STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	*	**Settlement Tracking No.**
	*	**SA-AE-07-0014**
CONOCOPHILLIPS COMPANY	*	
	*	**Enforcement Tracking No.**
AI # 11397	*	**AE-CN-06-0183**
	*	
PROCEEDINGS UNDER THE LOUISIANA	*	
ENVIRONMENTAL QUALITY ACT	*	
LA. R.S. 30:2001, ET SEQ.	*	

SETTLEMENT

The following Settlement is hereby agreed to between ConocoPhillips 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 that operated a natural gas processing facility at Egan, Acadia Parish, Louisiana ("the Facility").

II

On January 10, 2007, the Department issued to Respondent a Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. AE-CN-06-0183, which was based upon the following findings of fact:

The Respondent owned and/or operated the Acadia Gas Plant, a natural gas processing facility. On April 16, 2004, the Respondent sold the facility to Targa Louisiana Field

Services, LLC. The facility is located at 766 South Plant Road in Egan, Acadia Parish, Louisiana. At the time the facility was owned by the Respondent, the facility operated under Title V Permit No. 0040-00030-V0, issued on February 20, 2002.

According to Federally Enforceable Specific Condition 4.A for Storage Vessels in Title V Permit No. 0040-00030-V0 for the Acadia Gas Plant, Emission Point 29 (4,000 gallon Methanol Tank) shall comply with LAC 33:III.2103.A. According to the facility's 2002 Annual Compliance Certification dated March 31, 2003, Emission Point 29 was not equipped with a submerged fill pipe, but the current fill may be equivalent and was under evaluation at the time of the 2002 Annual Compliance Certification submittal.

On November 15, 2006, a file review of the Acadia Gas Plant was performed to determine the degree of compliance with the Act and the Air Quality Regulations. While the Department's investigation was not yet complete, the following violations were noted during the course of the file review:

A. According to a letter dated September 20, 2002, and the facility's 2002 Annual Title V Compliance Certification and Title V Semiannual Monitoring Form for the period encompassing July through December 2002, the Respondent failed to perform a compliance test for Emission Point 15 (Clark HRA-8 Compressor Engine) and Emission Point 24 (White Superior 8GTL825 Compressor Engine) within 180 days of receiving the facility's Title V permit on February 20, 2002. The compliance test for the Emission Point 15 was performed on or about October 16, 2002, and the compliance test for the Emission Point 24 was performed on or about October 18, 2002. Each failure to perform a compliance test is a violation of State Only Specific Condition 1.A for Stationary Internal Combustion Engines and Louisiana General Condition VIII of Title V Permit No. 0040-00030-V0, LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act.

B. According to the facility's 2002 Annual Title V Compliance Certification, the Respondent failed to maintain records to verify exemption to 40 CFR 60 Subparts K, Ka, and Kb for Emission Point

19K (20,000 gallon Slop Oil Storage Tank), Emission Point 19L (10,000 gallon Skimmer Tank), and Emission Point 29 (4,000 gallon Methanol Tank). Each failure to maintain records to verify exemption to 40 CFR 60 Subparts K, Ka, and Kb is a violation of Federally Enforceable Specific Condition 6.A for Storage Vessels, LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act.

C. According to the facility's 2002 Annual Title V Compliance Certification, the Respondent failed to maintain records of vapor pressure to verify exemption with LAC 33:III.2103 for Emission Point 19K and Emission Point 19L. Each failure to maintain records of vapor pressure to verify exemption with LAC 33:III.2103 is a violation of Federally Enforceable Specific Condition 6.A for Storage Vessels, LAC 33:III.501.C.4, LAC 33:III.2103, and Section 2057(A)(2) of the Act.

D. According to General Condition J of Title V Permit No. 0040-00030-V0, required monitoring records must include the date, place, and time of sampling; date analyses were performed; company that performed analyses; the analytical techniques or methods used; the results of the analyses; and the operating conditions at the time of sampling. According to the facility's 2002 Annual Title V Compliance Certification, the Respondent failed to completely document monitoring records as required by General Condition J. This failure to completely document monitoring records is a violation of General Condition J of Title V Permit No. 0040-00030-V0, LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act.

E. According to the facility's 2002 Annual Title V Compliance Certification and 2003 Annual Title V Compliance Certification, the Respondent operated Emission Point 34-04-PC (gas operated pneumatic controllers) during 2002 and 2003, and Emission Point 46-04-ICE-ES, Emission Point 47-04-ICE-ES, and Emission Point 50-04-ICE-ES (small diesel-fired engines) during 2003. However, Emission Point 34-04-PC, Emission Point 46-04-ICE-ES, Emission Point 47-04-ICE-ES, and Emission Point 50-04-ICE-ES are not included in the facility's Title V Permit. On or about March 23, 2004, the Respondent submitted a Title V permit modification application to include these additional fugitive emission sources. Each unpermitted emission point is a violation of LAC 33:III.501.C.2, and Sections 2057(A)(1) and 2057(A)(2) of the Act.

On or about February 21, 2007, a file review of the Acadia Gas Plant was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

The following violation was noted during the course of the file review:

> According to the facility's 2002 Annual Compliance Certification dated March 31, 2003, Emission Point 29 was not equipped with a submerged fill pipe. On or about February 7, 2007, the Respondent submitted a letter dated February 7, 2007, which stated that the submerged fill pipe was installed on Emission Point 29 during late 2002. The failure to equip Emission Point 29 with a submerged fill pipe is a violation of LAC 33:III.2301.A and Section 2057(A)(2) of the Act.

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 SIX THOUSAND EIGHT HUNDRED THIRTY-FIVE AND NO/100 DOLLARS ($6,835.00), of which Six Hundred Thirty-Three and 09/100 Dollars ($633.09) 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 DEQ 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 and 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. In any such action Respondent shall be estopped from objecting

to the above-referenced documents being considered as evidence of the violations alleged herein for the sole purpose of determining Respondent's compliance history, but Respondent may present relevant mitigating factors for the Department's consideration.

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 Acadia 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.

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.

CONOCOPHILLIPS COMPANY

BY: _____
(Signature)

_____
(Print)

TITLE: _____

THUS DONE AND SIGNED in duplicate original before me this _____ day of _____, 20 _____, at _____.

_____
NOTARY PUBLIC (ID #_____)

_____
(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 _____ day of _____, 20_____, at Baton Rouge, Louisiana.

_____
NOTARY PUBLIC (ID # _____)

_____
(Print)

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