

ATTACHMENT A



DEPARTMENT OF ENVIRONMENTAL QUALITY

KATHLEEN BABINEAUX BLANCO
GOVERNOR

MIKE D. McDANIEL, Ph.D.
SECRETARY

April 9, 2007

CERTIFIED MAIL (7003 2260 0000 5825 5377)
RETURN RECEIPT REQUESTED

CITGO PETROLEUM COMPANY
c/o CT Corporation System
Agent of Service
8550 United Plaza Blvd.
Baton Rouge, LA 70809

**RE: CONSOLIDATED COMPLIANCE ORDER
& NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. MM-CN-06-0058
AGENCY INTEREST NO. 1250**

Dear Sir:

Pursuant to the Louisiana Environmental Quality Act (La. R.S. 30:2001, et seq.), the attached **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is hereby served on **CITGO PETROLEUM COMPANY (RESPONDENT)** for the violations described therein.

Compliance is expected within the maximum time period established by each part of the **COMPLIANCE ORDER**. The violations cited in the **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** could result in the issuance of a civil penalty or other appropriate legal actions.

Any questions concerning this action should be directed to Wayne R. Slater at (225) 219-3778.

Sincerely,

Peggy M. Hatch
Administrator
Enforcement Division

PMH/WRS/wrs/ro
Alt ID Nos. LA0005941/0520-00016
Attachment

c: David Hollis, Manager
CITGO Petroleum Corporation
P.O. Box 1562
Lake Charles, LA 70602

ENVIRONMENTAL COMPLIANCE

: PO BOX 4312, BATON ROUGE, LA 70821-4312

P:225-219-3700 F:225-219-3708

WWW.DEQ.LOUISIANA.GOV

STATE OF LOUISIANA
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

IN THE MATTER OF	*	
	*	
CITGO PETROLEUM COMPANY	*	ENFORCEMENT TRACKING NO.
CALCASIEU PARISH	*	
ALT ID NOS. LA0005941/0520-00016	*	MM-CN-06-0058
	*	
	*	AGENCY INTEREST NO.
	*	
PROCEEDINGS UNDER THE LOUISIANA	*	1250
ENVIRONMENTAL QUALITY ACT,	*	
La. R.S. 30:2001, <u>ET SEQ.</u>	*	

CONSOLIDATED
COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY

The following **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is issued to the **CITGO PETROLEUM COMPANY (RESPONDENT)** by the Louisiana Department of Environmental Quality (the Department), under the authority granted by the Louisiana Environmental Quality Act (the Act), La. R.S. 30:2001, et seq., and particularly by La. R.S. 30:2025(C), 30:2050.2 and 30:2050.3(B).

FINDINGS OF FACT

I.

The Respondent owns and/or operates a petroleum refinery known as the Lake Charles Manufacturing Complex located on Louisiana Highway 108, south of I-10 in Lake Charles, Calcasieu Parish, Louisiana. The Respondent is authorized to discharge certain qualities and

quantities of process wastewater and process area stormwater, cooling tower blowdown, groundwater remediation wastewater, sanitary wastewater, and non-process area stormwater runoff into Bayou D'Inde and the Calcasieu River, waters of the state, under authority of Louisiana Pollutant Discharge Elimination System (LPDES) permit LA0005941, effective on April 1, 2005, and which expires on March 31, 2010. The Respondent's facility operates under multiple air permits, including Title V Permit 2796-V4 for the Logistics Area which was issued on February 20, 2006. The Logistics Area is one of seven (7) areas at the Lake Charles Manufacturing Complex and includes the wastewater treatment system (WWTS), storage tanks, marine loading docks and flares, and supporting fugitive components.

II.

The Department received a notification report dated June 23, 2006, reporting the details of an unauthorized discharge to the air and water during a rainfall event occurring on or about June 19, 2006. The Respondent submitted several update letters including, but not limited to, those dated June 30, 2006, July 20, 2006, July 28, 2006, August 7, 2006, and August 11, 2006, and a Revised Notification Report dated October 20, 2006, to the Department as additional information was determined during the course of its investigation of the release event. The Respondent also provided to the Department, an Incident Investigation Interoffice Letter dated July 27, 2006. On or about March 2, 2007, the Respondent submitted to the Department an incident investigation response letter summarizing the results of its completed investigations of the rainfall event occurring on or about June 19, 2006.

III.

An inspection conducted by the Department on or about June 28, 2006, revealed that the Respondent did cause an unauthorized discharge of untreated contaminated stormwater runoff

and oil into waters of the state. Specifically, a rainfall event on or about June 19, 2006, caused approximately eleven (11) inches of rain to fall on the Respondent's facility. The rainfall event caused 2-ten (10) million gallon contaminated stormwater storage tanks (tanks 320 and 330) to overflow water/oil/sludge into the stormwater tank containment area. It was determined that the oil seeped at various locations through the walls and/or gates of the berm and through a junction box located inside of the berm. Subsequent reports by the Louisiana Oil Spill Coordinator's Office indicated approximately 47,595 barrels (bbls.) (1.998 million gallons) were released from the containment area of which 25,595 bbls. (1.074 million gallons) were discharged into the Calcasieu River and 20,000 bbls. (840,000 gallons) were discharged into the Indian Marias, both waters of the state. This unauthorized discharge of untreated contaminated stormwater runoff and oil is in violation of LPDES permit LA0005941 (Part I, and Part III, Section A.2), La. R.S. 30:2076 (A)(1)(b), La. R.S. 30:2076 (A)(3), LAC 33:IX.501.A, and LAC 33:IX.2701.A.

IV.

Also, the inspection conducted by the Department on or about June 28, 2006, revealed that the Respondent failed to provide adequate operation and maintenance (O&M) on its wastewater treatment and control facilities which caused an unauthorized discharge of oil-contaminated stormwater into waters of the state. Specifically, oil skimmers in 2-ten (10) million gallon contaminated stormwater storage tanks (tanks 320 and 330) had been inoperable for approximately two years since the completion of the treatment system in 1994. This allowed approximately eight (8) feet of oil and oily sludge to accumulate in each tank. Additionally, each tank had approximately seventeen (17) feet of water/oil/sludge in each tank prior to the heavy rain event instead of the low level target of five and a half (5.5) feet of residual liquid according to the Respondent's Standard Operating Procedures (SOP) for wastewater treatment plant

operations. The tanks were unable to hold the large amounts of stormwater due to the above-referenced rain event and therefore overflowed into the stormwater containment area which subsequently discharged into waters of the state. The failure to operate and maintain all systems of treatment and control is in violation of LPDES permit LA0005941 (Part I, and Part III, Section A.2 and B.3), La. R.S. 30:2076(A) (1), La. R.S. 30:2076(A) (3), LAC 33:IX.501.A, LAC 33:IX.2701.A, and LAC 33:IX.2701.E.

V.

Furthermore, the Department's continuing investigation from on or about June 19, 2006, to on or about November 13, 2006, of the event in regard to the Air Quality Regulations revealed that the Respondent failed to route the Stormwater Tanks T-320 (Emission Point No. 3(IX)50-320) and T-330 (Emission Point No. 3(IX)50-330) to the API separators for additional treatment to remove the accumulated oil in each of these tanks. Stormwater Tanks T-320 and T-330 are permitted under the Floating Roof Tank Cap (Emission Point 3(IX)50) in Title V Permit No. 2796-V4. The Respondent reported in the October 20, 2006 Revised Notification Report that 99,000 barrels of slop oil were released from Stormwater Tanks T-320 and T-330. In the Process Description, Section 2.2.5, for the Stormwater and Equalization Tanks of the permit modification application under cover letter dated February 8, 2006, which was used as the basis for Title V Permit No. 2796-V4, the contents of Stormwater Tanks T-320 and T-330 can be routed to the Equalization Tank T-310 (Emission Point No. 3(IX)50-310) or back to the API separators for additional treatment. The Respondent failed to route the Stormwater Tanks T-320 and T-330 to the API separators for additional treatment to remove accumulated oil and thus failed to operate all equipment as specified in the application, in violation of Louisiana Air Emission Permit General Condition I of Title V Permit No. 2796-V4, LAC 33:III.501.C.4, LAC

33:III.905, and Section 2057(A)(2) of the Act.

