

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

CALUMET SHREVEPORT REFINING, LLC,
CALUMET PRINCETON REFINING, LLC,
AND CALUMET COTTON VALLEY
REFINING, LLC

AI # 1214, 312, 1224

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

* Settlement Tracking No.
* SA-MM-19-0069
*
*
*
* Enforcement Tracking Nos.
* AE-CN-12-00561
* WE-CN-16-01105
* AE-CN-17-00050
* AE-CN-16-00432
* AE-CN-16-00432A
* AE-CN-16-00972
* AE-CN-16-00972A
* WE-CN-18-00241
*
*
*
*

SETTLEMENT

The following Settlement is hereby agreed to between Calumet Shreveport Refining, LLC f/k/a Calumet Shreveport Lubricants & Waxes, LLC, Calumet Princeton Refining, LLC, and Calumet Cotton Valley Refining, LLC f/k/a Calumet Lubricants Co., L.P. and Calumet Lubricants Co., L.P. (individually, "Respondent" and collectively, "Respondents") 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

Respondents are limited liability companies that own and/or operate petroleum refineries located in Caddo Parish, Webster Parish and Bossier Parish, Louisiana ("the Facilities").

II

On April 3, 2013, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. AE-CN-12-00561 (Exhibit 1).

On February 15, 2017, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. WE-CN-16-01105 (Exhibit 2).

On November 8, 2017, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. AE-CN-17-00050 (Exhibit 3).

On February 2, 2018, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. AE-CN-16-00432 (Exhibit 4).

On August 7, 2018, the Department issued to Respondent an Amended Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. AE-CN-16-00432A (Exhibit 5).

On February 2, 2018, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. AE-CN-16-00972 (Exhibit 6).

On August 23, 2018, the Department issued to Respondent an Amended Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. AE-CN-16-00972A (Exhibit 7).

On July 2, 2018, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. WE-CN-18-00241 (Exhibit 8).

The following violations, although not cited in the foregoing enforcement action(s), are included within the scope of this settlement:

1. On or about January 14, 2014, an onsite investigation was conducted to investigate the January 14, 2014, unauthorized discharge [Department Incident No. 153374] at

Respondent's Shreveport facility due to the loss of sulfur recovery units (SRUs) coupled with boiler shutdowns, which caused a carryover of sulfur into refinery gas system. The Department received a Notification of Unauthorized Discharge dated January 15, 2014, for the January 14, 2014 incident. According to the facility personnel, on the evening of January 13, 2014, a malfunction resulted in a shutdown of the facility's boilers, which shut down the water and resulted in a malfunction with the water control system on the morning of January 14, 2014. The emissions incident started at 9:15 AM and ended at approximately 11:15 AM (approximately two hours) and resulted in the release of approximately 953 lbs. of sulfur dioxide into the atmosphere from the Refinery Heaters and Boilers (CRG0005). This is a violation of LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1), and La. R.S. 30:2057(A)(2). The average concentration of hydrogen sulfide in the fuel gas during the release was 1920 ppm, which is above the permitted limit of 162 ppm. Exceeding the 162 ppm (230 mg/dscm) three-hour rolling average for hydrogen sulfide is a violation of 40 CFR 60.104(a)(1), Specific Requirement 2 of Title V Permit No. 0500-00005-V11, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).

2. On or about April 8, 2014, a telephone interview was conducted to investigate a March 28, 2014, unauthorized discharge [Department Incident No. 154884] at Respondent's Shreveport facility. The Department received a Notification of Unauthorized Discharge dated April 1, 2014 for the incident. According to facility personnel, in the process of the No. 2 Hydrogen Plant start-up, a large amount of gas was vented to the flare which was recovered and compressed into the fuel system. As a result, too much gas was sent into the amine system and the contact tower was overloaded. Breakthrough occurred

and sulfur dioxide was released into the atmosphere through all of the Refinery Heaters and Boilers (CRG0005). The incident started at 6:00 PM and ended at 11:45 PM (approximately 5.75 hours) and resulted in the release of approximately 920 lbs. of sulfur dioxide into the atmosphere. This is a violation of LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1), and La. R.S. 30:2057(A)(2). The average concentration of hydrogen sulfide in the fuel gas during the release was 1580 ppm, which is above the permitted limit of 162 ppm. Exceeding the 162 ppm (230 mg/dscm) three-hour rolling average for hydrogen sulfide is a violation of 40 CFR 60.104(a)(1), Specific Requirement 2 of Title V Permit No. 0500-00005-V11, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).

3. On or about May 19, 2014, a telephone interview was conducted to investigate a May 19, 2014, unauthorized discharge [Department Incident No. 156054] at Respondent's Shreveport facility. The Department received a Notification of Unauthorized Discharge dated May 19, 2014, for the incident. An upset occurred at the No. 2 Amine Unit and Sulfur Recovery Unit, which resulted in acid gas released out of Flare No. 2 (EQT 202) and the Refinery Heaters and Boilers (CRG 0005). The release began at 10:00 AM on May 18, 2014, and ended at 7:45 AM (approximately 21.75 hours) on May 19, 2014. The facility emitted approximately 822 lbs. of sulfur dioxide into the atmosphere from emission sources CRG 0005 and EQT 202 during the incident. This is a violation of LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1), and La. R.S. 30:2057(A)(2). The average concentration of hydrogen sulfide in the fuel gas during the release was 842 ppm, which is above the permitted limit of 162 ppm. Exceeding the 162 ppm (230 mg/dscm) three-hour rolling average for hydrogen sulfide is a violation of 40 CFR 60.104(a)(1),

Specific Requirement 2 of Title V Permit No. 0500-00005-V12, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).

4. On or about February 18, 2015, a telephone interview was conducted to investigate a February 17, 2015, unauthorized discharge [Department Incident No. 161846] at Respondent's Shreveport facility. The Department received a Notification of Unauthorized Discharge dated February 18, 2015, for the incident. During the telephone interview, facility personnel stated that the Sulfur Recovery Unit tripped on February 17, 2015, at approximately 1:00 PM, which caused a shutdown. A technician discovered a burnt wire and a burnt fuse that caused the tail gas valve to be stuck in a closed position. The incident started at 1:20 PM and ended at 4:20 PM (approximately 3 hours) and resulted in the release of approximately 1202 lbs. of sulfur dioxide via the Refinery Heaters and Boilers (CRG 0005). This is a violation of LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1), and La. R.S. 30:2057(A)(2). The average concentration of hydrogen sulfide in the fuel gas during the release was 3750 ppm, which is above the permitted limit of 162 ppm. Exceeding the 162 ppm (230 mg/dscm) three-hour rolling average for hydrogen sulfide is a violation of 40 CFR 60.104(a)(1), Specific Requirement 2 of Title V Permit No. 0500-00005-V13, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).

