STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF: Settlement Tracking No.

SA-AE-21-0092

THOMA-SEA MARINE CONSTRUCTORS,

L.L.C.

Enforcement Tracking No.

AI # 2449 AE-PP-15-00684

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

SETTLEMENT

The following Settlement is hereby agreed to between Thoma-Sea Marine Constructors, L.L.C. ("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 shipyard located in Lockport, Lafourche Parish, Louisiana ("the Facility").

II

On December 16, 2016, the Department issued to Respondent a Notice of Potential Penalty, Enforcement Tracking No. AE-PP-15-00684 (Exhibit 1).

III

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

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 TWENTY-FIVE THOUSAND AND NO/100 DOLLARS (\$25,000.00), of which One Thousand Five Hundred Sixty-Eight and 98/100 Dollars (\$1,568.98) 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), 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 Lafourche 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).

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.

	MA-SEA MARINE CONSTRUCTORS,
L.L.	C. ///
BY:	
D1. <u>(</u>	(Signature)
6.	Proof M. Homossife
	(Printed)
TITLE:	Managing member
THUS DONE AND SIGNED in duplicate original process of the control	final before me this 21 day of Houna LA.
	Oleut Clongs OTARY PUBLIC (ID # 6469)
OFFICIAL SEAL ROBERT C. TOUPS #64697 - Notary Public State of Louisiana/Parish of Terrebonne Commissioned for Life	Robert CToups (stamped or printed)
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JOHN BEL EDWARDS
GOVERNOR



CHUCK CARR BROWN, Ph.D. SECRETARY

State of Louisiana

DEPARTMENT OF ENVIRONMENTAL QUALITY OFFICE OF ENVIRONMENTAL COMPLIANCE

December 16, 2016

CERTIFIED MAIL (7014 0510 0002 3595 4615) RETURN RECEIPT REQUESTED EXHIBIT

Signory

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THOMA-SEA MARINE CONSTRUCTORS, L.L.C.

c/o Robert G. Jackson Agent for Service of Process 111 Founders Drive, Suite 400 Baton Rouge, LA 70810

RE:

NOTICE OF POTENTIAL PENALTY

ENFORCEMENT TRACKING NO. AE-PP-15-00684

AGENCY INTEREST NO. 2449

Dear Sir:

On or about May 8 and May 13, 2015, a tour and/or inspection of LOCKPORT YARD (the facility), a shipyard, owned and/or operated by THOMA-SEA MARINE CONSTRUCTORS, L.L.C. (RESPONDENT), were performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations. A subsequent file review was conducted on September 28, 2016. The facility is located at 6130 Louisiana Highway 308 in Lockport, Lafourche Parish, Louisiana. The facility previously operated under Title V Air Permit No. 1560-00062-V0, issued May 26, 2009, and Title V Air Permit No. 1560-00062-V1, issued August 16, 2013. The facility currently operates under Title V Air Permit No. 1560-00062-V2, issued July 17, 2015.

While the investigation by the Louisiana Department of Environmental Quality (the Department) is not yet complete, the following violations were noted during the course of the tour and/or inspection and subsequent file review:

A. During the facility tour on May 8, 2015, the inspector observed many containers of paint and paint thinner were left open at the facility. At the time of the inspection on May 13, 2015, the containers were covered. The failure to ensure containers of volatile organic compounds are properly closed is a violation of Specific Requirement 78 of Title V Air Permit No. 1560-00062-V1, LAC 33:III.501.C.4, LAC 33:III.2113.A.2, and La. R.S. 30:2057(A)(2). The Respondent also reported this violation as a deviation in the 2015 First Semiannual Monitoring Report, submitted September 17, 2015.