VI.

Also, the Department's investigation from on or about June 19, 2006, to on or about November 13, 2006, in regard to the Air Quality Regulations revealed that the Respondent failed to follow the established operating procedures in the Heavy Rain Condition SOP. Specifically, according to the Respondent's Incident Investigation Interoffice Letter dated July 27, 2006, prior to the start of the rainfall event, Stormwater Tanks T-320 and T-330 each had an initial level of 17 feet of a mixture of oil, sludge and water. In addition, calculations made by the Department's Surveillance Division based on information provided by the Respondent in an email sent August 25, 2006, indicated an initial level in Equalization Tank T-310 of approximately 15.9 feet. The Respondent failed to bring the levels of tanks T-310, T-320, and T-330 to 14 feet, 5.5 feet, and 5.5 feet, respectively, as specified in Section 6.1.1 of the Heavy Rain Conditions SOP-432-102. The Heavy Rain Conditions SOP-432-102 states that prior to any rain event, every effort should be made to bring the level of the T-310, Equalization Tank down to 14-feet and the level in each T-320 and T-330, Stormwater Tanks to 5.5-feet or to lowest sludge level. The failure to follow the established operating procedures in the Heavy Rain Condition SOP during the heavy rain event which occurred on or about June 19, 2006, resulted in reduced tank capacity and contributed to an increase in the duration of the release event. This is a violation of the Louisiana Air Quality Regulations, in particular LAC 33:III.905 which states "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." Control equipment as defined by LAC 33:III.111 is "any device or contrivance, operating procedure or abatement

scheme used to prevent or reduce air pollution.” This also constitutes a violation of Sections 2057(A)(1) and 2057(A)(2) of the Act.

VII.

Additionally, the Department’s incident investigation from on or about June 19, 2006, to on or about November 13, 2006, in regard to the Air Quality Regulations revealed the Respondent failed to install control equipment to ensure that water in the trenches could escape and/or be removed. Specifically, according to the Respondent’s Incident Investigation Interoffice Letter dated July 27, 2006, during the rainfall event, the 250 psig steam lines that run in trenches became submerged in rain water. As a result of the pipes contacting the rain water, approximately 463,000 pounds per hour of steam condensed within these lines causing a drop in the 250 psig system pressure to 142 psig at units on the west side of the Refinery. According to the October 20, 2006 Revised Notification Report, the impact on the steam systems resulted in the shutdown of the Refinery’s Central Amine Unit and the four (4) Sulfur Recovery Units (A-SRU, C-SRU, D-SRU, and E-SRU). The Respondent also reported that due to the heavy rain event, the flare pilot at the B-8 Flare and the Wastewater Treatment Plant were also impacted. The October 20, 2006 Revised Notification Report, noted sulfur dioxide emissions from some sources exceeded permitted limits for nine (9) hours, and total sulfur dioxide emissions released over permitted limits were 203,217 pounds. Additionally, the report indicated excess air emissions of natural gas and volatile organic compounds (VOC) (including speciated hydrocarbons). According to the Respondent’s Incident Investigation Interoffice Letter dated July 27, 2006, in the past, the steam trench had an overflow outlet straight to the Calcasieu River, but the overflow was blocked in after an oil excursion event in 1999. According to the Surveillance Division’s air quality incident investigation report for the June 19, 2006 event,

representatives of the Respondent were questioned about this statement and additional information was requested, but the representatives of the Respondent did not have any information or written documentation on the project. According to the Respondent's July 27, 2006 Incident Investigation Interoffice Letter, when the steam trench overflows to the Calcasieu River were eliminated to prevent the release of oil to the Calcasieu River, the Management of Change (MOC) system's hazard analysis at the time failed to identify the impact on the 250 psig steam system pressure during heavy rainfall events that result in steam trench flooding. By not providing for the control of water levels in the steam trench when the overflow outlet was blocked in 1999, the water level from the June 19, 2006 heavy rainfall event filled the steam trench causing the high-pressure steam to condense and reducing steam pressure to a level that caused the Central Amine system to fail. The Respondent's failure to install control equipment to ensure that water in the trenches could escape and/or be removed after blocking the overflow outlet is a violation of the Louisiana Air Quality Regulations, in particular LAC 33:III.905 which states "To aid in controlling the overall levels of air contaminants into the atmosphere, air pollution control facilities should be installed whenever practically, economically, and technologically feasible. When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." Control equipment as defined by LAC 33:III.111 is "any device or contrivance, operating procedure or abatement scheme used to prevent or reduce air pollution." This also constitutes a violation of Sections 2057(A)(1) and 2057(A)(2) of the Act.

VIII.

According to NSPS 40 CFR Subpart J, in particular, 40 CFR 60.104(a)(1), "No owner or operator subject to the provisions of this subpart shall burn in any fuel gas combustion device any fuel gas that contains hydrogen sulfide (H₂S) in excess of 230 mg/dscm." The Respondent's Incident Investigation Interoffice Letter dated July 27, 2006, noted that as a result of the lack of treatment of the fuel gas, the hydrogen sulfide in the fuel gas exceeded the 162 ppm 3-hour average beginning at 4:45 a.m. until about 3:00 p.m. on June 19, 2006. Each is a violation of 40 CFR 60.104(a)(1) which language has been adopted as a Louisiana regulation in LAC 33:III.3003 and Sections 2057(A)(1) and 2057(A)(2) of the Act.

IX.

As a result of the aforementioned unauthorized discharge of oil, the U. S. Coast Guard temporarily closed a portion of the Calcasieu River Ship Channel to shipping on or about June 21, 2006. Boating is considered a secondary contact usage of this waterbody. The interference with a designated use of a waterbody due to the presence of free or floating oil is in violation of La. R.S. 30:2076(A) (1), La. R.S. 30:2076(A) (3), LAC 33:IX.501.A, and LAC 33:IX.1113.B.6

X.

Inspections conducted by the Department on or about September 27, 2001 and May 14, 2003 and a subsequent file review conducted on or about April 2, 2007, revealed the following effluent violations as reported by the Respondent on Discharge Monitoring Reports (DMRs):

Date	Outfall	Parameter	Permit Limit	Sample Value
Jan. 2001	002A	pH Maximum	9.0 S.U.	9.7 S.U.
May 2001	006A	pH Maximum	9.0 S.U.	9.5 S.U.
June 2001	010A	pH Maximum	9.0 S.U.	9.2 S.U.
Sept. 2001	003C	Ammonia Daily Avg.	1209 lbs/day	5279 lbs/day
		Ammonia Daily Max	2640 lbs/day	21354 lbs/day
		BOD Daily Avg.	4178 lbs/day	13013 lbs/day
		BOD Daily Max	7853 lbs/day	95229 lbs/day
		Sulfides Daily Avg.	21 lbs/day	340 lbs/day

