation were submitted. The failure to submit a timely follow-up report is a violation of LAC 33:I.3925.A.3 and La. R.S. 30:2057(A)(2). The overfilling of the Diesel Fuel Cone Roof Storage Tank resulted in the release.

> This 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).

According to the Respondent in its October 5, 2009 letter, operational procedures designed to prevent spillage during the refilling of tanks at the Meraux Terminal were developed and put in to place by January 14, 2009. Additionally, the Respondent noted in its October 5, 2009 letter that a procedure was developed in May of 2009 by Murphy Oil USA, Inc. Supply and Transportation for the safe filling of tanks at the Meraux Terminal. The procedure was issued on June 3, 2009, and personnel were trained. The Respondent also noted that the ENRAF Advanced Tank Gauging System was installed such that signals are monitored and recorded in the Central Control Room of the Meraux Terminal office. Differential Pressure Level Transmitters were installed on the tanks, and if either device reads a high alarm, the system will alarm at both the Meraux Terminal and at the Meraux Refinery Control Room.

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 FOUR THOUSAND SIX HUNDRED AND NO/100 DOLLARS ($4,600.00), of which FOUR HUNDRED EIGHTY AND 14/100 DOLLARS ($480.14) 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, the investigation report, the Notice of Potential Penalty, the additional violations included herein 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. Respondent and the Department agree that this settlement shall comprise and settle all findings of fact and allegations of violations contained in Paragraph II of this agreement.

VIII

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in St. Bernard 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 thirty (30) 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.

MURPHY OIL USA, INC.

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