III

Respondents do not admit they committed any violations or that they are liable for any fines, forfeitures and/or penalties.

IV

Nonetheless, Respondents, without making any admission of liability under state or federal

statute or regulation, agree to pay, and the Department agrees to accept, a payment in the amount of ONE HUNDRED TWENTY THOUSAND SIX HUNDRED AND NO/100 DOLLARS (\$120,600.00), of which Fourteen Thousand Five Hundred Forty-Four and 43/100 Dollars (\$14,544.43) represents the Department's enforcement costs, in settlement of the claims set forth in this agreement. The total amount of money expended by Respondents 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

Respondents further agree that the Department may consider the inspection report(s), permit record(s), the Consolidated Compliance Orders & Notices of Potential Penalty, the Amended Consolidated Compliance Orders & Notices 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 Respondents, and in any such action Respondents shall be estopped from objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondents' 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 Respondents hereby waive 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

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.

IX

The Respondents have caused a public notice advertisement to be placed in the official journals of the parish governing authorities in Caddo Parish, Webster Parish and Bossier 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. Respondents have submitted an original proof-of-publication affidavit and original public notices 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.

X

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).

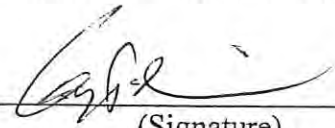
XI

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

XII

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.

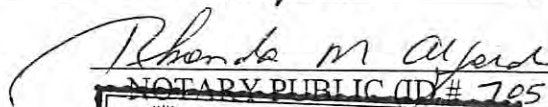
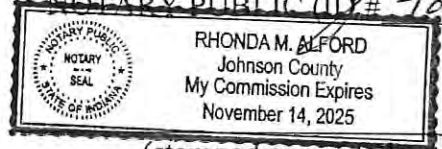
**CALUMET SHREVEPORT REFINING, LLC
F/KA CALUMET SHREVEPORT
LUBRICANTS & WAXES, LLC**

BY: 
(Signature)

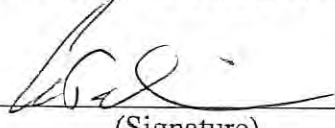
Greg Morical
(Printed)

TITLE: Vice President, General Counsel

THUS DONE AND SIGNED in duplicate original before me this 1 day of June, 20 22, at Indianapolis.


NOTARY PUBLIC (ID # 705221)

(stamped or printed)

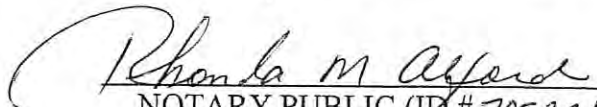
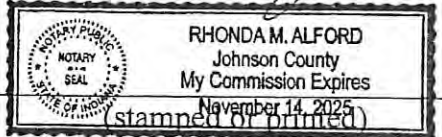
**CALUMET PRINCETON REFINING, LLC
F/K/A CALUMET LUBRICANTS, CO. L.P.
AND CALUMET REFINING, LLC**

BY: 
(Signature)

Greg Morical
(Printed)

TITLE: Vice President, General Counsel

THUS DONE AND SIGNED in duplicate original before me this 1 day of June, 20 22, at Indianapolis.


NOTARY PUBLIC (ID # 705221)

(stamped or printed)

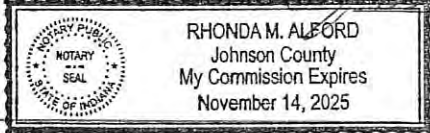
CALUMET COTTON VALLEY REFINING,
LLC
F/K/A CALUMET LUBRICANTS CO. L.P.

BY: [Signature]
(Signature)

Greg Morical
(Printed)

TITLE: Vice President, General Counsel

THUS DONE AND SIGNED in duplicate original before me this 1 day of June, 20 22, at Indianapolis.

Rhonda M Alford
NOTARY PUBLIC (ID # 225221)

(stamped or printed)

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

BY: [Signature]
Carena J. Cage, Assistant Secretary
Office of Environmental Compliance

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

[Signature]
NOTARY PUBLIC (ID # 92503)
Notary Public
State of Louisiana
Notary ID # 92503
East Baton Rouge Parish
(stamped or printed)

Approved: [Signature]
Lourdes Iturralde, Assistant Secretary



BOBBY JINDAL
GOVERNOR

PEGGY M. HATCH
SECRETARY

State of Louisiana
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

April 3, 2013

CERTIFIED MAIL (7004 2510 0005 5763 7668)
RETURN RECEIPT REQUESTED

CALUMET SHREVEPORT LUBRICANTS & WAXES, LLC
c/o C T Corporation System
Agent for Service of Process
5615 Corporate Boulevard, Suite 400B
Baton Rouge, Louisiana 70808

**RE: CONSOLIDATED COMPLIANCE ORDER
& NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. AE-CN-12-00561
AGENCY INTEREST NO. 1214**

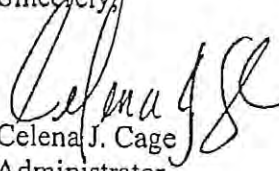
Dear Sir:

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 **CALUMET SHREVEPORT LUBRICANTS & WAXES, LLC (RESPONDENT)** for the violations described therein.

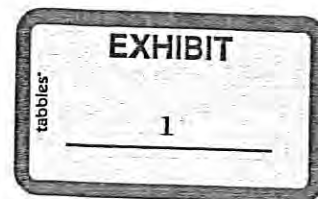
Compliance is expected within the maximum time period established by each part of the **COMPLIANCE ORDER**. The violations cited in the **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** could result in the issuance of a civil penalty or other appropriate legal actions.

Any questions concerning this action should be directed to Richard Ober, Jr. at (225) 219-3704.