		Sulfides Daily Max	46 lbs/day	1774 lbs/day
		TOC Daily Avg.	6283 lbs/day	9510 lbs/day
		TOC Daily Max	11323 lbs/day	56567 lbs/day
		TSS Daily Max	5402 lbs/day	6406 lbs/day
	010A	Oil and Grease Daily Max	15 mg/L	22 mg/L
		pH Maximum	9.0 S.U.	9.8 S.U.
		TOC Daily Max	50 mg/L	364 mg/L
Oct. 2001	003C	Ammonia Daily Max	2640 lbs/day	3283 lbs/day
Jan. 2002	006A	pH Maximum	9.0 S.U.	12.2 S.U.
April 2002	003C	Sulfides Daily Max	46 lbs/day	66 lbs/day
July 2002	003C	TSS Daily Max	5402 lbs/day	6003 lbs/day
Aug. 2002	003C	TOC Daily Max	11323 lbs/day	11960 lbs/day
		TSS Daily Max	5402 lbs/day	7599 lbs/day
Oct. 2002	004A	TOC Daily Max	5.0 mg/L	5.8 mg/L
	010A	pH Maximum	9.0 S.U.	9.4 S.U.
Mar. 2004	006A	pH Minimum	6.0 S.U.	5.8 S.U.
April 2004	010A	TOC Daily Max	50 mg/L	83 mg/L
Mar. 2005	003C	Ammonia Daily Avg.	1209 lbs/day	1374 lbs/day
		Ammonia Daily Max	2640 lbs/day	3689 lbs/day
		BOD Daily Max	7853 lbs/day	9801 lbs/day
		pH Excursions >60 Minutes	0 occurrences	2 occurrences
		pH Excursions, Total Minutes	446 min.	467 min.
		Sulfides Daily Max	46 lbs/day	48 lbs/day
		TOC Daily Max	11323 lbs/day	21117 lbs/day
		TSS Daily Avg.	3440 lbs/day	4828 lbs/day
		TSS Daily Max	5402 lbs/day	15045 lbs/day
June 2005	106Q	Fecal Coliform Daily Avg.	200 col/100 mL	350 col/100 mL
Aug. 2005	003A	Sulfides Monthly Avg.	25.3 lbs/day	51 lbs/day
		Sulfides Weekly Avg.	56.3 lbs/day	168 lbs/day
		TOC Monthly Avg.	9941 lbs/day	10642 lbs/day
Sept. 2005	003A	TOC Monthly Avg.	9941 lbs/day	15300 lbs/day
		TSS Weekly Avg.	6188 lbs/day	9028 lbs/day
Oct. 2005	003A	Ammonia Monthly Avg.	1813 lbs/day	1822 lbs/day
		Ammonia Weekly Avg.	3960 lbs/day	7866 lbs/day
Nov. 2005	003A	Ammonia Weekly Avg.	3960 lbs/day	4253 lbs/day
		BOD Monthly Avg.	4518 lbs/day	4553 lbs/day
		TOC Monthly Avg.	9941 lbs/day	11713 lbs/day
Dec. 2005	003A	Oil And Grease Monthly Avg.	1485 lbs/day	1635 lbs/day
	106Q	Fecal Coliform Daily Avg.	200 col/100 mL	320 col/100 mL
Feb. 2006	003A	Ammonia Monthly Avg.	1813 lbs/day	1907 lbs/day
Mar. 2006	106Q	Fecal Coliform Daily Avg.	200 col/100 mL	7400 col/100 mL
		Fecal Coliform Daily Max	400 col/100 mL	7400 col/100 mL
		TSS Daily Avg.	30 mg/L	37 mg/L
May 2006	003A	Sulfides Monthly Avg.	25.3 lbs/day	26 lbs/day
	004A	pH Excursions >60 Minutes	0 occurrences	1 occurrence
June 2006	003A	Ammonia Weekly Avg.	3960 lbs/day	6165 lbs/day
		Oil And Grease Monthly Avg.	1485 lbs/day	1656 lbs/day
		Sulfides Monthly Avg.	25.3 lbs/day	60 lbs/day

		Sulfides Weekly Avg.	56.3 lbs/day	209 lbs/day		
		TSS Monthly Avg.	3961 lbs/day	7401 lbs/day		
		TSS Weekly Avg.	6188 lbs/day	21840 lbs/day		
July 2006	003A	BOD Monthly Avg.	4518 lbs/day	8833 lbs/day		
		BOD Weekly Avg.	8863 lbs/day	12514 lbs/day		
		Oil And Grease Monthly Avg.	1485 lbs/day	3420 lbs/day		
		Oil And Grease Weekly Avg.	2824 lbs/day	4899 lbs/day		
		Sulfides Monthly Avg.	25.3 lbs/day	124 lbs/day		
		Sulfides Weekly Avg.	56.3 lbs/day	344 lbs/day		
		TOC Monthly Avg.	9941 lbs/day	12771 lbs/day		
		TSS Monthly Avg.	3961 lbs/day	7022 lbs/day		
		TSS Weekly Avg.	6188 lbs/day	20078 lbs/day		
		Aug. 2006	003A	Sulfides Weekly Avg.	56.3 lbs/day	60 lbs/day
		Sept. 2006	106Q	Fecal Coliform Daily Avg.	200 col/100 mL	400 col/100 mL
Dec 2006	106Q	Fecal Coliform Daily Avg.	200 col/100 mL	4800 col/100 mL		
		Fecal Coliform Weekly Avg.	400 col/100 mL	4800 col/100 mL		
	012Q	pH Maximum	9.0 S.U.	9.6 S.U.		

Each effluent excursion is in violation of LPDES permit LA0005941 (Part I, and Part III, Section A.2), La. R.S. 30:2076 (A)(1)(b), La. R.S. 30:2076 (A)(3), LAC 33:IX.501.A, LAC 33:IX.501.D, and LAC 33:IX.2701.A.

XI.

On or about February 1, 2007, a review of unauthorized discharge release reports for the Respondent's **LAKE CHARLES MANUFACTURING COMPLEX** 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. Review of Incident Report No. 05-01341 dated March 4, 2005, revealed that tail gas from the JC-36 compressor shutdown vented to the B-7 Flare on three (3) occasions during a 14 hour period on February 26, 2005 from approximately 2:27 a.m. to 2:46 a.m.; 4:00 a.m. to 6:30 a.m.; and 4:23 p.m. to 4:51 p.m. Approximately 1,397 pounds of sulfur dioxide were released during the event. According to the Respondent's March 4, 2005 report, the Respondent noted that a root cause analysis was being performed as required by the Consent Decree. According to the semiannual report dated August 31, 2005 for the Consent Decree (Civil Action

Number H-04-3883) covering the first half of 2005, the JC-36 Topper Tail Gas Compressor shutdown due to a high liquid level in the F-25 suction drum. The topper tail gas and other similar streams normally managed by this compressor and recovered for additional processing were released to the B-7 Flare as designed until the liquid level in the suction drum was pumped down and the compressor was restarted. JC-36 tripped on three occasions before the reason for the high liquid loading (in this case, excess water in the crude oil being fed to the B-Topper Unit) could be found and actions could be taken to switch the B-Topper Unit to another crude feed tank. The Respondent noted that the root cause of the shutdown of the JC-36 Tail Gas Compressor was the carryover of water from the B-Topper fractionation tower. The upset of the B-Topper fractionation tower was caused by the high basic sediment and water (BS&W) content (primarily water) in the crude oil feed to the B-Topper Unit. The main contributing factor was that the guideline for managing high BS&W crude was not followed by the Product Inspector. The failure to follow the guideline for managing high BS&W crude by the Product Inspector contributed to the resulting release. This is a violation of the Louisiana Air Quality Regulations, in particular LAC 33:III.905 which states "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." Control equipment as defined by LAC 33:III.111 is "any device or contrivance, operating procedure or abatement scheme used to prevent or reduce air pollution." This also constitutes a violation of Sections 2057(A)(1) and 2057(A)(2) of the Act.

