

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

NATIONAL OILWELL VARCO, L.P.

AI # 14013

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

* Settlement Tracking No.
* SA-AE-10-0038
*
* Enforcement Tracking No.
* AE-CN-09-0461
*
*
*
*

SETTLEMENT

The following Settlement is hereby agreed to between National Oilwell Varco, L.P. (“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 partnership that owns and/or operates a pipe coating facility located in Houma, Terrebonne Parish, Louisiana (“the Facility”).

II

On September 24, 2009, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. AE-CN-09-0461, which was based upon the following findings of fact:

The Respondent owns and/or operates the Houma Coating Plant, a pipe coating facility located at 209 East Woodlawn Ranch Road in Houma, Terrebonne Parish, Louisiana. The facility currently operates under Air Permit No. 2880-00030-00, issued on December 14, 1992.

On or about July 8, 2009, a file review of the Respondent's facility was performed to determine the degree of compliance with the Act and Air Quality Regulations.

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

- A. On or about April 9, 2009, the Department received the Respondent's 2008 Annual Emissions Report post-marked April 2, 2009. According to Specific Condition No. 2 of Air Permit No. 2880-00030-00, an annual volatile organic compound emissions report shall be submitted to the Department by February 15 for the previous year. The Respondent's failure to submit the 2008 Annual Emissions Report by the due date is a violation of Specific Condition No. 2 of Air Permit No. 2880-00030-00, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).
- B. According to the Respondent's annual emissions reports, the Respondent exceeded the permitted emission limit of toluene during the 2006, 2007, and 2008 calendar year. The Respondent reported the following emissions:

Calendar Year	Pollutant in tons
	Toluene (Permitted Limit 0.23 tons per year)
2006	0.536
2007	0.507
2008	0.523

Each incident of exceedance of the permitted emission limit of toluene is a violation of Air Permit No. 2880-00030-00, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

- C. According to the Respondent's annual emissions reports, the Respondent emitted the following unpermitted pollutants during the 2006, 2007, and 2008 calendar year:

Calendar Year	Pollutant in tons						
	Methyl Alcohol	DB*	Xylene	Ethyl Alcohol	Acetone	Phenol	Formaldehyde
2006	0.001	0.012	0.001	0.007	0.637	0.028	0.005
2007	0.004	0.014	-----	0.025	-----	0.023	0.004
2008	0.006	0.010	-----	0.047	0.634	0.026	0.004

DB* represents diethylene glycol monobutyl ether.

Each incident of emissions of each of the unpermitted pollutants is a violation of LAC 33:III.501.C.2, and 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 THREE THOUSAND TWO HUNDRED AND NO/100 DOLLARS (\$3,200.00), of which Two Hundred Fifty-Eight and 47/100 Dollars (\$258.47) 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 file review 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 Terrebonne 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.

NATIONAL OILWELL VARCO, L.P.

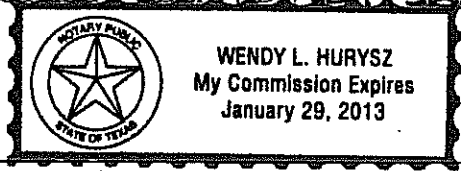
BY: [Signature]
(Signature)

Jose Joseph
(Print)

TITLE: President

THUS DONE AND SIGNED in duplicate original before me this 4th day of May, 20 11, at 1:13 pm.

[Signature]
NOTARY PUBLIC (ID # 15945619)



(stamped or printed)

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 19th day of April, 20 12, at Baton Rouge, Louisiana.

[Signature]
NOTARY PUBLIC (ID # 22590)
La. Ben Reelitt

Life Commission

Dakina King
(stamped or printed)

Preliminary Approval: [Signature]
Cheryl Sonnier Nolan, Assistant Secretary