- B. During the facility tour on May 8, 2015, the inspector observed that the tarps used to control abrasive blasting emissions did not overlap and had several tears greater than six (6) inches in length. The failure to ensure that tarps have overlapping seams to prevent leakage of particulate matter is a violation of Specific Requirement 57 of Title V Air Permit No. 1560-00062-V1, LAC 33:III.501.C.4, LAC 33:III.1329.C.1, and La. R.S. 30:2057(A)(2). The failure to repair tarps prior to use if tears greater than six (6) inches in length are present is a violation of Specific Requirement 59 of Title V Air Permit No. 1560-00062-V1, LAC 33:III.501.C.4, LAC 33:III.1329.C.3, and La. R.S. 30:2057(A)(2). During the inspection on May 13, 2015, the tears were repaired and the tarps overlapped. In the 2015 First Semiannual Monitoring Report, submitted September 17, 2015, the Respondent reported these violations and stated tarps would be installed and maintained according to the regulatory requirements.
- C. During the inspection, the inspector noted that the facility's abrasive blasting Best Management Practices (BMP) plan did not include the written procedures for self-monitoring and self-inspection of the facility. The failure to develop written procedures for self-monitoring, and to maintain these records on the facility premises, is a violation of Specific Requirement 72 of Title V Air Permit No. 1560-00062-V1, LAC 33:III.501.C.4, LAC 33:III.1331.F.8, and La. R.S. 30:2057(A)(2). The Respondent also reported this violation as a deviation in the 2015 First Semiannual Monitoring Report, submitted September 17, 2015, and stated written procedures would be included.
- D. During the inspection, the inspector noted that the facility's 2013 emission exceedances were not reported as deviations in the 2013 Title V Semiannual Monitoring Reports or the 2013 Annual Compliance Certification, with the exception of the zinc exceedances. The failure to report deviations from the permit in Title V reports is a violation of Part 70 General Condition R.3, LAC 33:III.501.C.4, LAC 33:III.535, and La. R.S. 30:2057(A)(2). On May 19, 2015, the Respondent submitted a revised 2013 Annual Compliance Certification and the 2013 Second Semiannual Monitoring Report that included the exceedance deviations.
- E. In the 2013 First Semiannual Monitoring Report, the Respondent reported painting and coating activities associated with sheet cutting activities commenced prior to the issuance of the facility's modified permit, which incorporated sheet-cutting activities. The Respondent noted that the modified permit, Title V Permit No. 1560-00062-V1, was issued on August 16, 2013 to include sheet-cutting activities in the facility's process description. In a response submitted on September 22, 2016, the Respondent clarified that the permit modification issued in August 2013 increased the paint usage and emissions for Boat Painting Areas (ARE 0001) to account for the priming activities associated with cutting operations. The following changes were made: increasing the permitted TPY of VOCs, adding lead and PM_{2.5} emissions for criteria pollutants, increasing the permitted TPY of TAP/HAP

pollutants, and adding hexaclorobenzene, methyl isobutyl ketone, and zinc to the emissions for TAP/HAP pollutants. Activities and emissions from cutting steel were also added to the permit under Welding and Cutting Operations (ARE 0003), by increasing the TPY limit for PM₁₀ and adding PM_{2.5} emissions. The modification or operation of the facility in a manner which results in an increase of air emissions prior to the modification of the facility's permit is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(2).

- F. In the 2013 First Semiannual Monitoring Report, the Respondent reported the failure to monitor VOC emissions, including ethyl benzene, from coating as applied for sheet-cutting activities. The failure to monitor VOC emissions is a violation of Specific Requirements 121 and 123 of Title V Permit No. 1560-00062-V0, LAC 33:III.501.C.4, LAC 33:III.2123.E, and La. R.S. 30:2057(A)(2).
- G. In the 2013 First Semiannual Monitoring Report, the Respondent reported the failure to track the amounts of coating and thinner used monthly for sheet-cutting activities. This is a violation of Specific Requirement 83 of Title V Permit No. 1560-00062-V0, 40 CFR 63.786, which has been adopted as a Louisiana regulation in LAC 33:III.5122, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).
- H. The Respondent failed to submit the 2013 Second Semiannual Monitoring Report in a timely manner. The report was due by March 31, 2014 but was submitted to the Department on May 19, 2015, in response to the May 2015 tour and/or inspection. In email correspondence on June 7, 2016, a representative of the Respondent stated that the report was prepared in time but was inadvertently not mailed with the 2013 Annual Compliance Certification, which was submitted timely. The failure to submit the 2013 Second Semiannual Monitoring Report by the deadline is a violation of Specific Requirement 155 of Title V Permit No. 1560-00062-V0, LAC 33:III.501.C.4, LAC 33:III.535, and La. R.S.30:2057(A)(2).
- I. On May 19, 2015, the Respondent submitted a revised 2013 Annual Compliance Certification with the following permit exceedances in tons per year (TPY):