- B. Review of Incident Report No. 05-01436 dated March 16, 2005, revealed that on or about March 2, 2005, at approximately 2:30 a.m., a ground fault occurred on a pump in the Coker II Unit and caused a switch rack at Sub 49 to trip open. This loss of power tripped the lean amine pumps at Coker II and Benzene Amine. As a result, amine flows to the Coker II and Benzene Amine amine contactors were lost for approximately 60 minutes and 40 minutes, respectively. The loss of amine circulation caused the hydrogen sulfide content in the refinery fuel gas stream to exceed the 162 ppm concentration limit. The fuel gas burned in the refinery furnaces exceeded the respective permit limits for sulfur dioxide emissions. The Respondent released 30,266 pounds of sulfur dioxide above the facility wide permitted limits. The Respondent noted in the March 16, 2005 report that the cause was under investigation and the pump had been operating normally prior to

the unexpected ground fault. The Department requested the results of the investigation. By e-mail sent from a representative of the Respondent on Tuesday, January 23, 2007, the Respondent noted that on March 2, 2005, at approximately 3:07 a.m., 326JP208B motor winding failed to ground. The primary protective relaying did not operate and therefore backup relaying deenergized the 4.16 kV Bus A. The loss of the bus resulted in the loss of several other pumps. The end result of this loss of pumping equipment was the loss of lean amine flow which then resulted in high hydrogen sulfide in the fuel gas. Lean amine circulation pumps gassed-up upon restart resulting in prolonged flow of sour gas to the fuel gas system. According to the Respondent's email, the motor winding failure was likely due to age-related deterioration, but the motor had been reconditioned approximately eight (8) months prior to failure with no known unresolved issues. However, a protective relay set point engineering error was the root cause of the extensive power failure. Therefore, the protective relay set point engineering error contributed to the extent and duration of the release. This is a violation of the Louisiana Air Quality Regulations, in particular LAC 33:III.905 which states "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." Control equipment as defined by LAC 33:III.111 is "any device or contrivance, operating procedure or abatement scheme used to prevent or reduce air pollution." This also constitutes a violation of Sections 2057(A)(1) and 2057(A)(2) of the Act.

Additionally, according to NSPS 40 CFR 60 Subpart J, in particular, 40 CFR 60.104(a)(1), "No owner or operator subject to the provisions of this subpart shall burn in any fuel gas combustion device any fuel gas that contains hydrogen sulfide (H₂S) in excess of 230 mg/dscm." The semiannual report dated August 31, 2005, for the Consent Decree (Civil Action Number H-04-03883) covering the first half of 2005, noted that the refinery fuel gas system exceeded the NSPS 40 CFR 60 Subpart J 3-hour rolling average H₂S standard on March 2, 2005, for four (4) 3-hour periods according to the monitor on the F104 Drum and for three (3) 3-hour periods according to the monitor on the F2 Drum. Each is a violation of 40 CFR 60.104(a)(1) which language has been adopted as a Louisiana regulation in LAC 33:III.3003 and Sections 2057(A)(1) and 2057(A)(2) of the Act.

C. Review of Incident Report No. 05-03243 dated June 6, 2005, revealed a release of sulfur dioxide and hydrogen sulfide from the B-11 Flare during the flaring of the Coker II Fractionator Overhead Gas from an unexpected upset of the E-201 Fractionation Tower and the resulting Unit shutdown and restart of the Coker II Unit. The releases to the flare from the Coker II Unit occurred during three different periods: release as the result of the Unit upset was from 10:58 p.m. to 11:18 p.m. on May 17, 2005; release as the result of the Unit shutdown was from 8:07 a.m. to 8:57 a.m. on May 18, 2005; and release as the result of the Unit startup was from 9:00 p.m. to 11:05 p.m. on May 18, 2005. According to the Respondent's report a total of 6,581 pounds of sulfur dioxide were released. According to the Respondent's June 6, 2005 report and the semiannual report dated August 31, 2005, for the Consent Decree (Civil Action Number H-04-03883) covering the first half of 2005, on May 17, 2005, the E-201 Fractionation Tower at the Coker II Unit became upset when a large quantity of water was unexpectedly introduced into the tower. The upset resulted in the flooding of the F-210 overhead accumulator drum on the E-201 Tower. Although the drum flooded with liquid, the Tail Gas Compressor, JC-201, which is located downstream of the overhead accumulator continued to run. However, since not all of the gas could be handled by the compressor, equipment protective control valves released the pressure and some of the process gas to the B-11 Flare. Operations personnel took corrective action to stabilize the E-201 Tower, but had to shutdown and restart the Unit. The Respondent reported the results of the root cause failure analysis in the semiannual report for the Consent Decree. According to the semiannual report, the root cause of the upset was the unexpected presence of water in the F202B coke drum at the time of the introduction of hot feed to the coke drum. The Respondent's review of the available operating information preceding the incident indicated that water likely got into the F202B coke drum through an open quench water chain operated valve located on the top structure of the F202B coke drum. The Department requested additional information as to how or why the quench water chain operated valve was open. According to the e-mail sent on Wednesday, January 24, 2007, from a representative of the Respondent, review of the documentation on this event indicated that the quench water chain operated valve was in the wrong position due to operator error. The operator's error in leaving the quench water chain operated valve in the wrong position led to the resulting release. This is a violation of the Louisiana Air Quality Regulations, in particular LAC 33:III.905 which states, "When facilities have been installed on a property, they shall be used and diligently maintained in proper working

order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." Control equipment as defined by LAC 33:III.111 is any device or contrivance, operating procedure or abatement scheme used to prevent or reduce air pollution." This also constitutes a violation of Sections 2057(A)(1) and 2057(A)(2) of the Act.

- D. Review of Incident Report No. 05-03417 dated June 7, 2005, revealed that on or about May 24, 2005, between approximately 5:30 p.m. and 7:36 p.m. a release to the B-12 Flare occurred from the Unicracker Unit. Approximately 4,983 pounds of sulfur dioxide were released during the event. According to the Respondent's June 7, 2005 report, on May 24, 2005, at 5:30 p.m., the suction pressure on the JP-3 feed pump at the Unicracker Unit dropped to a low enough level that associated controls shutdown the pump in order to protect it. With the loss of feed to the Unit, the temperatures in the reactors became unstable thus resulting in the initiation of a 100 psig dump to the B-12 Flare as a safety precaution. According to the Respondent's June 7, 2005 report and the semiannual report dated August 31, 2005, for the Consent Decree (Civil Action Number H-04-03883) covering the first half of 2005, a root cause failure analysis determined that the console operator put the F-1 feed drum pressure controller, PC-003, in the manual closed position at 1:41 p.m. while switching the G-1 feed filters and failed to put it back in automatic. This caused the pressure of the F-1 feed drum to slowly drift down until it reached the low suction shutdown (PSL-009) on the JP-3 feed pump at approximately 5:30 p.m. The failure of the Respondent's console operator to put the F-1 feed drum pressure controller, PC-003, back in automatic after putting it in the manual closed position while switching the G-1 feed filters caused the release. This is a violation of the Louisiana Air Quality Regulations, in particular LAC 33:III.905 which states "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." Control equipment as defined by LAC 33:III.111 is "any device or contrivance, operating procedure or abatement scheme used to prevent or reduce air pollution." This also constitutes a violation of Sections 2057(A)(1) and 2057(A)(2) of the Act.
- E. Review of Incident Report No. 05-05406 dated August 17, 2005, revealed a release of sulfur dioxide and hydrogen sulfide from the B-12 Flare during an unexpected over-pressurizing of the E-101