Sincerely,


Celena J. Cage
Administrator
Enforcement Division

CJC/RO/ro
Alt ID No. 0500-00005
Attachment



c: Mr. Tom Germany, Plant Manager
Calumet Shreveport Lubricants & Waxes, LLC
Post Office Box 3099
Shreveport, Louisiana 71133-3099

STATE OF LOUISIANA
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL COMPLIANCE

IN THE MATTER OF	*	
	*	
CALUMET SHREVEPORT LUBRICANTS & WAXES, LLC	*	ENFORCEMENT TRACKING NO.
CADDO PARISH	*	
ALT ID NO. 0500-00005	*	AE-CN-12-00561
	*	
PROCEEDINGS UNDER THE LOUISIANA ENVIRONMENTAL QUALITY ACT, La. R.S. 30:2001, ET SEQ.	*	AGENCY INTEREST NO.
	*	1214
	*	

CONSOLIDATED
COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY

The following **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is issued to **CALUMET SHREVEPORT LUBRICANTS & WAXES, LLC (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 specialty chemicals and lube facility known as the **SHREVEPORT REFINERY** (the facility), located at or near 3333 Midway Avenue in Shreveport, Caddo Parish, Louisiana. The Respondent's facility was authorized to operate under Title V Permit No. 0500-00005-V5 issued on November 12, 2009. Title V Permit No. 0500-00005-V6 was issued on May 13, 2010, and Title V Permit No. 0500-00005-V7 was issued on October 12, 2010. A Settlement, Enforcement Tracking No. SA-MM-10-0090 between the Respondent and the Department was finalized on January 31, 2012, requiring emissions reductions and environmental projects at the facility. Title V Permit No. 0500-00005-V8 was issued to the Respondent on May 22, 2012. The Respondent is currently authorized to operate the facility under Title V Permit No. 0500-00005-V9 issued on February 11, 2013.

II.

On or about July 28, 2011; August 12, 2011; August 16, 2011; and November 8, 2011, investigations of the Respondent's facility were performed in regard to unauthorized discharges that occurred on July 28, 2011; August 1, 2011; August 11, 2011; and November 6, 2011 through November 7, 2011, respectively, to determine the degree of compliance with the Act and the Air Quality Regulations.

While the investigation by the Department is not yet complete, the following violations were noted during the course of the investigations:

- A. The Department received unauthorized discharge notification reports from the Respondent reporting the following unauthorized discharges:

Release date	Report date	Amount of SO ₂ released (pounds)	Duration (hours)	Reported Cause
July 28, 2011	July 28, 2011	1,520	8	The sulfur recovery units (SRUs) and wet gas scrubber thermal oxidizers shutdown due to hydrocarbon carryover from the naphtha unifier.
August 1, 2011	August 2, 2011	2,048	6.42	All three (3) flare gas compressors shutdown on high temperature.
August 2, 2011	August 4, 2011	30,393	36	Naphtha unifier hydrocarbon carryover problems into the amine/SRU system.
August 11, 2011	August 12, 2011	2,235	4	Problems with the operation of the catalytic dewaxing unit (CDW) process unit caused hydrocarbon carryover to the amine processing units which caused the SRUs to shutdown.
November 6, 2011 – November 7, 2011	November 7, 2011	1,619	32	Problems with hydrocarbon carryover into the #2 SRU which caused the unit to shutdown several times.

The Respondent submitted a letter dated November 30, 2011, in response to the Warning Letter sent by the Department, in regard to the unauthorized discharges,

as listed in the table above, that occurred on July 28, 2011, August 1, 2011, August 2, 2011, and August 11, 2011, at the Respondent's facility. According to the Respondent's letter, the unauthorized discharges were due to unanticipated upsets of the Naphtha Unifiner. The upset caused hydrocarbon carryover that exceeded the capacity of the hydrocarbon skimming system at the #1 Amine Unit. The result was excessive hydrocarbons in the feed to the sulfur recovery units (SRUs), causing excessive temperatures triggering trips of the SRU, resulting in the releases. The Respondent noted in the letter that the general root cause for the referenced discharges was the unanticipated fouling of the Unifiner reactor feed/effluent heat exchangers. According to the Respondent, the existing 20 micron filters on the feed from the coalescers were determined to be inadequate to prevent fouling of the Unifiner reactor feed/effluent heat exchangers. The Unifiner was brought down to clean the fouled reactor feed/effluent heat exchangers and replace the 20 micron filters with 5 micron filters. The Respondent indicated that other related actions were taken during the Unifiner shutdown that will subsequently have a positive impact on the performance of the refinery SRU and prevention of flaring events. Having inadequate filters on the feed from the coalescers led to fouling of the Unifiner reactor feed/effluent heat exchangers ultimately resulting in each of the unauthorized discharges in 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." Each unauthorized discharge is also in violation of La. R.S. 30:2057(A)(1) and 30:2057(A)(2). Additionally, each exceedance of the SO₂ permitted maximum hourly emissions limit for Flare No. 3 or for the heaters and boilers is a violation of Louisiana Air Permit General Condition III of Title V Permit No. 0500-00005-V7 in LAC 33:III.537.A, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

- B. As a result of the release event on August 1, 2011, the Respondent reported in the Title V Semiannual Monitoring Report dated January 25, 2012, that during a 12-hour period it had discharged gases into the atmosphere from a Claus sulfur recovery plant containing in excess of 250 ppm by volume (dry basis) of sulfur dioxide (SO₂) at zero percent excess air (12-hour average) for the SRU Wet Gas Scrubber (EQT 0283). Each exceedance is a violation of 40 CFR 60.104(a)(2)(i) which language has been adopted as a Louisiana regulation in LAC 33:III.3003 and 40 CFR 63.1568(a)(1) which language has been adopted as a Louisiana regulation in LAC 33:III.5122, Specific Requirement 1080 of Title V Permit No. 0500-00005-V7, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

- C. The Respondent notified the Department on August 4, 2011, of the unauthorized discharge that occurred on August 2, 2011. The Respondent failed to promptly notify the Department within 24 hours after learning of the discharge. This is a violation of LAC 33:I.3917.A and La. R.S. 30:2057(A)(2).

III.

