

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

CHEVRON ORONITE COMPANY LLC

AI # 1708

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

* Settlement Tracking No.
* SA-AE-14-0052
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* Enforcement Tracking No.
* AE-CN-05-0046
* AE-CN-05-0046A
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SETTLEMENT

The following Settlement is hereby agreed to between Chevron Oronite Company 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 specialty chemical manufacturing facility located in Plaquemines Parish, Louisiana (“the Facility”).

II

On September 1, 2009, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. **AE-CN-05-0046**, which was based upon the following findings of fact:

“The Respondent owns and/or operates the Oak Point Plant, a specialty chemical manufacturing facility, located approximately two (2) miles south of Belle Chasse on the West Bank of the Mississippi River in Plaquemines Parish, Louisiana. The Oak Point Plant is currently permitted to operate under Title V Permit No. 2240-00001-V9, which was issued on October 20, 2008.

On or about November 3, 2004 through November 12, 2004, an inspection of the Respondent's facility was performed to determine the degree of compliance with the Act and the Air Quality Regulations. By letter dated December 14, 2004, the Respondent submitted its response to the inspection. While the Department's investigation is not yet complete, the following violations were noted during the course of the inspection:

- A. Twenty-four (24) plugs used as secondary blocking mechanisms at the end of lines in volatile organic compound (VOC) service were leaking in excess of 500 ppm. Each failure to seal the open end of a line in VOC service at all times except during operations requiring process flow through the line is a violation of 40 CFR 60.482-6(a)(2), which language has been adopted as a Louisiana regulation in LAC 33:III.3003; Part 70 Specific Condition No. 1 of Title V Permit No. 2240-00001-V4; LAC 33:III.501.C.4; La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- B. Three (3) open-ended lines were observed without caps, blind flanges, plugs or second valves in the PIB Unit and Isobutylene spheres. One of the lines was leaking at 3400 ppm. Each failure to equip an open-ended valve or line with a cap, blind flange, plug, or second valve is a violation of 40 CFR 60.482-6(a)(1), which language has been adopted as a Louisiana regulation in LAC 33:III.3003; Part 70 Specific Condition No. 1 of Title V Permit No. 2240-00001-V4; LAC 33:III.501.C.4; La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- C. Four (4) visible leaks on valves / plugs were observed during the course of the inspection. Each failure to seal the open end of a line in VOC service at all times except during operations requiring process flow through the line is a violation of 40 CFR 60.482-6(a)(2), which language has been adopted as a Louisiana regulation in LAC 33:III.3003; Part 70 Specific Condition No. 1 of Title V Permit No. 2240-00001-V4; LAC 33:III.501.C.4; La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- D. A visible leak with a reading of greater than 90,000 ppm VOC was found at the point where a gauge was attached to a line. This is a violation of General Condition I of Title V Permit No. 2240-00001-V4, LAC 33:III.501.C.4, LAC 33:III.905, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- E. Twenty-five (25) valves in VOC service associated with Tanks 8447, 8473, 8483, and 8484 were not included in the facility's leak detection and repair (LDAR) program. Each failure to monitor each valve with a leak detection device four times per year (quarterly) is a violation of Specific Condition I of Title V Permit No. 2240-00001-V4, LAC 33:III.501.C.4, LAC 33:III.2121.C.1.b, and La. R.S. 30:2057(A)(2).

In the Respondent's December 14, 2004 letter, it was noted that all of the areas of concern had been addressed. In addition, the Respondent took the following actions to improve the LDAR program at the facility:

- Developed and implemented additional training by January 15, 2005 to assist operations personnel to understand their role in the LDAR program.
- While monitoring LDAR components, plugs will be monitored for leaks. Any plug(s) found leaking greater than 500 ppm will be treated as a leaker. A first attempt to repair the leak will be made within five (5) calendar days after each leak is detected and every reasonable effort will be made to repair the leak within 15 days.

On or about March 17, 2009, a file review of the Respondent's facility was performed to determine the degree of compliance with the Act and the Air Quality Regulations. While the Department's investigation is not yet complete, the following violations were noted during the course of the review:

- A. According to a report dated December 9, 2004, the Respondent failed to monitor the sulfur dioxide (SO₂) concentration in the effluent of its Incinerator (Emission Point C-5290) from 02:44 to 10:15 on August 1, 2004 when its, "SO₂ analyzer malfunctioned. Plant continued to run using other process parameters to assess permit compliance of <2000 ppm SO₂ as a three hour average." It is a violation of LAC 33:III:1511.A, State Only Specific Condition 1 of Title V Permit No. 2240-00001-V4, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2) for each 15-minute period the Respondent failed to sample and record at least one (1) measurement of SO₂ concentration in the effluent of Emission Point C-5290.
- B. On or about March 28, 2005, the Department received the Respondent's report for New Source Performance Standards (NSPS), 40 CFR 60, Subparts Kb and VV for the period encompassing July through December 2004. According to this report, the Incinerator (Emission Point C-5290) flame was interrupted during the reporting period on twenty-four (24) separate occasions due to improper mixture of combustion gases and once due to an unknown reason. Emission Point C-5290 is used as a control device for Emission Points J-19A and J-19C to maintain compliance with 40 CFR 60.112b and for Emission Points C-5G, D-3A, D-3B, D-3C, J-19A, and J-19C to maintain compliance with LAC 33:III.2103. Each failure to maintain and operate Emission Point C-5290 to reduce inlet emissions of total VOCs by 95 percent or greater is a violation of Part 70 and State Only Specific Condition 1 of Title V Permit No. 2240-00001-V4; 40 CFR 60.112b(a)(3), which language