Absorber Tower at the Unicracker Unit. The release to the B-12 Flare from the Unicracker Unit occurred between 3:20 p.m. and 4:01 p.m. on August 10, 2005. According to the Respondent's report a total of 1,059 pounds of sulfur dioxide were released. According to the Respondent's report, on August 10, 2005, at 3:20 p.m., the Unicracker Absorber Tower, E-101, unexpectedly pressured up due to a restriction in the discharge line from the tower resulting in the flaring of hydrocarbon gas containing hydrogen sulfide at the B-12 Flare. According to the Respondent's semiannual report dated February 28, 2006, for the Consent Decree (Civil Action Number H-04-03883) covering the second half of 2005, the Respondent clarified the incident description to read that on August 10, 2005, the pressure relief valve on the Unicracker's Absorber Reboiler, PSV 160, opened to the flare at a set pressure of 225 psig due to high back pressure from a downstream unit. The Respondent noted in the report that the root cause was determined to be an incorrect and unresponsive pressure transmitter on pressure controller 326PC518 at the Coker 2 Unit. This pressure transmitter allowed an unusually high back pressure to be placed on the Unicracker's Absorber Column, E-101. The Respondent's use of the incorrect pressure transmitter ultimately caused the resulting release. This is a violation of the Louisiana Air Quality Regulations, in particular LAC 33:III.905 which states, "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." Control equipment as defined by LAC 33:III.111 is any device or contrivance, operating procedure or abatement scheme used to prevent or reduce air pollution." This also constitutes a violation of Sections 2057(A)(1) and 2057(A)(2) of the Act.

- F. Review of Incident Report No. 05-09003 dated January 3, 2006, revealed that a release to the flare from the Coker II Unit started at approximately 4:17 p.m. on December 17, 2005 and ended at approximately 7:34 p.m. on December 17, 2005. Approximately 35,458 pounds of sulfur dioxide were released during the event. According to the Respondent's January 3, 2006 report, on December 17, 2005, several pumps on the Coker II fractionator (E-201) shutdown. The resulting loss of heat removal from the fractionator caused the overhead drum (F-210) to fill with liquid shutting down the JC-201 gas compressor due to a high liquid level. When the JC-201 Compressor shutdown, the Coker II Unit began venting off gas to the B-11 Flare. The report noted that the root cause failure analysis was underway to determine the cause

for the shutdown of several fractionator pumps. In the semiannual report dated February 28, 2006, for the Consent Decree (Civil Action Number H-04-3883) covering the second half of 2005, the Respondent noted the root cause of the incident as an engineering design flaw in Transformer 444-S49-TR1-A's protective relaying scheme which caused the 4.16 kV tie breaker to open when the differential relay operated. The engineering design flaw ultimately caused the release. This is a violation of the Louisiana Air Quality Regulations, in particular LAC 33:III.905 which states "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." Control equipment as defined by LAC 33:III.111 is "any device or contrivance, operating procedure or abatement scheme used to prevent or reduce air pollution." This also constitutes a violation of Sections 2057(A)(1) and 2057(A)(2) of the Act.

XII.

A file review conducted by the Department conducted on or about April 2, 2007, revealed that the Respondent timely reported the following spills for the period April 2001- December 2006:

Date	Material	Quantity
04/19/01	Slop Oil	25 bbls.
11/22/01	Fuel Oil	17 bbls.
09/11/01	Slop Oil	10 bbls.
10/22/02	Naptha	172 bbls.
03/05/03	Light Crude	390 bbls.
05/28/03	Naptha	5850 lbs.
11/10/03	Gasoline	16 bbls.
12/23/03	Kerosene	1 bbls.
05/30/04	Oil	445 bbls.
12/20/04	Crude Oil	7.3 bbls.
12/27/04	Crude Oil	97 bbls.
01/15/05	Phenol/Orthocresol	1800/400 lbs.
02/18/05	Oil mixture	1000 bbls.
03/13/05	Sulphuric acid	754 lbs.
06/09/05	Oil	5.2 bbls.
06/18/05	Heavy Oil	6.5 bbls.
07/23/05	Distillate	403 lbs.
09/15/05	Seal Oil	16.6 bbls.

02/26/06	Lube Oil	19,700 lbs.
07/28/06	Light Oil	2.3 bbls
12/07/06	Heavy Gas Oil	7000 lbs.
12/14/06	Crude Oil	35.6 bbls.

Although these spills were contained and remediated on-site with no off-site impacts, the reoccurring nature of these events indicates a lack of proper operation and maintenance. The lack of proper operation and maintenance is in violation of LPDES permit LA0005941 (Part III, Sections A.2 and B.3), La. R.S. 30:2076 (A)(1)(b), La. R.S. 30:2076 (A)(3), LAC 33:IX.501.A, LAC 33:IX.501.D, and LAC 33:IX.2701.A and E.

XIII.

A file review conducted by the Department conducted on or about April 2, 2007, also revealed unauthorized discharges into waters of the state. Specifically, on December 6, 2003, approximately one barrel of vacuum gas oil was allowed to discharge into the Calcasieu River; on May 2, 2005, approximately five gallons of slop oil was allowed to discharge into the Indian Marias; and on October 30, 2006, approximately six pounds of hydraulic oil was allowed to discharge into the Calcasieu River. These three events constitute three separate unauthorized discharges into waters of the state and are in violation of LPDES permit LA0005941 (Part III, Section A.2), La. R.S. 30:2076 (A)(1)(b), La. R.S. 30:2076 (A)(3), LAC 33:IX.501.A, LAC 33:IX.501.D, and LAC 33:IX.2701.A.

COMPLIANCE ORDER

Based on the foregoing, the Respondent is **hereby ordered**:

I.

To immediately take, upon receipt of this **COMPLIANCE ORDER**, any and all steps necessary to meet and maintain compliance with LPDES permit LA0005941.

II.

To immediately take, upon receipt of this **COMPLIANCE ORDER**, any and all steps necessary to achieve and maintain compliance with the Air Quality Regulations, including but not limited to ensuring that appropriate controls (any device or contrivance, operating procedure or abatement scheme) are in place to control water buildup in the steam trenches during heavy rain events to prevent or reduce air pollution.

III.

In the event the Respondent believes that complete correction of the above-cited deficiencies is not physically possible within thirty (30) days, the Respondent shall submit, within thirty (30) days, a comprehensive plan for the expeditious elimination and prevention of such noncompliance. Such plan shall provide for specific corrective actions taken and shall include a critical path schedule.

IV.

To submit to the Enforcement Division, within thirty (30) days after receipt of this **COMPLIANCE ORDER**, a written report that includes a detailed description of the circumstances surrounding the cited violations and actions taken or to be taken to achieve compliance with the Order Portion of this **COMPLIANCE ORDER**. This report and all other reports or information required to be submitted to the Enforcement Division by this

COMPLIANCE ORDER shall be submitted to:

Office of Environmental Compliance
Post Office Box 4312
Baton Rouge, Louisiana 70821-4312
Attention: Wayne R. Slater
Enforcement Tracking No. MM-CN-06-0058
Agency Interest No. 1250

V.

To complete the corrective actions listed in Appendix 3 of the aforementioned letter submitted by the Respondent on or about March 2, 2007. The Respondent shall submit to the Department an interim status report on the progress of the corrective actions by July 31, 2007.

VI.

To submit to the Enforcement Division by November 30, 2007, a final report that shall include a detailed description of all actions that were taken in response to the June 19, 2006, heavy rainfall event.

THE RESPONDENT SHALL FURTHER BE ON NOTICE THAT:

I.

The Respondent has a right to an adjudicatory hearing on a disputed issue of material fact or of law arising from this **COMPLIANCE ORDER**. This right may be exercised by filing a written request with the Secretary no later than thirty (30) days after receipt of this **COMPLIANCE ORDER**.

II.

