

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	*	Settlement Tracking No.
	*	SA-AE-06-0047
NATIONAL OILWELL VARCO, L.P.	*	
d/b/a TUBOSCOPE, A NATIONAL OILWELL	*	
VARCO, L.P. COMPANY	*	
	*	Enforcement Tracking No.
AI # 4832; 16865; 17632	*	AE-PP-05-0039
	*	
PROCEEDINGS UNDER THE LOUISIANA	*	
ENVIRONMENTAL QUALITY ACT	*	
LA. R.S. 30:2001, <u>ET SEQ.</u>	*	

SETTLEMENT

The following Settlement is hereby agreed to between National Oilwell Varco, L.P. d/b/a Tuboscope, A National Oilwell Varco, L.P. 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 who owns and/or operates the following coating facilities: Amelia North Coating Plant, Agency Interest No. 4832, located in Amelia, Assumption Parish, Louisiana; Amelia Pipe Coating Plant South, Agency Interest No. 17632, located in Amelia, Assumption Parish, Louisiana; and Harvey Coating Plant, Agency Interest No. 16865, located in Harvey, Jefferson Parish, Louisiana.

II.

On April 5, 2005, the Department issued a Notice of Potential Penalty, Enforcement No. AE-PP-05-0039, to Respondent, which was based upon the following findings of fact:

On January 31, 2005, a file review of Amelia North Coating Plant (Agency Interest No. 4832) owned and/or operated by Respondent, was performed to determine the degree of compliance with the Louisiana Environmental Quality Act and the Air Quality Regulations. The facility is located at or near Louisiana Highway 662, off U.S. Highway 990 in Amelia, Assumption Parish, Louisiana. The facility currently operates under Title V Permit No. 0200-00027-V0, issued on March 15, 2001.

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

- A. The Respondent's semiannual monitoring form for the period January 1, 2001, thru June 31, 2001, was postmarked December 10, 2001. The semiannual monitoring form was due on September 30, 2001. The late submittal of a semiannual monitoring form is a violation of Part 70 General Condition K of Title V Permit No. 0200-00027-V0, LAC 33:III.501.C.4, and Section 205(A)(2) of the Act.
- B. The Respondent's annual compliance certification form for the period January 1, 2001, through December 13, 2001, was postmarked July 1, 2002. The annual compliance certification form was due on March 31, 2002. The late submittal of the annual compliance certification form is a violation of Part General Condition M of Title V Permit No. 0200-00027-V0, LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act.

On January 31, 2005, a file review of Harvey Coating Plant (Agency Interest No. 16865), owned and/or operated by Respondent, was performed to determine the degree of compliance with the Act and the Air Quality Regulations. The facility is located at 1208 First Avenue in Harvey, Jefferson Parish, Louisiana. The facility currently operates under Title V Permit No. 1340-00233-V0, issued on August 15, 2002.

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

- A. On or about April 2, 2004, the Department received the Respondent's annual compliance certification form for the time period January 1, 2003, through December 31, 2003, and semiannual monitoring form for the period July 1, 2003, through December 31, 2003, detailing permit deviations. According to the Respondent, a facility wide VOC housekeeping plan for reducing excess VOC emissions was not present on

the site. This is a violation of Part 70 Specific Condition 1 of Title V Air Permit No. 1340-00233-V0, LAC 33:III.2113.A.4, LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act.

- B. On or about April 2, 2004, the Department received the Respondent's annual compliance certification form for the time period January 1, 2003, through December 31, 2003, and semiannual monitoring form for the period July 1, 2003, through December 31, 2003, detailing permit deviations. According to the Respondent a written facility wide standby plan for the reduction of emissions during emergency episodes was not prepared and present on site. This is a violation of Part 70 Specific Condition 1 of Title V Air Permit No. 1340-00233-V0, LAC 33:III.5609.A, LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act.
- C. On or about April 2, 2004, the Department received the Respondent's annual compliance certification form for the time period January 1, 2003, through December 31, 2003, and semiannual monitoring form for the period July 1, 2003, through December 31, 2003, detailing permit deviations. According to the Respondent the operator logs and monthly emissions calculations for Emission Points INSP-1, INSP-2, INSP-3, INSP-4, INSP-5, T5, and T6 were not maintained on site. Each is a violation of State Only Specific Condition 4 of Title V Air Permit No. 1340-00233-V0, Part 70 General Condition I., LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act.

On February 28, 2008, a file review of Harvey Coating Plant (Agency Interest No. 16865), Amelia Coating Plant South (Agency Interest No. 17632) and the Amelia North Coating Plant (Agency Interest No. 4832), all owned and/or operated by Respondent, was performed to determine the degree of compliance with the Act and the Air Quality Regulations. Whereas, the violations are not part of any issued enforcement action they are nonetheless incorporated into and made a part of this settlement agreement.

