

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

CHEVRON U.S.A., INC.

AI # 781

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

* Settlement Tracking No.
* SA-AE-11-0011
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* Enforcement Tracking No.
* AE-CN-08-0022
* AE-CN-08-0022A
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SETTLEMENT

The following Settlement is hereby agreed to between Chevron U.S.A., Inc. (“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 owns and/or operates a natural gas/condensate processing/storage facility and shore base located in Cameron, Cameron Parish, Louisiana (“the Facility”).

II.

On April 7, 2008, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. AE-CN-08-0022, which was based upon the following findings of fact:

The Respondent owns and/or operates Sabine Terminal, a natural gas/condensate processing/storage facility and shore base located at 9231 Gulf Beach Highway in Cameron,

Cameron Parish, Louisiana. The facility currently operates under Air Permit No. 0560-00076-05, issued on December 5, 2001.

On or about February 15, 2008, a file review of 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 file review:

- A. In correspondence dated September 11, 2007, the Respondent applied for a Standard Oil and Gas Permit to modify the current air permit. Contained within this application was the statement that the application submitted in 2001 for the current permit failed to list six (6) pneumatic pumps powered by field gas. In electronic correspondence dated February 18, 2008, the Respondent stated that the pumps were installed in December 2005. Failure to obtain approval prior to construction or installation of equipment which ultimately may result in an initiation or increase in emissions of air contaminants is a violation of LAC 33:III.501.C.2, LAC 33:III.501.C.4 and La. R.S.30:2057(A)(1) and 30:2057(A)(2).
- B. The facility operated six (6) non-permitted pneumatic pumps in the time period between December 2005 and September 11, 2007. Failure to obtain approval prior to operation of equipment which ultimately may result in an initiation or increase in emissions of air contaminants is a violation of LAC 33:III.501.C.2, LAC 33:III.501.C.4 and La. R.S.30:2057(A)(1) and 30:2057(A)(2).

On or about September 26, 2008, the Department issued to the Respondent an Amended Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. AE-CN-08-0022A.

This amended action stated that the "Department amended, in total, Paragraph II.A of the Findings of Fact portion of the Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. AE-CN-08-0022, to read as follows:

In correspondence dated September 11, 2007, the Respondent submitted an application to modify State Air Permit No. 0560-00076-05. The application listed five pneumatic pipeline-gas-fired pumps as five separate emission points. EQT013 (Source 2-07), EQT014 (Source 3-07), EQT016 (Source 5-07), and EQT018 (Source 7-07) are four sources typically in normal use. EQT017 (Source 6-07) is a standby pipeline-gas-fired pump

and is used infrequently. The combined estimated VOC due to the use of pipeline-gas to operate the five pneumatic pumps totaled 31.34 tpy in the most recent permit, State Air Permit No. 0560-00076-06, issued March 24, 2008. The pumps were listed in the original permit, State Air Permit No. 0560-00076-00, issued October 24, 1991, and in subsequently modified permits, solely as components of fugitive emissions. The total facility fugitive emission rate of VOC was listed at 0.61 tpy.

Therefore, the Respondent operated five incorrectly permitted pumps from the date of the original permit, October 24, 1991, until March 24, 2008, the date State Air Permit No. 0560-00076-06 was issued, authorizing the pumps.

Furthermore, the Respondent, in correspondence dated December 20, 2007, requested that a permit application dated September 11, 2007 be disregarded due to an error in the submission. The error was a listing which incorrectly identified EQT015 (Source 4-07) as a source of 8.65 tpy VOC, whereas it should have not been listed as an emission source of VOC because that pump is electrically driven.

Each failure to submit an accurate and correct permit application for the emission points listed above is a violation of Louisiana General Conditions I and III, LAC 33:III.501.C.2, LAC 33:III.501.C.4, LAC 33:III.517.C, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

Further the amended action stated that the "Department amended, in total, Paragraph II.B of the Findings of Fact portion of the Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. AE-CN-08-0022, to read as follows:

The Respondent operated five pipeline-gas-fired pneumatic pumps, EQT013 (Source 2-07), EQT014 (Source 3-07), EQT016 (Source 5-07), EQT017 (Source 6-07) and EQT018 (Source 7-07) from on or about October 24, 1991 until on or about March 24, 2008. The emissions were listed as 0.61 tpy VOC during the time of those permits. Recent evaluation has determined that the accurate emission rate during that period of time has been 31.34 tpy of VOC. Therefore, the Respondent operated above the emission limit for each pump. Each failure to operate an emission source within the permit limit is a violation of LAC 33:III.501.C.2, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2)."

The Department incorporated all of the remainder of the original Consolidated Compliance Order & Notice Potential Penalty, Enforcement Tracking No. AE-CN-08-0022 and

Agency Interest No. 781, as if reiterated therein.

The Amended Consolidated Compliance Order & Notice of Potential Penalty was effective upon receipt.

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 THREE HUNDRED AND NO/100 DOLLARS (\$8,300.00), of which Seven Hundred Three and 26/100 Dollars (\$703.26) 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, the Amended 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 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 Cameron 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.

CHEVRON U.S.A., INC.

BY: Michael W. Casey
(Signature)

Michael W. Casey
(Printed)

TITLE: GM Operations

THUS DONE AND SIGNED in duplicate original before me this 8th day of November, 2011, at Cristofol Louisiana.

[Signature]
NOTARY PUBLIC (ID # _____)
SALVADORE V SPALITTA
NOTARY PUBLIC
State of Louisiana
Louisiana State Bar #12312
(stamped or printed)
My Commission is issued for Life

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Peggy M. Hatch Secretary

BY: [Signature]
Cheryl Sonnier Nolan, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 29th day of February, 2012, at Baton Rouge, Louisiana.

[Signature]
NOTARY PUBLIC (ID # 20590)
Bar roll #

[Signature]
Life Commission
Diana King
(stamped or printed)

Approved: [Signature]
Cheryl Sonnier Nolan, Assistant Secretary