The request for an adjudicatory hearing shall specify the provisions of the **COMPLIANCE ORDER** on which the hearing is requested and shall briefly describe the basis

for the request. This request should reference the **Enforcement Tracking Number** and **Agency Interest Number**, which are located in the upper right-hand corner of the first page of this document and should be directed to the following:

Department of Environmental Quality
Office of the Secretary
Post Office Box 4302
Baton Rouge, Louisiana 70821-4302
Attn: Hearings Clerk, Legal Division
Re: Enforcement Tracking No. MM-CN-06-0058
Agency Interest No. 1250

III.

Upon the Respondent's timely filing a request for a hearing, a hearing on the disputed issue of material fact or of law regarding this **COMPLIANCE ORDER** may be scheduled by the Secretary of the Department. The hearing shall be governed by the Act, the Administrative Procedure Act (La. R.S. 49:950, et seq.), and the Department's Rules of Procedure. The Department may amend or supplement this **COMPLIANCE ORDER** prior to the hearing, after providing sufficient notice and an opportunity for the preparation of a defense for the hearing.

IV.

This **COMPLIANCE ORDER** shall become a final enforcement action unless the request for hearing is timely filed. Failure to timely request a hearing constitutes a waiver of the Respondent's right to a hearing on a disputed issue of material fact or of law under Section 2050.4 of the Act for the violation(s) described herein.

V.

The Respondent's failure to request a hearing or to file an appeal or the Respondent's withdrawal of a request for hearing on this **COMPLIANCE ORDER** shall not preclude the Respondent from contesting the findings of facts in any subsequent penalty action addressing the

same violation(s), although the Respondent is estopped from objecting to this **COMPLIANCE ORDER** becoming a permanent part of its compliance history.

VI.

Civil penalties of not more than twenty-seven thousand five hundred dollars (\$27,500) for each day of violation for the violation(s) described herein may be assessed. For violations which occurred on August 15, 2004, or after, civil penalties of not more than thirty-two thousand five hundred dollars (\$32,500) may be assessed for each day of violation. The Respondent's failure or refusal to comply with this **COMPLIANCE ORDER** and the provisions herein will subject the Respondent to possible enforcement procedures under La. R.S. 30:2025, which could result in the assessment of a civil penalty in an amount of not more than fifty thousand dollars (\$50,000) for each day of continued violation or noncompliance.

VII.

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

NOTICE OF POTENTIAL PENALTY

I.

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.

II.

Prior to the issuance of additional appropriate enforcement action(s), 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 Mr. Wayne Slater at (225) 219-3778 within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**.

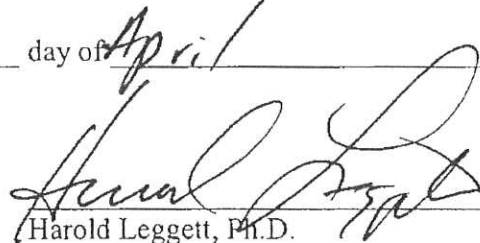
III.

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 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 violation(s) 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 that statement.

IV.

This **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is effective upon receipt.

Baton Rouge, Louisiana, this 9 day of April, 2007.



Harold Leggett, Ph.D.
Assistant Secretary
Office of Environmental Compliance

Copies of a request for a hearing and/or related correspondence should be sent to:

Louisiana Department of Environmental Quality
Office of Environmental Compliance
Enforcement Division
P.O. Box 4312
Baton Rouge, LA 70821-4312
Attention: Wayne R. Slater

c: Ms. Carol Peters-Wagnon
U.S. Environmental Protection Agency

ATTACHMENT B



BOBBY JINDAL
GOVERNOR

HAROLD LEGGETT, Ph.D.
SECRETARY

State of Louisiana
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

July 22, 2008

CERTIFIED MAIL (7005 1820 0002 2094 4037)
RETURN RECEIPT REQUESTED

CITGO PETROLEUM CORPORATION
c/o CT Corporation Systems
Agent of Service
5615 Corporate Blvd. Suite 400B
Baton Rouge, LA 70808

**RE: AMENDED CONSOLIDATED COMPLIANCE ORDER &
NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. MM-CN-06-0058A
AGENCY INTEREST NO. 1250**

Dear Sir:

Pursuant to the Louisiana Environmental Quality Act (La. R.S. 30:2001, et seq.), the attached **AMENDED CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is hereby served on the **CITGO PETROLEUM CORPORATION (RESPONDENT)** for the violations described therein.

Any questions concerning this action should be directed to Wayne R. Slater at (225) 219-3791.

Sincerely,

Lourdes Iturralde
Administrator
Enforcement Division

LI/WRS/RO/AC/wrs
Alt ID No. LA0005941/0520-00016/LAD008080350
Attachment

c: David Hollis, Manager
CITGO Petroleum Corporation
P.O. Box 1562
Lake Charles, LA 70602

Ms. Carol Peters-Wagnon
U.S. Environmental Protection Agency

STATE OF LOUISIANA
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

IN THE MATTER OF	*	
	*	
CITGO PETROLEUM CORPORATION,	*	ENFORCEMENT TRACKING NO.
CALCASIEU PARISH	*	
ALT ID NO. LA0005941/0520-00016/	*	MM-CN-06-0058A
LAD008080350	*	
	*	AGENCY INTEREST NO.
	*	
PROCEEDINGS UNDER THE LOUISIANA	*	1250
ENVIRONMENTAL QUALITY ACT,	*	
La. R.S. 30:2001, <u>ET SEQ.</u>	*	

AMENDED
CONSOLIDATED
COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY

The Louisiana Department of Environmental Quality (the Department) hereby amends the **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** issued to the **CITGO PETROLEUM COMPANY (RESPONDENT)** on April 9, 2007, in the above-captioned matter as follows:

I.

The Department hereby amends the name of the Respondent at all points of reference to read as follows: "**CITGO PETROLEUM CORPORATION (RESPONDENT).**"

II.

The Department hereby amends paragraph III of the Findings of Fact to read as follows:

“III.

An inspection conducted by the Department on or about June 28, 2006, revealed that the Respondent did cause an unauthorized discharge of untreated contaminated stormwater runoff and oil into waters of the state. Specifically, a rainfall event on or about June 19, 2006, caused 2-ten (10) million gallon contaminated stormwater storage tanks (tanks 320 and 330) to overflow water/oil/sludge into the stormwater tank containment area. It was determined that the oil seeped at various locations through the walls and/or gates of the berm and through a junction box located inside of the berm. A revised notification dated October 20, 2006, that was submitted by the Respondent indicated at least 53,000 barrels (bbls.) (2.226 million gallons) of slop oil and 259,524 bbls. (10.9 million gallons) of wastewater were released from the containment area and were discharged into the Calcasieu River and the Indian Marias, both waters of the state. This unauthorized discharge of untreated contaminated stormwater runoff and slop oil is in violation of LPDES permit LA0005941 (Part I, and Part III, Section A.2), La. R.S. 30:2076 (A)(1)(b), La. R.S. 30:2076 (A)(3), LAC 33:IX.501.A, and LAC 33:IX.2701.A.”

III.

The Department hereby inserts the following data into the table in paragraph X of the Findings of Fact:

Date	Outfall	Parameter	Permit Limit	Sample Value
Mar 2007	106Q	Fecal Coliform Monthly Avg.	200 col/100 mL	>12000 col/100 mL
		Fecal Coliform Weekly Avg.	400 col/100 mL	>12000 col/100 mL
June 2007	003A	Ammonia Daily Max.	3960 lbs/day	8390 lbs/day
	014S	Fecal Coliform Weekly Avg.	400 col/100 mL	>12000 col/100 mL
	106Q	TSS Monthly Avg.	30 mg/L	86 mg/L
		TSS Daily Max.	45 mg/L	86 mg/L
Dec 2007	012Q	Oil and Grease Daily Max	15 mg/L	44 mg/L
Jan 2008	004A	TOC Daily Max (Net Value)	5.0 mg/L	6.1 mg/L

IV.

