

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

* Settlement Tracking No.
* SA-HE-08-0008

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

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AI # 3213
(ALT ID No. LAD083447979)

* Enforcement Tracking No.
* HE-CN-03-0379

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

* Docket No. 2005-4171-EQ
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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 an oilfield pipe cleaning and inspection facility located at 3412 Old Spanish Trail East in New Iberia, Iberia Parish, Louisiana ("the Facility"). This facility is a large quantity generator of hazardous waste and operates under EPA identification number LAD083447979. Previous documents filed with the Department on this matter reference the Respondent as Tuboscope, A Varco Company. On June 15, 2006, Respondent filed the necessary paperwork to effect a change of permit holder name for this facility. This settlement has been captioned to reference the currently listed permit holder.

II

On December 17, 2003, the Department conducted an inspection of the facility to determine the degree of compliance with the Act and the Hazardous Waste Regulations. As a result of this inspection a Consolidated Compliance Order and Notice of Potential Penalty ("CCONOPP"), HE-CN-03-0379, was issued to Respondent on June 15, 2004. The following violations were noted in the CCONOPP:

- A. The Respondent Stored D001 and D008 hazardous wastes received from offsite without having received interim status or a standard permit, in violation of LAC 33:V.303.B.
- B. The Respondent transported D001 and D008 hazardous wastes without a manifest in violation of LAC 33:V.1307.A.
- C. The Respondent failed to label or clearly mark a 350-gallon tote container storing hazardous waste with the date upon which each period of accumulation began and with the words "Hazardous Waste" in violation of LAC 33:V.1109.E.1.c & d.
- D. The Respondent failed to inspect, at least weekly, areas where hazardous waste containers are stored, looking for leaking containers and for deterioration of containers and containment systems in violation of LAC 33:V.2109.A. This violation has been addressed.
- E. The Respondent failed to develop and document a training program for all personnel whose duties involve hazardous waste management or emergency response in violation of LAC 33:V.1515.
- F. The Respondent failed to prepare a contingency plan for its hazardous waste management activities and did not make arrangements with local authorities in the

event of an emergency in violation of LAC 33:V.1513. This violation has been addressed.

III

In response to the Consolidated Compliance Order and Notice of Potential Penalty, Respondent made a timely request for a hearing. Additionally, Respondent filed a document with the Department on June 20, 2006 outlining the steps they have taken to address the noted compliance issues. Respondent has addressed the compliance issues detailed in the aforementioned CCONOPP and has reached an agreement with the Department in regards to the solvent decanting process to be employed at the facility.

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 FIFTEEN THOUSAND AND NO/100 DOLLARS (\$15,000.00), of which Two Thousand Seven Hundred Two and 72/100 Dollars (\$2,702.72) 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).

VI

Respondent further agrees that the Department may consider the inspection report(s), the CCONOPP 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 Iberia 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.

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.

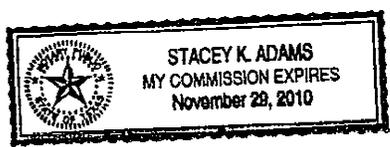
NATIONAL OILWELL VARCO L.P. d/b/a
TUBOSCOPE, A NATIONAL OILWELL
VARCO L.P. COMPANY

BY: [Signature]
(Signature)

Francis Joseph
(Print)

TITLE: President

THUS DONE AND SIGNED in duplicate original before me this 2nd day of
May, 2008, at Houston, Texas.



Stacey K. Adams
NOTARY PUBLIC (ID # _____)

Stacey K. Adams
(Print)

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

BY: [Signature]

Peggy M. Hatch, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 2nd day of
September, 2008, at Baton Rouge, Louisiana

[Signature]
NOTARY PUBLIC (ID # 40539)

Jill R. Boyle
(Print)

Approved: [Signature]
Peggy M. Hatch, Assistant Secretary