

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

CITGO PETROLEUM CORPORATION

AI # 1250, 3766

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

\* Settlement Tracking No.  
\* SA-MM-17-0004  
\*  
\* Enforcement Tracking No.  
\* MM-CN-06-0058  
\* MM-CN-06-0058A  
\* WE-CN-10-00915  
\* AE-PP-09-0483  
\* HE-CN-10-01316  
\* HE-CN-11-01229  
\* AE-C-15-01258  
\*  
\* Docket No. 2008-7502-EQ  
\* 2008-8868-EQ  
\* 2011-17978-EQ  
\*

SETTLEMENT

The following Settlement is hereby agreed to between CITGO Petroleum Corporation (“Respondent”) and the Department of Environmental Quality (“DEQ” or “the Department”), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. (“the Act”).

I

Respondent is a corporation that owns and/or operates facilities located in Calcasieu Parish, Louisiana (“the Facilities”).

II

On April 9, 2007, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. MM-CN-06-0058 (Attachment A).

On July 22, 2008, the Department issued to Respondent an Amended Consolidated

Compliance Order & Notice of Potential Penalty, Enforcement No. MM-CN-06-0058A (Attachment B).

On August 16, 2010, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. WE-CN-10-00915 (Attachment C).

On November 19, 2010, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-09-0483 (Attachment D).

On February 18, 2011, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. HE-CN-10-01316 (Attachment E).

On September 30, 2011, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. HE-CN-11-01229 (Attachment F).

On November 10, 2015, the Department issued to Respondent a Compliance Order Enforcement No. AE-C-15-01258 (Attachment G).

In addition to the violations noted in the enforcement actions noted above, this Settlement shall resolve all of the Respondent's liability to the Department for any potential violations or noncompliance disclosed to the Department in writing or otherwise known to the Department up to and including December 31, 2015, that are not subject to stipulated penalties pursuant to Section XI of the Consent Decree, Civil Action Number H-04-3883 entered into on January 26, 2005, between the Respondent and multiple plaintiffs including the United States of America and the State of Louisiana.

### III

In response to the Consolidated Compliance Orders & Notices of Potential Penalty, Respondent made timely requests for a hearing.

IV

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

V

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 TWO HUNDRED EIGHTY THOUSAND SEVENTY-FIVE AND NO/100 DOLLARS (\$280,075.00), of which Forty-One Thousand One Hundred Fifty-Nine and 21/100 Dollars (\$41,159.21) represents the Department's enforcement costs, in settlement of the claims set forth in this agreement.

VI

Respondent, in addition to the penalty amount specified in Paragraph V above and as part of this Settlement, agrees to expend the amount of EIGHT HUNDRED NINETEEN THOUSAND NINE HUNDRED TWENTY-FIVE AND NO/100 (\$819,925.00) to implement and/or perform the following beneficial environmental projects:

In addition to the amount specified in Paragraph V above, and as part of this Settlement, the Respondent, without making any admission of liability under state or federal statute or regulation, agrees to undertake the following Beneficial Environmental Projects:

- A. Within thirty (30) days after this Settlement Agreement is finalized, the Respondent shall make a cash payment in the amount of FIVE HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$550,000.00) towards the restoring and rebuilding wetlands in Southwest Louisiana. The funds shall be

deposited into the "Wetland Restoration Escrow Account" within thirty (30) days of this Settlement Agreement being finalized. The Respondent shall submit proof of payment to the Department within fourteen (14) business days after the funds are deposited into the account.

- B. Within thirty (30) days after this Settlement Agreement is finalized, the Respondent shall make a cash payment to the Department in the amount of FORTY NINE THOUSAND NINE HUNDRED TWENTY-FIVE AND NO/100 DOLLARS (\$49,925.00) which shall be deposited in an escrow account and administered by the Department and dedicated to purchasing a generator for the Department's Southwest Regional Office.
- C. Within thirty (30) days after this Settlement Agreement is finalized, the Respondent shall make a cash payment to the Calcasieu Parish Office of Homeland Security and Emergency Preparedness in the amount of FIFTY THOUSAND AND NO/100 DOLLARS (\$50,000.00) for Emergency Operation Center renovations. The Respondent shall submit proof of payment to the Department within thirty (30) days after the funds are deposited.
- D. Within thirty (30) days after this Settlement Agreement is finalized, the Respondent shall make a cash payment to the Calcasieu Parish Office of Homeland Security and Emergency Preparedness in the amount of ONE HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$150,000.00) for Mobile Command Center upgrades. The Respondent shall submit proof of payment to the Department within thirty (30) days after the funds are deposited.
- E. Within thirty (30) days after this Settlement Agreement is finalized, the