On or about November 9, 2011, an investigation of an unauthorized discharge that occurred on November 9, 2011, at the Respondent's facility was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

While the investigation by the Department is not yet complete, the following violations were noted during the course of the investigation:

The Department received an unauthorized discharge notification report from the Respondent dated November 9, 2011, indicating a release of approximately 1,258 pounds of sulfur dioxide (SO₂) and 3.4 pounds of hydrogen sulfide (H₂S). The release began on or about November 9, 2011, at approximately 12:00 a.m. and lasted until approximately 10:30 a.m. on November 9, 2011 (approximately 10.5 hours). According to the Respondent's report, the flare gas compressors were not taking the load of the system and the hydrogen plant #1 was putting excess hydrogen in the flare line causing high flow issues. The Respondent indicated the cause of the release to be excess hydrogen gas and not fully loaded flare gas compressors. The Respondent's startup of the hydrogen plant #1 having excess flow ultimately 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." Additionally, each exceedance of the SO₂ permitted maximum hourly emissions limit for Flare No. 2 (EQT 0202, V-g) is a violation of Louisiana Air Permit General Condition III of Title V Permit No. 0500-00005-V7 in LAC 33:III.537.A, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2). The H₂S released was not authorized by the air permit in violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

IV.

On or about February 14, 2012, an investigation of an unauthorized discharge that occurred on February 11, 2012 through February 12, 2012, at the Respondent's facility was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

While the investigation by the Department is not yet complete, the following violations were noted during the course of the investigation:

- A. The Department received an unauthorized discharge notification report from the Respondent dated February 13, 2011 (year should be 2012), indicating a release of approximately 1,462 pounds of sulfur dioxide (SO₂). The release began on or about February 11, 2012, at approximately 9:00 a.m. and lasted until approximately 9:00 p.m. on February 12, 2012 (approximately 36 hours). The Respondent also reported the unauthorized discharge as an acid gas flaring incident in accordance with the Settlement, Enforcement Tracking No. SA-MM-10-0090, in a root cause analysis report dated March 20, 2012. According to the Respondent's reports, the Lube Oil Hydrotreater (LOHT) was being purged with nitrogen which increased flare flow rates. The #1 Platformer was also being taken out of service for catalyst regeneration. The flare gas compressors could not compress all of the excess gas. The Respondent noted that the cause of the release was the excess flare flows due to the LOHT being purged with nitrogen at the same time the #1 Platformer was being taken out of service for catalyst regeneration. The Respondent failed to operate equipment in a manner consistent with good engineering practice as described in paragraph 28(a)(iii) of the Settlement, Enforcement Tracking No. SA-MM-10-0090. This is a violation of La. R.S. 30:2025(E)(2), LAC 33:III.905 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2). Paragraph 84 of the Settlement sets forth stipulated penalties for this type of violation. Additionally, each exceedance of the SO₂ permitted maximum hourly emissions limit for Flare No. 2 (EQT 0202, V-g) is a violation of Louisiana Air Permit General Condition III of Title V Permit No. 0500-00005-V7 in LAC 33:III.537.A, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- B. The Respondent notified the Department on February 13, 2012, of the unauthorized discharge that began on February 11, 2012. The Respondent failed to promptly notify the Department within 24 hours after learning of the discharge. This is a violation of LAC 33:I.3917.A and La. R.S. 30:2057(A)(2).
- C. As a result of the release event on February 11, 2012 through February 12, 2012, the Respondent reported in the Title V Semiannual Monitoring Report dated July 16, 2012, that it discharged gases that contained concentrations of SO₂ in excess of 2,000 ppmv at standard conditions (three-hour average) from the #2 Flare (EQT 0202). Discharging gases that contain concentrations of SO₂ in excess of 2,000 ppmv at standard conditions (three-hour average) is a violation of LAC 33:III.1503.C, Specific Requirement 855 of Title V Permit No. 0500-00005-V7, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

V.

On or about February 23, 2012, an investigation of an explosion of the Respondent's #5 Boiler that occurred on February 23, 2012, was performed to determine the degree of compliance with the Act and the Air Quality Regulations.

While the investigation by the Department is not yet complete, the following violation was noted during the course of the investigation:

The Department received an unauthorized discharge notification report from the Respondent dated February 28, 2012, indicating a release of smoke on February 23, 2012, beginning at approximately 10:26 a.m. and ending at approximately 10:30 a.m. on February 23, 2012, due to an internal explosion in the firebox section of the #5 steam boiler during a restart attempt. According to the Respondent, the explosion resulted in loud noise and vibration off-site. According to the Respondent's report, "The boiler is fired using low sulfur fuel gas; therefore there are no anticipated emissions issues." The Respondent noted that a third party directed root cause analysis was being performed for the event. The Respondent submitted a detailed root cause analysis report dated May 22, 2012. According to the report, the root cause of the boiler overpressurization was determined to be liquid that was present in the main fuel gas line at the boiler at startup which led to an explosive mixture in the boiler firebox which subsequently ignited. The liquid that was present in the main fuel gas line at the boiler at startup, along with other contributing factors reported by the Respondent in the report dated May 22, 2012, including but not limited to the Respondent's communication failures and fuel gas piping to the #5 boiler ultimately led to the resulting explosion of the #5 boiler and the release of smoke. 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 is also a violation of La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

VI.

On or about February 28, 2012, and February 29, 2012, investigations of unauthorized discharges that occurred on February 27, 2012, February 28, 2012 and February 29, 2012, at the Respondent's facility were performed to determine the degree of compliance with the Act and the Air Quality Regulations.

