STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	*	Settlement Tracking No.
	*	SA-RE-06-0024
NORTHROP GRUMMAN SHIP SYSTEMS, INC.	*	
	*	Enforcement Tracking No.
	*	RE-CN-03-0239
AI # 593	*	RE-PP-04-0134
	*	
PROCEEDINGS UNDER THE LOUISIANA ENVIRONMENTAL QUALITY ACT LA. R.S. 30:2001, ET SEQ.	*	Docket No. 2004-9830-EQ
	*	
	*	

SETTLEMENT

The following Settlement is hereby agreed to between Northrop Grumman Ship Systems, Inc. ("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 operates a full service systems company for the design, engineering, construction, and life cycle support of major surface ships facility located at 5100 River Road, Avondale, Jefferson Parish, Louisiana ("the Facility").

II.

On March 17, 2004, the Department issued to Respondent, a Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No.RE-CN-03-0239, which was based upon the following findings of fact:

The Respondent is in possession of radioactive materials at Northrop Grumman Ship Systems under the provisions of Radioactive Materials License No. LA-0711-L01. The facility is located at 5100 River Road in Avondale, Jefferson Parish, Louisiana.

On September 10-16, 2003, an inspection of the facility revealed the following violations:

A. The Respondent failed to comply with the limitations specified in the licensing document, in violation of LAC 33:XV.320.A.2 and Item 13 B, Attachment A, #13 of LA-0711-L01. Specifically, records of radiographer quarterly audits indicated that radiography was satisfactorily conducted on Sunday, December 1, 2002; Saturday, March 1, 2003; and Tuesday, March 4, 2003. However, there were no records of the utilization survey logs that indicated that radiography was conducted on those dates.

B. The Respondent failed to test exposure devices for depleted uranium contamination at least every twelve (12) months, in violation of LAC 33:XV.544.F.

C. The Respondent failed to maintain records of positive pocket dosimeter responses to radiation for three (3) years, in violation of LAC 33:XV.577.B.

D. The Respondent failed to ensure that dosimeters used at the facility read within twenty (20) per cent of the true radiation exposure, in violation of LAC 33:XV.577.B.

E. The Respondent failed to read the direct reading dosimeters and to record the exposures at least daily with use, in violation of LAC 33:XV.577.D.

F. The Respondent failed to maintain all alarming ratemeter calibrations for three (3) years, in violation of LAC 33:XV.577.H.4.

III.

On April 27, 2005, the Department issued to Respondent, a Notice of Potential Penalty, Enforcement No. RE-PP-04-0134, which was based upon the following findings of fact:

On July 21, 2004, and August 4, 2004, inspections of Northrop Grumman Ship Systems, Avondale Operations, owned and/or operated by Northrop Grumman Ship Systems, Inc. (Respondent), were performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Radiation Protection Regulations. The facility is located at 5100 River Road in Avondale, Jefferson Parish, Louisiana.

The following violations were noted during the course of the inspections:

A. The Respondent failed to maintain a utilization log for the Niton Alloy Analyzer, in violation of LAC 33:XV.320.A.2 and its RAM license LA-2619-L01, condition number 13. This violation was addressed as noted in a letter received by the Department on or about August 12, 2004.

B. The Respondent failed to maintain constant surveillance or use devices or administrative procedures to prevent unauthorized use of licensed radioactive material that is in a controlled or unrestricted area and that is not in storage, in violation of LAC 33:XV.445.B. This violation was addressed as noted in a letter received by the Department on or about August 12, 2004.

In response to the Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. RE-CN-03-0239, Respondent made a timely request for a hearing.

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

EIGHT THOUSAND SEVEN HUNDRED AND NO/100 DOLLARS ($8,700.00) of which Three Hundred Eighty-Six and 93/100 Dollars ($386.93) 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 Consolidated Compliance Order and Notice of Potential Penalty, 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.

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 Jefferson 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 Darryl Serio, Office of Management and Finance, 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.

NORTHROP GRUMMAN SHIP SYSTEMS, INC.

BY: _____
(Signature)

STEPHEN H. STROM
VICE PRESIDENT QUALITY
(Print)

TITLE: _____

THUS DONE AND SIGNED in duplicate original before me this 25th day of September, 20 06, at AVONDALE, JEFFERSON PARISH, LOUISIANA

JUDY PERRY MARTINEZ
STATE OF LOUISIANA
NOTARY PUBLIC
BAR ROLL #1215
MY COMMISSION IS ISSUED FOR LIFE

_____
NOTARY PUBLIC (ID 1215)

JUDY PERRY MARTINEZ
(Print)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Mike D. McDaniel, Ph.D., Secretary

BY: _____
Harold Leggett, Ph.D., Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 18th day of December, 20 06, at Baton Rouge, Louisiana.

_____
NOTARY PUBLIC (ID # 10956)

_____
(Print)

Approved: _____
Harold Leggett, Ph.D., Assistant Secretary