The Department hereby inserts the following data into the table in paragraph XII of the Findings of Fact:

Date	Material	Quantity
07/11/07	Gasoline	unknown
08/23/07	Naptha	92 bbls.
10/05/07	Motor Oil	20 bbls.
10/10/07	Diesel	373 bbls.
11/07/07	Sodium Hydroxide	140 bbls.
02/23/08	Kerosene	8 bbls.
02/26/08	Gas Oil	3 bbls.

V.

The Department hereby amends paragraph XIII of the Findings of Fact section to read as follows:

"XIII.

A file review conducted by the Department on or about April 2, 2007, and a subsequent inspection conducted by the Department on or about March 4, 2008, revealed unauthorized discharges into waters of the state. Specifically, on December 6, 2003, approximately one barrel of vacuum gas oil was allowed to discharge into the Calcasieu River; on May 2, 2005, approximately five gallons of slop oil was allowed to discharge into the Indian Marias; and on September 7, 2007, approximately 30 gallons of slop oil was allowed to discharge into the Calcasieu River. These three events constitute three separate unauthorized discharges into waters of the state and are in violation of LPDES permit LA0005941 (Part III, Section A.2), La. R.S. 30:2076 (A)(1)(b), La. R.S. 30:2076 (A)(3), LAC 33:IX.501.A, LAC 33:IX.501.D, and LAC 33:IX.2701.A."

VI.

The Department hereby inserts the following into the Findings of Fact section:

“XIV.

A file review conducted on June 30, 2008, revealed that the Respondent had submitted written notifications of process wastewater discharges that were diverted to the onsite Surge Pond as a result of heavy rain events that occurred between 1996 and 1997. The Respondent characterized these discharges as hazardous wastes containing the waste codes D018 and F037. On or about June 19, 2006, the Respondent disposed of at least 53,000 bbls. (2.226 million gallons) of slop oil and 259,524 bbls. (10.9 million gallons) of untreated stormwater into the Calcasieu River and Indian Marais. Based on previous characterizations from the Respondent, this material is characteristically hazardous for benzene (D018) and carries the hazardous waste listing for petroleum refinery primary oil/water/solids separation sludge (F037). The Respondent disposed of hazardous waste without having a permit or interim status, in violation of LAC 33:V.303.B.”

VII.

The Department hereby inserts the following into the Findings of Fact section:

“XV.

Paragraphs III, IV, and IX, above will be addressed through the federal complaint, United States of America and State of Louisiana v. CITGO Petroleum Corporation, civil case no. 2:08-cv-893 (W.D.La.) and monetary penalties may be pursued through that venue for violations listed in those specific paragraphs.”

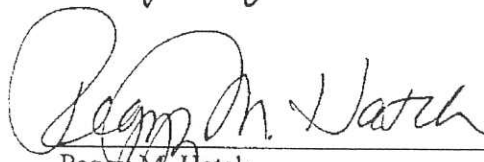
VIII.

The Department incorporates all of the remainder of the original **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY, ENFORCEMENT TRACKING NO. MM-CN-06-0058** and **AGENCY INTEREST NO. 1250** as if reiterated herein.

IX.

This **AMENDED CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is effective upon receipt.

Baton Rouge, Louisiana, this 22nd day of July, 2008.



Peggy M. Hatch.
Assistant Secretary
Office of Environmental Compliance

Copies of a request for a hearing and/or related correspondence should be sent to:

Louisiana Department of Environmental Quality
Office of Environmental Compliance
P.O. Box 4312
Baton Rouge, LA 70821-4312
Attention: H. Tyler Ginn

ATTACHMENT C

BOBBY JINDAL
GOVERNOR



PEGGY M. HATCH
SECRETARY

State of Louisiana
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

August 16, 2010

CERTIFIED MAIL (7004 2510 0005 5763 4353)
RETURN RECEIPT REQUESTED

CITGO PETROLEUM CORPORATION
c/o CT Corporation Systems
Agent of Service
5615 Corporate Blvd. Suite 400B
Baton Rouge, LA 70808

**RE: CONSOLIDATED COMPLIANCE ORDER
& NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. WE-CN-10-00915
AGENCY INTEREST NO. 1250**

Dear Sir:

Pursuant to the Louisiana Environmental Quality Act (La. R.S. 30:2001, et seq.), the attached **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is hereby served on **CITGO PETROLEUM CORPORATION (RESPONDENT)** for the violation(s) described therein.

Compliance is expected within the maximum time period established by each part of the **COMPLIANCE ORDER**. The violation(s) cited in the **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** could result in the issuance of a civil penalty or other appropriate legal actions.

Any questions concerning this action should be directed to Wayne R. Slater at (225) 219-3729.

Sincerely,

Lourdes Iturralde
Administrator
Enforcement Division

LI/WRS/wrs
Alt ID No. LA0005941
Attachment

c: David Hollis, Manager
Environmental Protection Department, CITGO

Ms. Carol Peters-Wagnon
U.S. Environmental Protection Agency

STATE OF LOUISIANA
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

<p>IN THE MATTER OF</p> <p>CITGO PETROLEUM CORPORATION CALCASIEU PARISH ALT ID NO. LA0005941</p> <p>PROCEEDINGS UNDER THE LOUISIANA ENVIRONMENTAL QUALITY ACT, La. R.S. 30:2001, ET SEQ.</p>	<p>*</p> <p>*</p> <p>*</p> <p>*</p> <p>*</p> <p>*</p> <p>*</p> <p>*</p> <p>*</p>	<p>ENFORCEMENT TRACKING NO.</p> <p>WE-CN-10-00915</p> <p>AGENCY INTEREST NO.</p> <p>1250</p>
--	--	--

CONSOLIDATED
COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY

The following **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is issued to the **CITGO PETROLEUM CORPORATION (RESPONDENT)** by the Louisiana Department of Environmental Quality (the Department), under the authority granted by the Louisiana Environmental Quality Act (the Act), La. R.S. 30:2001, et seq., and particularly by La. R.S. 30:2025(C), 30:2050.2 and 30:2050.3(B).

FINDINGS OF FACT

I.

The Respondent owns and/or operates a petroleum refinery known as the Lake Charles Manufacturing Complex located on Louisiana Highway 108, south of I-10 in Lake Charles, Calcasieu Parish, Louisiana. The Respondent is authorized to discharge certain qualities and quantities of process wastewater and process area storm water, cooling tower blowdown, groundwater remediation wastewater, sanitary wastewater, and non-process area storm water runoff into Bayou D'Inde and the Calcasieu River, waters of the state, under authority of Louisiana Pollutant Discharge Elimination System (LPDES) permit LA0005941, effective on April 1, 2005, and which expired on March 31, 2010. The Respondent did timely submit a renewal application for LPDES permit LA0005941 on or about September 30, 2009. This application was determined to be administratively complete on or about

October 6, 2009; therefore, LPDES permit LA0005941 has been administratively continued beyond the March 31, 2010, expiration date.

II.

An inspection conducted by the Department on or about June 27, 2007, revealed that the Respondent failed to sample outfall TX1Q for the fourth quarter 2005. Subsequent information submitted by the facility revealed that a laboratory error caused the samples for the biomonitoring tests to be collected upstream of the aeration basin, clarifier and outfall 001; therefore the results would not be valid. Subsequent samples were collected on January 17-24, 2006; however, these samples cannot be used for the fourth quarter 2005 sampling event. The Respondent did sample outfall TX1Q in February 2006 to be used for the first quarter 2006 sampling event. The failure to take a representative sample at outfall TX1Q for the fourth quarter 2005 is in violation of LPDES permit LA0005941 (Part I and Part III, Section A.2), La. R.S. 30:2076 (A)(3), and LAC 33:IX.501.A.