While the investigation by the Department is not yet complete, the following violations were noted during the course of the investigations:

- A. The Department received an unauthorized discharge notification report from the Respondent dated March 1, 2012, indicating releases on February 27, 28, and 29, 2012, of approximately 1,775 pounds, 6,169 pounds and 3,639 pounds of sulfur dioxide (SO₂) on each of those days respectively, through the heaters and boilers systems. According to the Respondent's report the incident was caused by an emergency shutdown in the No. 1 Hydrogen Unit due to safety concerns. The shutdown led to an upset in the Amine Treating/SRU/Tail Gas systems and caused an increase in hydrogen sulfide concentration in the fuel gas. The Tail Gas unit was left off line for an extended period of time to repair an expansion joint. The Respondent noted that the cause of the release was the shutdown of the SRU/tail gas system due to the Respondent's operational problems with the SRU/hydrogen plant which ultimately 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." The SO₂ released was not authorized by the air permit in violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2). Additionally, each exceedance of the SO₂ permitted maximum hourly emissions limits for the heaters and boilers is a violation of Louisiana Air Permit General Condition III of Title V Permit No. 0500-00005-V7 in LAC 33:III.537.A, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).
- B. For the releases on February 27, 28, and 29, 2012, the Respondent reported in the Title V Semiannual Monitoring Report dated July 16, 2012, that during a 17 hour period on February 27, 2012, it had burned fuel gas that contained hydrogen sulfide in excess of 230 mg/dscm (three-hour rolling average) in the Refinery Heaters and Boilers and during a seven (7) hour period on February 28, 2012. Each exceedance is a violation of 40 CFR 60.104(a)(1) which language has been adopted as a Louisiana regulation in LAC 33:III.3003; Specific Requirement 1181 of Title V Permit No. 0500-00005-V7; LAC 33:III.501.C.4; paragraph 15 of the Settlement, Enforcement Tracking No. SA-MM-10-0090; La. R.S. 30:2025(E)(2); and La. R.S. 30:2057(A)(1) and 30:2057(A)(2). Paragraph 81 of the Settlement sets forth stipulated penalties for this type of violation. The Respondent also discharged gases into the atmosphere from a Claus sulfur recovery plant containing in excess of 250 ppm by volume (dry basis) of SO₂ at zero percent excess air (12-hour average) for the SRU Wet Gas Scrubber (EQT 0283) for a period of 15.5 hours. Each exceedance is a violation of 40 CFR 60.104(a)(2)(i) which language has been adopted as a Louisiana regulation in LAC 33:III.3003; 40 CFR 63.1568(a)(1) which language has been adopted as a Louisiana regulation in LAC 33:III.5122; Specific Requirement 1080 of

Title V Permit No. 0500-00005-V7; LAC 33:III.501.C.4; paragraph 19 of the Settlement, Enforcement Tracking No. SA-MM-10-0090; La. R.S. 30:2025(E)(2); and La. R.S. 30:2057(A)(1) and 30:2057(A)(2). Paragraph 82 of the Settlement sets forth stipulated penalties for this type of violation.

VII.

On or about April 22, 2012, an investigation of the Respondent's facility was performed in regard to an unauthorized discharge occurring on April 23, 2012, at its facility to determine the degree of compliance with the Act and the Air Quality Regulations.

While the investigation by the Department is not yet complete, the following violations were noted during the course of the investigation:

- A. The Department received an unauthorized discharge notification report from the Respondent dated April 24, 2012, indicating a release of approximately 1,696 pounds of sulfur dioxide (SO₂). The release began on or about April 22, 2012, at approximately 12:00 p.m. and lasted for approximately eleven (11) hours. According to the Respondent's report, on April 22, 2012, both sulfur recovery units (SRUs) tripped and sent acid gas to the flare gas recovery system. This resulted in an increase in the hydrogen sulfide (H₂S) concentration of the fuel gas. The Respondent stated in the report that the cause was currently under investigation. A review of the Department's files on or about October 31, 2012, revealed no receipt of an update of the status of the ongoing investigation or the results of the investigation. The failure to submit updates of the status of the ongoing investigation of the unauthorized discharge every 60 days until the investigation has been completed and the results of the investigations have been submitted is a violation of LAC 33:I.3925.A.3 and La. R.S. 30:2057(A)(2).
- B. For the release which began on April 22, 2012, the Respondent reported in the Title V Semiannual Monitoring Report dated July 16, 2012, that during an 11 hour period on April 23, 2012, it burned fuel gas that contained hydrogen sulfide in excess of 230 mg/dscm (three-hour rolling average) in the Refinery Heaters and Boilers. Each exceedance is a violation of 40 CFR 60.104(a)(1) which language has been adopted as a Louisiana regulation in LAC 33:III.3003; Specific Requirement 1181 of Title V Permit No. 0500-00005-V7; LAC 33:III.501.C.4; paragraph 15 of the Settlement, Enforcement Tracking No. SA-MM-10-0090; La. R.S. 30:2025(E)(2); and La. R.S. 30:2057(A)(1) and 30:2057(A)(2). Paragraph 81 of the Settlement sets forth stipulated penalties for this type of violation.

VIII.

On or about October 3, 2012, 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 investigation by the Department is not yet complete, the following violations were noted during the course of the file review:

- A. The Respondent reported in the Title V Semiannual Monitoring Report dated July 12, 2011, that none of the five (5) flame indication sensing devices were functioning properly and therefore very intermittent data was being received into the DCS/PI system during the period of April 1, 2011 through June 30, 2011. According to the Respondent, a work order was written to repair/replace both IR cameras and three (3) pilot indicators on the #3 Flare FL2001 (EQT0016). The failure to monitor the #3 Flare for the presence of a flame by a heat sensing device on a continuous basis is a violation of Specific Requirement 34 of Title V Permit No. 0500-00005-V7, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(2).
- B. The Respondent reported in the Title V Semiannual Monitoring Reports dated July 12, 2011, January 25, 2012, and July 16, 2012, that it discharged gases into the atmosphere from a Claus sulfur recovery plant containing in excess of 250 ppm by volume (dry basis) of SO₂ at zero percent excess air (12-hour average) for the SRU Wet Gas Scrubber (EQT 0283) due to problems with the SRU air demand analyzer, as follows:

Report date	Date of Exceedance	Deviation period (hours)
July 12, 2011	January 13, 2011	12
July 12, 2011	March 23, 2011	15
July 12, 2011	June 17, 2011	11
July 12, 2011	June 18, 2011	12
July 12, 2011	June 24, 2011	13
January 25, 2012	August 16, 2011	12
January 25, 2012	August 24, 2011	12
January 25, 2012	August 25, 2011	12
January 25, 2012	September 8, 2011	11
July 16, 2012	January 3, 2012	12
July 16, 2012	January 10, 2012	24
July 16, 2012	January 11, 2012	24
July 16, 2012	January 12, 2012	17.3

According to the Respondent, for each of these events, technicians were called to repair/adjust the air demand analyzer at the SRU. Each exceedance of the SO₂ standard is a violation of 40 CFR 60.104(a)(2)(i) which language has been adopted as a Louisiana regulation in LAC 33:III.3003; 40 CFR 63.1568(a)(1) which language has been adopted as a Louisiana regulation in