has been adopted as a Louisiana regulation in LAC 33:III.3003; LAC 33:III.2103.E.1; LAC 33:III.501.C.4; LAC 33:III.905; and La. R.S. 30:2057(A)(2).

- C. According to a report dated May 17, 2005, "On May 13, 2005, Solar (our Co-Generation Unit specialist/consultant) had completed repairs of the Co-Generations Turbine, TK-5161. The turbine was turned over to operations for start-up. The turbine was started and operations began the process of loading the turbine. After start-up, the turbine began to experience overheating conditions and shut down. It was later determined that the cooling vanes were wired backwards on TK-5161, causing it to overheat and shut down. The shutdown of TK-5161 caused electrical substation 11 to trip. At 11:09 a.m., Incinerator Blower Motor, K-5288, shut down due to power failure. The shutdown activated the bypass mode for stack gases and opened the cap on F-5251 Bypass Stack. The Incinerator blower motor, K-5288, was restarted at 11:25." Approximately 5.424 pounds of SO₂ were released during the course of the incident. This is a violation of LAC 33:III.905 and La. R.S. 30:2057(A)(2).
- D. According to a report dated September 21, 2006, the Incinerator (Emission Point C-5290, EQT050) flame was interrupted on twenty (20) separate occasions during the period encompassing January through June 2006 due to improper mixture of fuel and vent gases. EQT050 is used as a control device for EQT333 (D-3A Sulfonate Storage Tank), EQT334 (D-3B Sulfonate Storage Tank), EQT335 (D-3C Sulfonate Storage Tank), EQT397 (G-12G Xylene/Methanol/Water Storage Tank), EQT433 (J-19A Hexane Storage Tank), EQT434 (J-19B Recycled Hexane Storage Tank), EQT435 (J-19C Oligomers Storage Tank), and EQT436 (J-19D Organic Waste Storage Tank) to maintain compliance with 40 CFR 60.112b and for EQT333, EQT334, EQT335, EQT336 (D-4A Methanol Storage Tank), EQT341 (E-1A Xylene/Methanol/Water Storage Tank), EQT348 (E-3A Xylene/Methanol/Water Storage Tank), EQT371 (F-2A Xylene/Methanol/Water Storage Tank), EQT397, EQT433, EQT434, EQT435, and EQT436 to maintain compliance with LAC 33:III.2103. This is a violation of Part 70 and State Only Specific Condition 1 of Title V Permit No. 2240-00001-V4; Specific Requirements 11, 13, 15, 104, 107, 112, 115, 120, 123, 133, 137, 141, 145, 149, 156, 159, 163, 166, 170, 174, 178, and 181 of Title V Permit No. 2240-00001-V5; 40 CFR 60.112b(a)(3), which language has been adopted as a Louisiana regulation in LAC 33:III.3003; LAC 33:III.2103.E.1; LAC 33:III.501.C.4; LAC 33:III.905; and La. R.S. 30:2057(A)(2).
- E. According to a report dated November 27, 2006, the Incinerator (Emission Point C-5290) exceeded its maximum pound per hour emission limit for carbon monoxide twice on August 8, 2006. Each emission limit exceedance is a violation of Part 70 General Condition C of Title V Permit No. 2240-00001-V4; LAC 33:III.501.C.4; LAC 33:III.905; La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