Pollutant	Permitted Limit	Exceedance Amount	Total Amount Emitted
Total Volatile Organic Compounds (VOCs)	25.82 TPY	2.54 TPY	28.36 TPY
Hexachlorobenzene	0.01 TPY	0.144 TPY	0.154 TPY
Methanol	3.21 TPY	0.105 TPY	3.315 TPY
Nickel (and compounds)	0.002 TPY	0.001 TPY	0.003 TPY
Toluene	0.55 TPY	2.883 TPY	3.433 TPY
Zinc (and compounds)	0.07 TPY	0.111 TPY	0.181 TPY

Each exceedance of permitted limits is a violation of Title V Permit Nos. 1560-00062-V0 and 1560-00062-V1, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1), and 30:2057(A)(2). During the May 2015 tour and/or inspection, the Department's inspector noted the emissions exceedances as an Area of Concern. The Respondent also submitted the revised 2013 Annual Compliance Report along with a revised 2013 First Semiannual Monitoring Report in a response to Warning Letter AE-L-15-00684 on July 1, 2015. The exceedances were reported as deviations in the 2015 First Semiannual Monitoring Report, as well. The Respondent submitted a permit modification to the Department on November 22, 2013 to increase the emissions limits for these Toxic Air Pollutants (TAPs) and submitted additional information on August 13, 2014 and March 26, 2015. Modified Title V Permit No. 1560-00062-V2 was issued on July 17, 2015.

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J. In the 2014 First Semiannual Monitoring Report and the 2014 Annual Compliance Certification, the Respondent reported emission exceedances of several pollutants. The Respondent submitted the following exceedance amounts via email correspondence on June 17, 2015:

Pollutant	Permitted Limit	Exceedance Amount	Total Amount Emitted
Hexachlorobenzene	0.01 TPY	0.161 TPY	0.171 TPY
Toluene	0.55 TPY	2.414 TPY	2.964 TPY
Zinc (and compounds)	0.07 TPY	0.106 TPY	0.176 TPY
Chromium (and compounds)	0.06 TPY	0.210 TPY	0.270 TPY
Nickel	0.002 TPY	0.005 TPY	0.007 TPY

Each exceedance of permitted limits is a violation of Title V Permit No. 1560-00062-V1, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1), and 30:2057(A)(2). On July 15, 2015, the Department issued Title V Permit No. 1560-00062-V2 to the Respondent, revising emissions limits for TAPs.

K. In the 2015 Annual Compliance Certification, the Respondent reported the exceedance of the permitted xylene TPY limit in 2015. Title V Permit No. 1560-00062-V2, issued July 15, 2015, decreased the annual limit of xylene from 9.20 to 8.0 TPY. The report states that 8.890 TPY of xylene was emitted in 2015, or 0.89 tons over the permitted limit. This is a violation of Title V Permit No. 1560-00062-V2, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2). The Department requested more information on the xylene exceedance, and the Respondent submitted a response dated July 1, 2016. The letter stated that the Respondent is aware that high usage of paint containing xylene could cause an exceedance and that xylene usage estimates for 2016 are below permitted limits.

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 Bridget Rogers at (225) 219-3748, or via email at bridget.rogers@la.gov, 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.

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.

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 Iturralde Assistant Secretary

Office of Environmental Compliance

LI/BDR/bdr Alt ID No. 1560-00062

Thoma-Sea Marine Constructors, L.L.C.
 6130 Louisiana Highway 308
 Lockport, LA 70343