STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	*	**Settlement Tracking No.**
	*	**SA-AE-08-0043**
TENNESSEE GAS PIPELINE COMPANY	*	
	*	
AI # 2448 & 3589	*	**Enforcement Tracking No**
	*	**AE-CN-08-0003**
PROCEEDINGS UNDER THE LOUISIANA	*	
ENVIRONMENTAL QUALITY ACT	*	
LA. R.S. 30:2001, ET SEQ.	*	

SETTLEMENT

The following Settlement is hereby agreed to between Tennessee Gas Pipeline Company ("Respondent") and the Department of Environmental Quality ("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 that owns and/or operates a natural gas compressor station facility (Compressor Station 527, Agency Interest No. 2448) in Port Sulphur, Plaquemines Parish, Louisiana. Respondent also owns and/or operates a natural gas compressor station (Station 523, Agency Interest No. 3589), located approximately one mile south of Cocodrie, Terrebonne Parish, Louisiana. ("the Facility(s)")

II

On May 13, 2008, the Department issued Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. AE-CN-08-0003, which was based upon the following findings of fact:

The Respondent owns and/or operates Compressor Station 527 (Agency Interest No. 2448), a natural gas compressor station located at 26166 Louisiana Highway 23 South in Port Sulphur, Plaquemines Parish, Louisiana. The facility operated under Title V Permit No. 2240-00009-V1 issued on September 13, 2005, during the reporting period discussed below. The facility currently operates under Title V Permit No. 2240-00009-V2 issued on April 2, 2007.

In the letter dated October 6, 2005, the Respondent requested a temporary variance to authorize repairs associated with damaged emission sources, and authorize the use of temporary and existing emission sources. Among the damaged emission sources was the facility's Electric Vapor Recovery Compressor (C-1). The variance request stated: "Without the vapor recovery compressors, the facility flare will be the sole control equipment for flash vapors." A temporary variance was issued to the Respondent on October 10, 2005, which stated: "There may be a period when the vapor recovery system is being repaired and unavailable for recovery and compression of flash emissions. TGP [Tennessee Gas Pipeline] will route the flash gas stream to the flare for destruction." According to an email dated January 18, 2008, while conducting a plant wide assessment during the first quarter of 2006 the Respondent discovered the facility flare's controls, blower, and electrical components would require complete replacement. A temporary variance was issued to the Respondent on November 30, 2007, which will expire on May 31, 2008. This variance allows T-7A (EQT013) to serve as a flash vessel, and the flash emissions from T-7A to be routed to the temporary flare for control.

On or about December 3, 2007, a file review of the Respondent's facility was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

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

According to a letter dated March 24, 2006, the facility received condensate liquid on or about March 19, 2006. Flash gases from T-6 Flash Vessel (EQT012) are normally routed to the Electric Vapor Recovery Compressor (C-1) during normal operations. The Electric Vapor Recovery Compressor was damaged when Hurricanes Katrina and Rita made landfall on August 29, 2005, and September 23, 2005, respectively. According to an email dated January 14, 2008, uncontrolled emissions resulted from 800 barrels (bbls) of condensate liquid being received on or about March 19, 2006. According to an email dated January 14, 2008, the uncontrolled emissions included 5,415.77 pounds of volatile organic compounds (VOCs), 15.16 pounds of benzene, 0.76 pounds of ethyl benzene, 423.82 pounds of n-hexane, 9.85 pounds of toluene, and 3.03 pounds of xylene. These emissions were released to the atmosphere. T-6 Flash Vessel is not permitted to emit these pollutants. Emissions of each of the unpermitted pollutants from T-6 Flash Vessel are violations of LAC 33:III.501.C.2, La. R.S. 30:2057(A)(1) and 30:2057(A)(2). The Respondent also reported this deviation in Semiannual Monitoring Report for the period encompassing January 2006 through June 2006, Semiannual Monitoring Report for the period encompassing July through December 2006, and 2006 Annual Compliance Certification.

The Respondent owns and/or operates Station 523 (Agency Interest No. 3589), a natural gas compressor station located approximately one mile south of Cocodrie in Terrebonne Parish, Louisiana. The facility currently operates under Administrative Amendment to Title V Permit No. 2880-00014-V2 issued on May 8, 2007.

On or about October 9, 2007, an investigation of an unauthorized discharge which occurred on or about September 24, 2007, at the facility was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

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

On or about September 28, 2007, the Department received the Respondent's letter dated September 26, 2007, regarding a release that occurred at the Respondent's facility on or about September 24, 2007. During this incident, approximately 27 million cubic feet of natural gas was released. According to the Respondent, the incident occurred as a result of an improper valve sequencing event. According to the Respondent's report, the release was preventable. 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 is defined by LAC 33:III.111 as "any device or contrivance, operating procedure or abatement scheme used to prevent or reduce air pollution." This unauthorized discharge is also a violation of 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 FOUR THOUSAND FIVE HUNDRED AND NO/100 DOLLARS ($4,500.00), of which Four Hundred Thirty and 66/100 Dollars ($430.66.) 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), the Consolidated Compliance Order & 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.

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.

VIII

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Plaquemines Parish and Terrebonne Parish, Louisiana. The advertisements, 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 original proof-of-publication affidavits and original public notices 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 notices.

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.

TENNESSEE GAS PIPELINE COMPANY

BY: _____
(Signature)

SJM

Daniel B. Martin
(Print)

TITLE: Senior Vice President

THUS DONE AND SIGNED in duplicate original before me this 30th day of June, 20 09, at Houston, Texas.

JANICE SPENCER
Notary Public, State of Texas
My Commission Expires
May 24, 2010

_____
NOTARY PUBLIC (ID # —)

Janice Spencer
(Print)

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

BY: _____
Peggy M. Hatch, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 5th day of November, 20 09, at Baton Rouge, Louisiana.

_____
NOTARY PUBLIC (ID # 10149)

Christopher A. Ratcliff
(Print)

Approved: _____
Peggy M. Hatch, Assistant Secretary