- F. According to a report dated March 14, 2007, the Incinerator (Emission Point C-5290, EQT050) flame was interrupted on ninety-six (96) separate occasions during the period encompassing July through December 2006 due to improper mixture of fuel and vent gases. This is a violation of Specific Requirements 11, 13, 15, 104, 107, 112, 115, 120, 123, 133, 137, 141, 145, 149, 156, 159, 163, 166, 170, 174, 178, and 181 of Title V Permit No. 2240-00001-V5; Specific Requirements 11, 13, 15, 127, 130, 135, 138, 143, 146, 151, 156, 160, 164, 168, 172, 179, 182, 186, 189, 193, 197, 201, and 204 of Title V Permit No. 2240-00001-V6; 40 CFR 60.112b(a)(3), which language has been adopted as a Louisiana regulation in LAC 33:III.3003; LAC 33:III.2103.E.1; LAC 33:III.501.C.4; LAC 33:III.905; and La. R.S. 30:2057(A)(2).
- G. According to a report dated September 12, 2007, the Incinerator (Emission Point C-5290, EQT050) flame was interrupted on forty-four (44) separate occasions during the period encompassing January through June 2007 due to improper mixture of fuel and vent gases. This is a violation of Specific Requirements 11, 13, 15, 127, 130, 135, 138, 143, 146, 151, 156, 160, 164, 168, 172, 179, 182, 186, 189, 193, 197, 201, and 204 of Title V Permit No. 2240-00001-V7; Specific Requirements 12, 14, 16, 122, 126, 139, 142, 147, 150, 155, 158, 163, 168, 172, 176, 180, 184, 191, 194, 198, 201, 205, 209, 213, and 216 of Title V Permit No. 2240-00001-V8, 40 CFR 60.112b(a)(3), which language has been adopted as a Louisiana regulation in LAC 33:III.3003; LAC 33:III.2103.E.1; LAC 33:III.501.C.4; LAC 33:III.905; and La. R.S. 30:2057(A)(2).
- H. According to a report dated March 4, 2008, the Incinerator (Emission Point C-5290, EQT050) flame was interrupted on twenty-five (25) separate occasions during the period encompassing July through December 2007 due to improper mixture of fuel and vent gases. This is a violation of Specific Requirements 12, 14, 16, 122, 126, 139, 142, 147, 150, 155, 158, 163, 168, 172, 176, 180, 184, 191, 194, 198, 201, 205, 209, 213, and 216 of Title V Permit No. 2240-00001-V8; 40 CFR 60.112b(a)(3), which language has been adopted as a Louisiana regulation in LAC 33:III.3003; LAC 33:III.2103.E.1; LAC 33:III.501.C.4; LAC 33:III.905; and La. R.S. 30:2057(A)(2).
- I. According to a report dated March 28, 2008, the Respondent failed to monitor the opacity of D-8B Lime Silo (EQT108) and K-7680 Carbon Storage Silos (EQT298) by visual inspection/determination in 2007. Additionally, the Respondent failed to inspect the filter elements (bags) of EQT108 and EQT298 in 2007. This is a violation of Specific Requirement 393 of Title V Permit No. 2240-00001-V7, Specific Requirement 405 of Title V Permit No. 2240-00001-V8, LAC 33:III.501.C.4, LAC 33:III.905, and La. R.S. 30:2057(A)(2).
- J. According to a report dated June 24, 2008, on January 7, 2008, the Respondent failed twice to maintain a minimum pH of 5.0 in its caustic scrubber (C-5290). This is a violation of Specific Requirement 4 of Title V

Permit No. 2240-00001-V8, LAC 33:III.501.C.4, LAC 33:III.905, and La. R.S. 30:2057(A)(2).

- K. According to a report dated June 24, 2008, the operating temperature of the Incinerator (Emission Point C-5290, EQT050) was below 1500° F on forty-five (45) separate occasions during the period encompassing January 1, 2008, through March 30, 2008. This is a violation of Specific Requirements 12, 14, 16, 122, 126, 139, 142, 147, 150, 155, 158, 163, 168, 172, 176, 180, 184, 191, 194, 198, 201, 205, 209, 213, and 216 of Title V Permit No. 2240-00001-V8; LAC 33:III.501.C.4; LAC 33:III.905; and La. R.S. 30:2057(A)(2).
- L. According to a report dated September 25, 2008, the operating temperature of F-5265 was below 1500° F on fifty-four (54) separate occasions during the period encompassing April 2, 2008, through June 30, 2008. This is a violation of Specific Requirements 12, 14, 16, 122, 126, 139, 142, 147, 150, 155, 158, 163, 168, 172, 176, 180, 184, 191, 194, 198, 201, 205, 209, 213, and 216 of Title V Permit No. 2240-00001-V8; LAC 33:III.501.C.4; LAC 33:III.905; and La. R.S. 30:2057(A)(2).”

On February 9, 2010, the Department issued to Respondent an Amended Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. **AE-CN-05-0046A**, which was based upon the following findings of fact:

“I.

The Department hereby removes Paragraph ILE of CONOPP, Enforcement Tracking No. AE-CN-05-0046.

II.

The Department incorporates all of the remainder of the original Consolidated Compliance Order & Notice Of Potential Penalty, Enforcement Tracking No. AE-CN-05-0046 and Agency Interest No. 1708 as if reiterated herein.”

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 TWENTY FIVE THOUSAND AND NO/100 DOLLARS (\$25,000.00), of which Three Thousand Two Hundred Seventy-Two and 47/100 Dollars (\$3,272.47) 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 inspection report(s), the Consolidated Compliance Order & Notice of Potential Penalty, and 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 Plaquemines 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 ORONITE COMPANY LLC

BY: [Signature]
(Signature)

Jim Potter
(Printed)

TITLE: Regional Manager

THUS DONE AND SIGNED in duplicate original before me this 16 day of October, 20 14, at 11:50 Am (Belle Meade)

Kyle Beall
NOTARY PUBLIC (ID # 24957)

KYLE B. BEALL
(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 6th day of Jan., 20 15, at Baton Rouge, Louisiana.

[Signature]
NOTARY PUBLIC (ID # 19181)

Perry Theriot
(stamped or printed)

Approved: [Signature]
Cheryl Sonnier Nolan, Assistant Secretary