Respondent shall make a cash payment to the Calcasieu Parish Office of Homeland Security and Emergency Preparedness in the amount of TWENTY THOUSAND AND NO/100 DOLLARS (\$20,000.00) for area wide surveillance system. The Respondent shall submit proof of payment to the Department within thirty (30) days after the funds are deposited.

- F. The act of donation or other instrument to each of the BEP recipients as set forth in Paragraphs VI.A-E shall require each BEP recipient to submit verification to Respondent that the funds were used for the intended purposes as described in this Settlement Agreement. Upon receiving such verification, Respondent will submit a copy of the verification to the Department within thirty (30) days. Respondent will make good faith efforts to obtain the verifications noted above; however, Respondent is not responsible for any of the BEP recipients' failure or refusal to provide said verification. After submitting the proof of payment and verification (or records documenting Respondent's good faith attempts to obtain the verification) to the Department, Respondent's duties and obligations regarding the BEP are fulfilled.
- G. If Respondent does not spend the amount of \$819,925.00, then it shall, in its final report, propose additional projects for the Department's approval or pay to the Department an amount equal to the difference between the amount of money agreed to be spent and the amount of money actually spent.
- H. The total amount of money expended by Respondent on cash payments to the Department and on beneficial environmental projects, as described above, shall be considered a civil penalty for tax purposes, as required by La. R.S. 30:

2050.7(E)(1).

- I. Upon completion of all projects required under this Settlement, Respondent shall submit a final report to include a summary of all the information previously submitted and a total amount spent on the projects listed above. It shall also contain a certification that the projects were completed as described. The final report shall contain certifications from the recipients of the Beneficial Environmental Projects that the projects have been completed.

## VII

Respondent further agrees that the Department may consider the inspection report(s), permit record(s), the Consolidated Compliance Orders & Notices of Potential Penalty, Notice of Potential Penalty, Compliance Order 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.

## VIII

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.

## IX

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 and the rules relating to beneficial environmental projects set forth in LAC 33:I.Chapter 25.

X

As required by law, the Department has submitted this Settlement Agreement to the Louisiana Attorney General for approval or rejection. The Attorney General's concurrence is appended to this Settlement Agreement.

XI

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Calcasieu Parish, Louisiana. The advertisement, in form and wording approved by the Department, announced the availability of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted an original proof-of-publication affidavit and an original public notice to the Department and, as of the date this Settlement is executed on behalf of the Department, more than forty-five (45) days have elapsed since publication of the notice.

XII

Payment is to be made within fourteen (14) 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 or Electronic Fund Transfer ("ETF"), payable to the Department of Environmental Quality, and where payment is made by check, 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, and

where payment is made by ETF, in accordance with the attached ETF instructions. Each payment shall be accompanied by a completed Settlement Payment Form (Exhibit A).

### XIII

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

### XIV

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.



**CITGO PETROLEUM CORPORATION**

BY: [Signature]  
(Signature)

TOMMY VADY  
(Printed)

TITLE: VP & GM LCMC

THUS DONE AND SIGNED in duplicate original before me this 11th day of May, 20 17, at Sulphur, LA.

[Signature]  
NOTARY PUBLIC (ID # 87360)



**LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY**  
Chuck Carr Brown, Ph.D., Secretary

BY: [Signature]  
Lourdes Iturralde, Assistant Secretary  
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 26th day of July, 20 17, at Baton Rouge, Louisiana.

[Signature]  
NOTARY PUBLIC (ID # 19781)

Perry Theriot  
(stamped or printed)

Approved: [Signature]  
Lourdes Iturralde, Assistant Secretary