LAC 33:III.5122; Specific Requirements 1080 and 1084 of Title V Permit No. 0500-00005-V7; LAC 33:III.501.C.4; and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

- C. The Respondent reported in the Title V Semiannual Monitoring Report dated January 25, 2012, that the sampling system had problems with moisture, reading 20.5% oxygen at Boiler #6 (EQT 0018). According to the Respondent, this problem occurred from October 1, 2011, until October 25, 2011. The Respondent noted that it changed the entire sampling system and location of the sampling point at the boiler stack. The failure to maintain records of continuous emissions monitoring system (CEMS) data is a violation of 40 CFR 60.49b(g) which language has been adopted as a Louisiana regulation in LAC 33:III.3003, Specific Requirement 59 of Title V Permit No. 0500-00005-V7, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).
- D. The Respondent reported in the Title V Annual Compliance Certification dated February 13, 2012, that some pressure safety valves (PSVs) subject to the requirements of the risk management program (40 CFR Part 68) were not inspected by the date specified in its established written procedures for maintaining the ongoing integrity of process equipment. Each failure to monitor each PSV as required is a violation of 40 CFR 68.73(d)(1) which language has been adopted as a Louisiana regulation in LAC 33:III.5901.A, Title V Permit No. 0500-00005-V7, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(2).
- E. The Respondent reported in the Title V Semiannual Monitoring Report dated July 16, 2012, it discharged gases into the atmosphere from a Claus sulfur recovery plant containing in excess of 250 ppm by volume (dry basis) of SO₂ at zero percent excess air (12-hour average) for the SRU Wet Gas Scrubber (EQT 0283) due to the following causes:

Exceedance Date	Emission Point	Duration (hours)	Cause
June 5, 2012	Wet Gas Scrubber (EQT 0283)	2.5	Upstream hit caused the SRU to have problems.
January 18-19, 2012	Wet Gas Scrubber (EQT 0283)	9.5	Restriction in #2 SRU caused unit to overpressure and trip.

Each exceedance is a violation of 40 CFR 60.104(a)(2)(i) which language has been adopted as a Louisiana regulation in LAC 33:III.3003; 40 CFR 63.1568(a)(1) which language has been adopted as a Louisiana regulation in LAC 33:III.5122; Specific Requirements 1080 and 1084 of Title V Permit No.

0500-00005-V7; LAC 33:III.501.C.4; paragraph 19 of the Settlement, Enforcement Tracking No. SA-MM-10-0090; La. R.S. 30:2025(E)(2); and La. R.S. 30:2057(A)(2). Paragraph 82 of the Settlement sets forth stipulated penalties for this type of violation.

- F. The Respondent reported in the Title V Semiannual Monitoring Report dated July 16, 2012, that it had burned fuel gas that contained hydrogen sulfide in excess of 230 mg/dscm (three-hour rolling average) as follows:

Exceedance Date	Emission Source	Duration (hours)	Cause
January 3, 2012	Refinery Heaters and Boilers	3	Loss of the #3 SRU caused an increase in H ₂ S concentration of the refinery fuel gas.
February 26, 2012	Refinery Heaters and Boilers	2.5	Upset in SRUs caused an increase in H ₂ S concentration of the refinery fuel gas.
March 13, 2012	Refinery Heaters and Boilers	2.5	Combination of low oxygen/high temperatures (LOHT) cold separator problems and low amine circulation rates.

Each exceedance is a violation of 40 CFR 60.104(a)(1) which language has been adopted as a Louisiana regulation in LAC 33:III.3003; Specific Requirements 194 and 195 of Title V Permit 0500-00005-V7; LAC 33:III.501.C.4; and La. R.S. 30:2057(A)(1) and 30:2057(A)(2). For the exceedances after January 31, 2012, each is also a violation of paragraph 15 of the Settlement, Enforcement Tracking No. SA-MM-10-0090 and La. R.S. 30:2025(E)(2). Paragraph 81 of the Settlement sets forth stipulated penalties for this type of violation.

- G. The Respondent reported discharging gases that contained concentrations of SO₂ in excess of 2,000 ppmv at standard conditions (three-hour average) as follows:

Report date/type	Exceedance Date	Emission Source	Duration (hours)	Cause.	Specific Requirement/ Permit
July 12, 2011/ Title V Semiannual Monitoring Report	January 8, 2011	#3 Flare FL2001 (EQT 0016)	3	#2 SRU overpressured and tripped. #3 SRU acid/sour gas feed valves would not open.	28/ 0500-00005-V7
July 12, 2011/ Title V Semiannual Monitoring Report	January 14-15, 2011	#3 Flare FL2001 (EQT 0016)	1.35	A & B flare gas compressors shutdown several times on high suction pressure.	28/ 0500-00005-V7
July 12, 2011/ Title V Semiannual Monitoring Report	March 5, 2011	#3 Flare FL2001 (EQT 0016)	2	All three flare gas compressors shutdown due to mechanical issues.	28/ 0500-00005-V7
January 25, 2012/ Title V Semiannual Monitoring Report	October 21, 2011	#3 Flare FL2001 (EQT 0016)	13	Operational problems with the #3 SRU.	28/ 0500-00005-V7

Discharging gases that contain concentrations of SO₂ in excess of 2,000 ppmv at standard conditions (three-hour average) is a violation of LAC 33:III.1503.C, the Specific Requirement of Title V Permit No. 0500-00005-V7 as listed above, LAC 33:III.501.C.4 and La R.S. 30:2057(A)(1) and 30:2057(A)(2).

COMPLIANCE ORDER

Based on the foregoing, the Respondent is hereby ordered:

I.

To take, immediately upon receipt of this **COMPLIANCE ORDER**, any and all steps necessary to meet and maintain compliance with the Air Quality Regulations.

