**STATE OF LOUISIANA**

**DEPARTMENT OF ENVIRONMENTAL QUALITY**

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|---|---|---|
| **IN THE MATTER OF:** | * | **Settlement Tracking No.** |
| | * | **SA-AE-14-0057** |
| **SHELL PIPELINE COMPANY LP** | * | |
| | * | **Enforcement Tracking No.** |
| **AI # 9292** | * | **AE-CN-11-00576** |
| | * | |
| **PROCEEDINGS UNDER THE LOUISIANA** | * | |
| **ENVIRONMENTAL QUALITY ACT** | * | |
| **LA. R.S. 30:2001, ET SEQ.** | * | |

**SETTLEMENT**

The following Settlement is hereby agreed to between Shell 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 partnership that owned and/or operated a crude oil receiving and temporary storage facility located in St. James, St. James Parish, Louisiana ("the Facility").

II

On April 26, 2013, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty (CONOPP), Enforcement No. AE-CN-11-00576, which was based upon the following findings of fact:

"The Respondent owns and/or operates St. James Capline Station (Facility), a crude oil receiving and temporary storage facility located at 6770 Louisiana Highway 18 in St. James, St. James Parish, Louisiana. The Facility operates or has operated under the authority of the following Title V Air Permits:

| Permit No. | Issue Date | Expiration Date |
|---|---|---|
| 2560-00041-V1 | 1/25/2007 | 3/29/2012 |
| 2560-00014-V2* | 3/29/2012 | 5/10/2012 |
| 2560-00041-V2 AA | 5/10/2012 | 3/29/2017 |

* The facility's air permit was inadvertently assigned an incorrect Title V Air Permit No. This error was corrected with the issuance of an Administrative Amendment on May 10, 2012.

On or about March 4, 2011, and March 7, 2011, inspections of the Facility were conducted to determine the degree of compliance with the Act and the Air Quality Regulations. On or about June 18, 2012, a file review of the Facility was conducted.

While the Department's investigation is not yet complete, the following violations were noted during the course of the inspections and subsequent file review:

A. The Respondent failed to submit a notification to the Department at least thirty (30) days in advance of the following inspections of Crude Oil Storage Tank 520 (EQT020):

| Date of Inspection | Due Date | Date Received |
|---|---|---|
| 1/20/2010 | 12/21/2009 | Not Received |
| 1/28/2011 | 12/29/2010 | Not Received |

Each event of the Respondent's failure to submit a notification at least 30 days in advance of any gap measurements required by 40 CFR 60.113b(b)(1) is a violation of Specific Requirement No. 288 of Title V Air Permit No. 2560-00041-V1, LAC 33:III.501.C.4, 40 CFR 60.113b(b)(5), which language has been adopted in LAC 33:III.3003. Each event is also a violation of La. R.S. 30:2057(A)(2).

B. The Respondent failed to submit a report to the Department within 60 days of performing the following inspections of Crude Oil Storage Tank 520 (EQT020):

| Date of Inspection | Due Date | Date Received |
|---|---|---|
| 2/20/2008 | 4/20/2008 | Not Received |
| 1/30/2009 | 3/31/2009 | 2/27/2012 |
| 1/20/2010 | 3/21/2010 | 2/27/2012 |
| 1/28/2011 | 3/29/2011 | Not Received |

Each event of the Respondent's failure to submit a report within 60 days of performing the seal gap measurements required by 40 CFR 60.113b(b)(1) is a violation of Specific Requirement No. 293 of Title V Air Permit No. 2560-00041-V1, LAC 33:III.501.C.4, 40 CFR 60.115b(b)(2), which language has been adopted in LAC 33:III.3003. Each event is also a violation of La. R.S. 30:2057(A)(2).

C. In the Respondent's 2010 Semiannual Monitoring Report dated March 31, 2011, it was reported that the facility exceeded the permitted emissions limit for Tank Cleaning Operations during the 2010 calendar year. In correspondence dated February 27, 2012, the Respondent reported the following emissions associated with Tank Cleaning Operations during the 2010 calendar year:

| **Pollutant** | **Actual Emissions (tons)** | **Permitted Limit (tons)** |
|---|---|---|
| Volatile Organic Compounds (VOC) | 8.654 | - |
| Benzene | 0.001 | - |
| Ethylbenzene | 0.001 | - |
| (n)-Hexane | 0.164 | - |
| 2,2,4-Trymethylpentane | 0.043 | - |
| Toluene | 0.002 | - |
| Xylenes | 0.004 | - |
| **Total** | **8.865** | **<0.01** |

The Respondent's failure to maintain emissions associated with Tank Cleaning Operations below the permitted limit is a violation of Title V Air Permit No. 2560-00041-V1, LAC 33:III.501.C.4, 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

EIGHT THOUSAND AND NO/100 DOLLARS ($8,000.00), of which Five Hundred Seventy-Six and 40/100 Dollars ($576.40) 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 inspection report(s), permit record(s), CONOPP 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 La. 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. James 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 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.

**SHELL 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