

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

PHILLIPS 66 PIPELINE LLC

AI # 40853

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

* **Settlement Tracking No.**
* **SA-AE-19-0058**
*
* **Enforcement Tracking No.**
* **AE-PP-17-01122**
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SETTLEMENT

The following Settlement is hereby agreed to between Phillips 66 Pipeline LLC (“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 limited liability company that owns and/or operates a natural gas processing facility located in Paradis, St. Charles Parish, Louisiana (“the Facility”).

II

On February 2, 2018, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-17-01122 (Exhibit 1).

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 SEVEN THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$7,500.00), of which Seven Hundred Eighty-Two and 37/100 Dollars (\$782.37) 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 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 La. R. S. 30:2025(E) of the Act.

VIII

As required by law, the Department has submitted this Settlement Agreement to the Louisiana Attorney General for approval or rejection. The Attorney General's concurrence is appended to this Settlement Agreement.

IX

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in St. Charles Parish, Louisiana. The advertisement, in form and wording 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.

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.

PHILLIPS 66 PIPELINE LLC

BY: _____
(Signature)

(Printed)

TITLE: _____

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

NOTARY PUBLIC (ID # _____)

(stamped or printed)

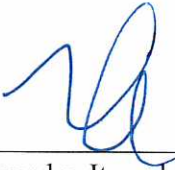
**LOUISIANA DEPARTMENT OF
ENVIRONMENTAL QUALITY**
Chuck Carr Brown, Ph.D., Secretary

BY: _____
Lourdes Iturralde, 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:  _____
Lourdes Iturralde, Assistant Secretary

JOHN BEL EDWARDS
GOVERNOR



CHUCK CARR BROWN, Ph.D.
SECRETARY

State of Louisiana
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

February 2, 2018

CERTIFIED MAIL (7004 2510 0006 3853 2943)
RETURN RECEIPT REQUESTED

PHILLIPS 66 PIPELINE LLC
c/o Corporation Service Company
Agent for Service of Process
501 Louisiana Avenue
Baton Rouge, LA 70802

RE: NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. AE-PP-17-01122
AGENCY INTEREST NO. 40853

Dear Sir:

On or about February 9, 2017, an investigation into an unauthorized discharge occurring at **PARADIS PUMP STATION (FACILITY)**, a natural gas processing facility, owned and/or operated by **PHILLIPS 66 PIPELINE LLC (RESPONDENT)** was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations. The facility is located at 15849 Old Spanish Trail, on Louisiana Highway 631 in Paradis, St. Charles Parish, Louisiana. The Facility currently operates the authority of the following Minor Source Air Permit No. 2520-00031-02 issued on October 15, 2014.

While the investigation by the Louisiana Department of Environmental Quality (Department) is not yet complete, the following violations were noted during the course of the inspection:

The Respondent reported an unauthorized discharge in reports dated February 15, 2017 and August 11, 2017, and stated approximately 2,329,835 pounds (lbs) of Y-grade product were vaporized during an incident. The incident occurred on February 9, 2017, at about 6:50 p.m. when there was an explosion at the facility during a pipeline pigging activity. The incident lasted for approximately 84 hours. The cause of the fire was the failure to isolate the pipeline from the receiver trap that allowed product to escape and the released substance was ignited by an unknown ignition source. The incident resulted in a fatality of an employee and five (5) other employees were injured. The



Respondent stated that majority of the Y-grade product was vaporized on site and residual Y-grade product was recovered. The Respondent reported the following components were released during the incident:

Component Released	Quantity Reported *Products Vaporized (pounds)	Quantity Reported *Products not Combusted (pounds)	Release
Carbon dioxide	-	22,373	Carbon dioxide is nonflammable and all CO2 in the vaporized Y-grade product was assumed to be released into the atmosphere.
Methane	781	16	98% of the flammable components in the Y-grade product vaporized was assumed to be combusted (98% efficiency assumed by Respondent). Non combusted Y-grade product was released into the atmosphere.
Ethane	680,773	13,615	
Propane	794,467	15,889	
i-Butane	182,787	3,656	
n-Butane	331,154	6,623	
i-Pentane	101,256	2,025	
n-Pentane	86,740	1,735	
n-Hexane	75,314	1,506	
n-Heptane	54,191	1,084	
Total = 2,329,835 lbs		Total = 68,522 lbs	

Specific Requirement No. 33 of Minor Source Air Permit No. 2520-00031-02, requires the Respondent to identify hazards that may result from accident releases of the substances listed in 40 CFR 68.130 and Table 59.0 of LAC 33:III.5907 using appropriate hazard assessment techniques, design and maintain a safe facility, and minimize the off-site consequences of accidental release of the above components that do occur. The failure to comply with this requirement is a violation of Minor Source Air Permit No. 2520-00031-02, LAC 33:III.5907, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

Pursuant to La. R.S. 30:2050.3(B), you are hereby notified that the issuance of a penalty assessment is being considered for the violation(s) described herein. Written comments may be filed regarding the violation(s) and the contemplated penalty. If you elect to submit comments, it is requested that they be submitted within ten (10) days of receipt of this notice.

Prior to the issuance of any additional appropriate enforcement action, you may request a meeting with the Department to present any mitigating circumstances concerning the violation(s). If you would like to have such a meeting, please contact Pascal Ojong, Environmental Scientist, at (225) 219-4468 within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**.

The Department is required by La. R.S. 30:2025(E)(3)(a) to consider the gross revenues of the Respondent and the monetary benefits of noncompliance in order to determine whether a penalty will be assessed and the amount of such penalty. Please forward the Respondent's most current annual gross revenue statement along with a statement of the monetary benefits of noncompliance for the cited violations to the above named contact person within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**. Include with your statement of monetary benefits the method(s) you utilized to arrive at the sum. If you assert that no monetary benefits have been gained, you are to fully justify this statement. If the Respondent chooses not to submit the requested most current annual gross revenues statement within ten (10) days, it will be viewed by the Department as an admission that the Respondent has the ability to pay the statutory maximum penalty as outlined in La. R.S. 30:2025.


For each violation described herein, the Department reserves the right to seek civil penalties and the right to seek compliance with its rules and regulations in any manner allowed by law, and nothing herein shall be construed to preclude the right to seek such penalties and compliance.

The Department assesses civil penalties based on LAC 33:I.Subpart1.Chapter7. To expedite closure of this **NOTICE OF POTENTIAL PENALTY**, the Respondent may offer a settlement amount to resolve any claim for civil penalties for the violation(s) described herein. The Respondent may offer a settlement amount, but the Department is under no obligation to enter into settlement negotiations. The decision to proceed with a settlement is at the discretion of the Department. The settlement offer amount may be entered on the attached "**NOTICE OF POTENTIAL PENALTY REQUEST TO SETTLE**" form. The Respondent must include a justification of the offer. **DO NOT** submit payment of the offer amount with the form. The Department will review the settlement offer and notify the Respondent as to whether the offer is or is not accepted.

Notice of Potential Penalty
Phillips 66 Pipeline LLC
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To reduce document handling, please refer to the **Enforcement Tracking Number** and **Agency Interest Number** on the front of this document on all correspondence in response to this action.

Sincerely,


Lourdes Irujo
Assistant Secretary
Office of Environmental Compliance

LI/PON/pon
Alt ID No. 2520-00031

c: Phillips 66 Pipeline LLC
Chintan Mehta, HSE Director
1075 West Sam Houston N., Suite 200
Houston, TX 77042