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 violations and actions taken or to be taken to achieve compliance with the Order portion of this **COMPLIANCE ORDER**. The report shall also provide:

- A. Any procedural changes to ensure that reporting is performed timely in accordance with the requirements of LAC 33:1.3917.A.
- B. For the February 11, 2012, unauthorized discharge/acid gas flaring incident identified in paragraph IV of the Findings of Fact portion of this **COMPLIANCE ORDER**, what was the result of the action item relative to the evaluation of the shutdown procedures to better control depressure rates to the flare line system. Provide the results of the evaluation. Were the procedures modified and implemented? If so, provide how the procedures were modified and when were the procedures implemented?
- C. For each of the events cited in the Findings of Fact portion of this **COMPLIANCE ORDER** in regard to the excess emissions in accordance with the NSPS Subpart J standards and the limitation in LAC 33:III.1503.C, provide: (1) the number of three-hour rolling averages in which the average concentration of H₂S exceeded the 230 mg/dscm standard including the amount of excess emissions for each three-hour period; (2) the number of three-hour averages in which the average concentration of SO₂ was in excess of 2,000 ppmv including the amount of excess emissions for each three-hour period; and (3) the number of 12-hour periods during which the average concentration of SO₂ exceeded the 250 ppm standard including the amount of excess emissions for each 12-hour period.
- D. More detailed information on the PSV issue noted in paragraph VIII.D of the Findings of Fact portion of this **COMPLIANCE ORDER**. The information shall include, but not be limited to the reason(s) for the deviation, when the deviation was corrected, when the PSV's were required to have been inspected, and the number of PSVs for which inspections were not performed timely.

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: Richard Ober, Jr.
Re: Enforcement Tracking No. AE-CN-12-00561
Agency Interest No. 1214

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. AE-CN-12-00561
Agency Interest No. 1214

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 Richard Ober, Jr. at (225) 219-3704 within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**.

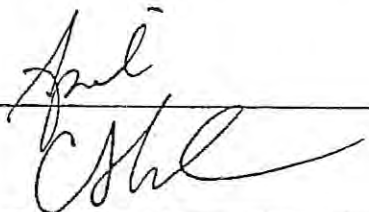
III.

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 03 day of April, 2013.


Cheryl Sonnier Nolan
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: Richard Ober, Jr.

CONSOLIDATED COMPLIANCE ORDER &
 NOTICE OF POTENTIAL PENALTY



Enforcement Tracking No.	WE-CN-16-01105	Certified Mail No.	7016 0910 0000 2672 7153
Agency Interest (AI) No.	1214	Contact Name	Richard Ober, Jr.
Alternate ID No.	LA0032417	Contact Phone No.	(225) 219-3135
Respondent:	Calumet Shreveport Lubricants & Waxes, LLC	Facility Name:	Shreveport Refinery
	c/o C T Corporation System	Physical Location:	3333 Midway Avenue
	Agent for Service of Process	City, State, Zip:	Shreveport, Louisiana 71109
	3867 Plaza Tower Drive Baton Rouge, Louisiana 70816	Parish:	Caddo

This CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY is issued 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

An authorized representative of the Department inspected the abovementioned facility or conducted a file review of the facility to determine the degree of compliance with regulations promulgated in the Louisiana Administrative Code, Title 33. The State regulatory citations for the violation(s) identified during the inspection and/or file review are indicated below.

I. The Respondent owns and/or operates a petroleum refinery located at or near 3333 Midway Avenue, Shreveport, Caddo Parish, Louisiana. The Respondent was issued modified LPDES permit LA0032417 on or about November 30, 2010, with an effective date of January 1, 2011, and an expiration date of September 30, 2013. The Department received a permit renewal application from the Respondent on or about March 26, 2013. LPDES permit LA0032417 was administratively continued until it was reissued to the Respondent on July 1, 2014, with an effective date of August 1, 2014, and an expiration date of July 31, 2019. Under the terms and conditions of LPDES Permit LA0032417, the Respondent is permitted to discharge treated process wastewaters; tank water draws; Quality Control (QC) laboratory wastewater; boiler blowdown; cooling tower blowdown; other utility wastewaters (including, but not limited to, reverse osmosis water, hydrostatic test water, compressor condensate, steam condensate, washdown water, fire training water, and fire systems test water); process and non-process area stormwater; and miscellaneous process and non-process wastewaters (including, but not limited to, groundwater from remediation activities, drum seal water, flue gas seal and pot seal water, flare stack drum seal water, and pump gland/seal water) (Outfall 001); low contamination potential stormwater runoff from non-process areas throughout the facility (Outfall 007); and low contamination potential stormwater runoff from non-process areas in the southwest portion of the facility (Outfall 008) to Wallace Lake via Brush Bayou, all waters of the state.

	Date of Violation	Description of Violation
II.	File Review February 6, 2017	The Respondent failed to comply with LPDES permit LA0032417. Specifically, the Respondent reported exceedances of permit effluent limitations. <i>See Attachment 1</i> (LPDES permit LA0032417 (Part I, Effluent Limitations and Monitoring Requirements, pages 2 and 3 of 9; and Part III, Standard Conditions for LPDES Permits, Section A.2), La. R.S. 30:2076(A)(3), and LAC 33:IX.501.A)
III.	Inspection(s) March 21, 2014	The Respondent failed to utilize adequate laboratory controls and/or appropriate quality assurance procedures. Specifically, the facility used expired pH buffer solution to calibrate pH meters used to report on Discharge Monitoring Reports (DMRs). The buffers expired in January of 2014 and all pH readings taken from that date to the date of the inspection were with a meter calibrated to expired buffer solution, including the pH readings reported on the February DMRs. (LPDES permit LA0032417 (Part III, Sections A.2, B.3.a, and C.5.b), La. R.S. 30:2076(A)(3), and LAC 33:IX.2701.E)
IV.	Inspection(s) May 18, 2015	The Respondent caused and/or allowed the discharge of wastewater from a source or location not authorized by the permit. Specifically, the Respondent reported in an unauthorized discharge report dated May 18, 2015, that approximately 10-15 barrels of paraffinic crude were released to the land on May 18, 2015. According to the Respondent, rainfall overwhelmed the process sewer at the west rail causing it to back up and overflow onto the ground. The inspection revealed that the release drained to the API process where it then travelled to the WWTP and finally to Outfall 001. Observations of Outfall 001 revealed an oil sheen discharging to a receiving stream. (La. R.S. 30:2076(A)(1)(a) and LAC 33:IX.501.D)

ORDER

Based on the foregoing, the Respondent is hereby ordered to comply with the requirements that are indicated below:

- I. To take, immediately upon receipt of this COMPLIANCE ORDER, any and all steps necessary to meet and maintain compliance with the Water Quality Regulations. This shall include, but not be limited to; correcting all of the violations described in the "Findings of Fact" portion.
- 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 the Department at the address specified in this document.
- III. To submit, within thirty (30) days after receipt of this COMPLIANCE ORDER, a copy of the facility's Spill Prevention and Control Plan (SPC) as required by LAC 33:IX.907.