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

- A. The Respondent self-reported deviations in the facility's 2003 annual compliance certification form. A written facility wide standby plan for the reduction of emissions during emergency episodes was not prepared and present on site. This is a violation of Part 70 Specific Condition 1, LAC 33:III.5609.A, LAC 33:III.501.C.4. (Agency Interest No. 4832)

- B. The Respondent failed to submit the facility's 2001 annual compliance certification by March 31, 2002. This is a violation of Part 70 General Condition M, LAC 33:III.501.C.4. (Agency Interest No. 16865)

The last two violations pertain to the Amelia Coating Plant South, Agency Interest No. 17632, located at 2112 Highway 662, Assumption Parish, Louisiana. Additionally, the exceedances listed in item "D" that occurred prior to December 31, 2006 are part of this settlement. Any exceedances that occurred after December 31, 2006 will be addressed by other LDEQ action and/or settlement.

- C. The Respondent failed to submit the facility's Annual Emissions Statement (EIS) for the 2004 calendar year by the required due date. This is a violation of LAC 33:III.919.
- D. Based on the findings of an internal emissions review performed in accordance with AE-COA-03-0369 the Respondent discovered emission exceedances of various permit limits under Part 70 air permit 0200-00019-V0. These exceedances were self reported in various semi annual, annual, and quarterly reports. To address these exceedances under Part 70 air permit 0200-00019-V0 the Respondent filed a permit amendment and installed a Regenerative Thermal Oxidizer (RTO) to further address air emissions. Respondent was subsequently issued a modified Part 70 air permit on December 29, 2006 (0200-00019-V1). The emission exceedances listed in the internal emissions review are a violation of LAC 33:III.501.C.4.

III.

The violations listed below are not the subject of an enforcement action issued by the Department, but are included as part of this Settlement.

A file review conducted by the Department on or about February 6, 2009, revealed the following violations at the Amelia North Coating Plant (Agency Interest No. 4832):

- A. The Respondent failed to submit the semiannual monitoring form for the period of July 1, 2007 through December 31, 2007 to the Department by the March 31, 2008. The semiannual monitoring form dated June 2, 2008, was received by the Department on June 6, 2008. The Respondent's failure to submit the semiannual monitoring form by the due date is a violation of Part 70 General Condition K of Title V Permit No. 0200-00027-VO, LAC 33:III.501.C.4, and Section 205(A)(2) of the Act.

- B. The Respondent failed to submit the annual compliance certification form for the period January 1, 2007, through December 31, 2007 to the Department by the March 31, 2008 due date. The compliance certification dated June 2, 2008, was received by the Department on or about June 6, 2008. The Respondent's failure to submit the compliance certification by the due date is in violation of Part 70 General Condition M of Title V Operating Permit 0200-00027-VO, LAC 33.III.501.C.4 and Section 2057 (A)(2) of the Act.

A file review conducted by the Department on or about February 6, 2009, revealed the following violations at the Harvey Coating Plant (Agency Interest No. 16865):

- A. The Respondent failed to submit the semiannual monitoring form for the period of July 1, 2007 through December 31, 2007 to the Department by the March 31, 2008. The semiannual monitoring form dated June 2, 2008, was received by the Department on June 6, 2008. The Respondent's failure to submit the semiannual monitoring form by the due date is a violation of Part 70 General Condition K of Title V Permit No. 1340-00233-VO, LAC 33.III.501.C.4, and Section 205(A)(2) of the Act.
- B. The Respondent failed to submit the annual compliance certification form for the period January 1, 2007, through December 31, 2007 to the Department by the March 31, 2008 due date. The compliance certification dated June 2, 2008, was received by the Department on or about June 6, 2008. The Respondent's failure to submit the compliance certification by the due date is in violation of Part 70 General Condition M of Title V Operating Permit 1340-00233-VO, LAC 33.III.501.C.4 and Section 2057 (A)(2) of the Act.

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 THIRTEEN THOUSAND ONE HUNDRED AND NO/100 DOLLARS (\$13,100.00),

of which FOUR HUNDRED EIGHT DOLLARS AND 87/100 DOLLARS (\$408.87) represents DEQ's enforcement costs, in settlement of the claims set forth in this agreement

VI.

Respondent further agrees that the Department may consider the inspection report(s), the Penalty Assessment, file reviews 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.

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 Assumption and Jefferson Parishes, 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.

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.

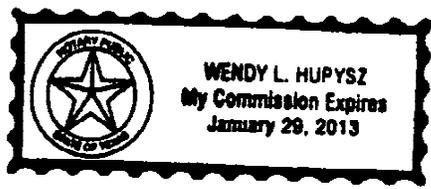
**NATIONAL OILWELL VARCO, L.P.
d/b/a TUBOSCOPE, A NATIONAL OILWELL
VARCO, L.P. COMPANY**

BY: *Joe Joseph*
(Signature)

JOSEPH
(Print)

TITLE: President

THUS DONE AND SIGNED in duplicate original before me this 21st day of August, 20 09, at 2835 Holmes Rd.



Wendy L. Hupysz
NOTARY PUBLIC (ID #)

Wendy L. Hupysz
(Print)

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

BY: *Peggy M. Hatch*

Peggy M. Hatch, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 7th day of December, 20 09, at Baton Rouge, Louisiana.

Christopher A. Ratcliff
NOTARY PUBLIC (ID # 10149)

Christopher A. Ratcliff
(Print)

Approved: *Peggy M. Hatch*
Peggy M. Hatch, Assistant Secretary