III.

An inspection conducted by the Department on or about October 21, 2009, and a subsequent file review conducted on or about July 12, 2010, revealed the following effluent violations as reported by the Respondent on Discharge Monitoring Reports (DMRs):

Date	Outfall	Parameter	Permit Limit	Sample Value
July 2008	003A	Ammonia Daily Max	3960 lb/d	4499 lb/d
		Ammonia Monthly Avg	1813 lb/d	2063 lb/d
Oct. 2008	003A	Ammonia Daily Max	3960 lb/d	4897 lb/d
Dec. 2008	004A	pH range excursions, > 60 minutes	0 occur/mo	1 occur/mo
Mar. 2009	106Q	Fecal coliform Monthly Avg Geometric	200 cols/100mL	1060 cols/100mL
		Fecal coliform Weekly Avg Geometric	400 cols/100mL	1060 cols/100mL
Oct. 2009	003A	TSS Daily Max	6188 lb/d	9340 lb/d
Nov. 2009	003A	Sulfide Daily Max	56.3 lb/d	69 lb/d
Dec. 2009	014S	Fecal coliform Weekly Avg Geometric	400 cols/100mL	510 cols/100mL
	106Q	TSS Daily Max	45 mg/L	77 mg/L
		TSS Monthly Avg	30 mg/L	77 mg/L
Mar. 2010	106Q	BOD Daily Max	45 mg/L	77 mg/L
		BOD Monthly Avg	30 mg/L	77 mg/L
		Fecal coliform Monthly Avg Geometric	200 cols/100mL	>12000 cols/100mL
		Fecal coliform Weekly Avg Geometric	400 cols/100mL	>12000 cols/100mL
		TSS Daily Max	45 mg/L	46 mg/L

Mar. 2010	106Q	TSS Monthly Avg	30 mg/L	46 mg/L
-----------	------	-----------------	---------	---------

Each effluent exceedance is a violation of LPDES permit LA0005941 (Part I, and Part III, Section A.2), La. R.S. 30:2076 (A)(3), and LAC 33:IX.501.A.

IV.

Inspections conducted on or about March 4, 2008, and October 21, 2009, and a subsequent file review conducted on or about July 12, 2010, revealed that the Respondent reports all spills regardless if the spill is greater than the reportable quantity (RQ) or not, (e.g., spills of 02/21/08 and 05/15/08, EDMS document numbers 36665586 and 37006913, respectively) and whether the spills leave the Respondent's property. The large number of spill reports in EDMS for the Respondent may indicate on-going operation and maintenance issues at the facility. Most of these spills were subsequently discovered to be less than the RQ for the substance that was spilled and/or resulted in no observable impacts to the environment and/or did not enter waters of the state.

V.

An inspection conducted on or about October 21, 2009 and a subsequent file review conducted on or about July 12, 2010, revealed unauthorized discharges into waters of the state. Specifically, on August 13, 2008, approximately 7.48 gallons (101 lbs) of spent sulfuric acid and 0.34 gallons (2.6 lbs) of slop oil were allowed to discharge into the Calcasieu River. This event constitutes an unauthorized discharge into waters of the state and is in violation of LPDES permit LA0005941 (Part III, Section A.2), La. R.S. 30:2076 (A)(1)(b), and LAC 33:IX.501.D.

COMPLIANCE ORDER

Based on the foregoing, the Respondent is **hereby ordered**:

I.

To immediately take, upon receipt of this **COMPLIANCE ORDER**, any and all steps necessary to meet and maintain compliance with LPDES permit LA0005941.

II.

To submit to the Enforcement Division, within thirty (30) days after receipt of this **COMPLIANCE ORDER**, a written report that includes a detailed description of the circumstances surrounding the cited violation(s) and actions taken or to be taken to achieve compliance with the Order

Portion of this **COMPLIANCE ORDER**. This report and all other reports or information required to be submitted to the Enforcement Division by this **COMPLIANCE ORDER** shall be submitted to:

Office of Environmental Compliance
Post Office Box 4312
Baton Rouge, Louisiana 70821-4312
Attn: Wayne R. Slater
Re: Enforcement Tracking No. WE-CN-10-00915
Agency Interest No. 1250

THE RESPONDENT SHALL FURTHER BE ON NOTICE THAT:

I.

The Respondent has a right to an adjudicatory hearing on a disputed issue of material fact or of law arising from this **COMPLIANCE ORDER**. This right may be exercised by filing a written request with the Secretary no later than thirty (30) days after receipt of this **COMPLIANCE ORDER**.

II.

The request for an adjudicatory hearing shall specify the provisions of the **COMPLIANCE ORDER** on which the hearing is requested and shall briefly describe the basis for the request. This request should reference the Enforcement Tracking Number and Agency Interest Number, which are located in the upper right-hand corner of the first page of this document and should be directed to the following:

Department of Environmental Quality
Office of the Secretary
Post Office Box 4302
Baton Rouge, Louisiana 70821-4302
Attn: Hearings Clerk, Legal Division
Re: Enforcement Tracking No. WE-CN-10-00915
Agency Interest No. 1250

III.

Upon the Respondent's timely filing a request for a hearing, a hearing on the disputed issue of material fact or of law regarding this **COMPLIANCE ORDER** may be scheduled by the Secretary of the Department. The hearing shall be governed by the Act, the Administrative Procedure Act (La. R.S. 49:950, et seq.), and the Department's Rules of Procedure. The Department may amend or supplement this **COMPLIANCE ORDER** prior to the hearing, after providing sufficient notice and an opportunity for the preparation of a defense for the hearing.

IV.

This **COMPLIANCE ORDER** shall become a final enforcement action unless the request for hearing is timely filed. Failure to timely request a hearing constitutes a waiver of the Respondent's right to a hearing on a disputed issue of material fact or of law under Section 2050.4 of the Act for the violation(s) described herein.

V.

The Respondent's failure to request a hearing or to file an appeal or the Respondent's withdrawal of a request for hearing on this **COMPLIANCE ORDER** shall not preclude the Respondent from contesting the findings of facts in any subsequent penalty action addressing the same violation(s), although the Respondent is estopped from objecting to this **COMPLIANCE ORDER** becoming a permanent part of its compliance history.

VI.

Civil penalties of not more than twenty-seven thousand five hundred dollars (\$27,500) for each day of violation for the violation(s) described herein may be assessed. For violations which occurred on August 15, 2004, or after, civil penalties of not more than thirty-two thousand five hundred dollars (\$32,500) may be assessed for each day of violation. The Respondent's failure or refusal to comply with this **COMPLIANCE ORDER** and the provisions herein will subject the Respondent to possible enforcement procedures under La. R.S. 30:2025, which could result in the assessment of a civil penalty in an amount of not more than fifty thousand dollars (\$50,000) for each day of continued violation or noncompliance.

VII.

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

NOTICE OF POTENTIAL PENALTY

I.

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.

II.

Prior to the issuance of additional appropriate enforcement action(s), 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 Wayne R. Slater at (225) 219-3729 within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**.

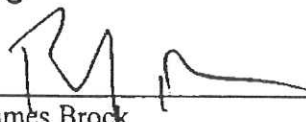
III.

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 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 violation(s) 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 that statement.

IV.

This **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is effective upon receipt.

Baton Rouge, Louisiana, this 16 day of August, 2010.



Beau James Brock
Assistant Secretary
Office of Environmental Compliance

BJB/WRS/wrs

Copies of a request for a hearing and/or related correspondence should be sent to:

Louisiana Department of Environmental Quality
Office of Environmental Compliance
Enforcement Division
P.O. Box 4312
Baton Rouge, LA 70821-4312
Attention: Wayne R. Slater