RIGHT TO APPEAL

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.

EXHIBIT

2

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 address specified in this document.
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.). 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 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 Richard Ober, Jr. at (225) 219-3135 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.

CONTACTS AND SUBMITTAL OF INFORMATION

Enforcement Division: Louisiana Department of Environmental Quality Office of Environmental Compliance Water Enforcement Division Post Office Box 4312 Baton Rouge, LA 70821 Attn: Richard Ober, Jr.	Hearing Requests: 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-16-01105 Agency Interest No. 1214
Permit Division (if necessary): Department of Environmental Quality Office of Environmental Services Post Office Box 4313 Baton Rouge, LA 70821-4313 Attn: Water Permits Division	Physical Address (if hand delivered): Department of Environmental Quality 602 N Fifth Street Baton Rouge, LA 70802

HOW TO REQUEST CLOSURE OF THIS CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY

- To appeal the CONSOLIDATED COMPLIANCE ORDER AND NOTICE OF POTENTIAL PENALTY, the Respondent must follow the guidelines set forth in the "Right to Appeal" portion of this CONSOLIDATED COMPLIANCE ORDER AND NOTICE OF POTENTIAL PENALTY.
- To request closure of the COMPLIANCE ORDER portion, the Respondent must demonstrate compliance with the "Order" portion of this COMPLIANCE ORDER by completing the attached "CONSOLIDATED COMPLIANCE ORDER AND NOTICE OF POTENTIAL PENALTY REQUEST TO CLOSE" form and returning it to the address specified.
 - The COMPLIANCE ORDER will not be closed if the Respondent owes outstanding fees or penalties to the Department. Please contact the Financial Services Division at 225-219-3865 or email them at _DEQ-WWWFinancialServices@la.gov to determine if you owe outstanding fees.
- To expedite closure of the NOTICE OF POTENTIAL PENALTY portion, the Respondent may offer a settlement amount to resolve any claim for civil penalties for the violation(s) described herein.
 - The Department assesses civil penalties based on LAC 33:1.Subpart1.Chapter7.
 - The Respondent may offer a settlement amount but the Department is under no obligation to enter into settlement negotiations. It is decided upon on a discretionary basis.
 - The settlement offer amount may be entered on the attached "CONSOLIDATED COMPLIANCE ORDER AND NOTICE OF POTENTIAL PENALTY REQUEST TO CLOSE" form. The Respondent must include a justification of the offer.

- o **DO NOT** submit payment of the offer amount with the form. The Department will review the settlement offer and notify the Respondent as to whether the offer is or is not accepted.
- o The **NOTICE OF POTENTIAL PENALTY** will not be closed if the Respondent owes outstanding fees to the Department. Please contact the Financial Services Division at 225-219-3865 or email them at _DEQ-WWWFinancialServices@la.gov to determine if you owe outstanding fees.

If you have questions or need more information, you may contact Richard Ober, Jr. at (225) 219-3135 or richard.ober@la.gov.



Lourdes Iturralde
Assistant Secretary
Office of Environmental Compliance

Date: 2-15-17

Attachment(s)

- Request to Close
- Settlement Brochure

Attachment 1

Effluent Exceedances

Date	Outfall	Parameter	Permit Limit	Sample Value
03/31/2016	001-A	Total Suspended Solids (Daily Maximum)	1510 lb/d	2584.2 lb/d
	008-Q	Oil and grease (Daily Maximum)	15 mg/L	27.2 mg/L
05/31/2016	001-A	Ammonia Nitrogen (Monthly Average)	50 lb/d	51.68 lb/d
07/31/2016	001-A	Ammonia Nitrogen (Daily Maximum)	118 lb/d	155.9 lb/d
		Ammonia Nitrogen (Monthly Average)	50 lb/d	83.9 lb/d
		Ammonia Nitrogen (Monthly Average)	4.28 mg/L	7.28 mg/L
08/31/2016	001-A	Ammonia Nitrogen (Monthly Average)	50 lb/d	70.23 lb/d
		Ammonia Nitrogen (Monthly Average)	4.28 mg/L	4.78 mg/L
10/31/2016	001-PI	Whole Effluent Toxicity - Pimephales promelas (7-day minimum)	97%	55%
		Whole Effluent Toxicity - Pimephales promelas (Monthly Average Minimum)	97%	55%
11/30/2016	001-A	Total Suspended Solids (Daily Maximum)	1510 lb/d	2064.9 lb/d
	001-PI	Whole Effluent Toxicity - Pimephales promelas (7-day minimum)	97%	55%
		Whole Effluent Toxicity - Pimephales promelas (Monthly Average Minimum)	97%	55%
12/31/2016	001-PI	Whole Effluent Toxicity - Pimephales promelas (7-day minimum)	97%	55%
		Whole Effluent Toxicity - Pimephales promelas (Monthly Average Minimum)	97%	55%

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
 OFFICE OF ENVIRONMENTAL COMPLIANCE
 ENFORCEMENT DIVISION
 POST OFFICE BOX 4312
 BATON ROUGE, LOUISIANA 70821-4312

**CONSOLIDATED COMPLIANCE ORDER &
 NOTICE OF POTENTIAL PENALTY
 REQUEST TO CLOSE**



Enforcement Tracking No.	WE-CN-16-01105	Contact Name	Richard Ober, Jr.
Agency Interest (AI) No.	1214	Contact Phone No.	(225) 219-3135
Alternate ID No.	LA0032417		
Respondent:	Calumet Shreveport Lubricants & Waxes, LLC	Facility Name:	Shreveport Refinery
	c/o CT Corporation System	Physical Location:	3333 Midway Avenue
	Agent for Service of Process		
	3867 Plaza Tower Drive Baton Rouge, Louisiana 70816	City, State, Zip: Parish:	Shreveport, Louisiana 71109 Caddo

STATEMENT OF COMPLIANCE

STATEMENT OF COMPLIANCE	Date Completed	Copy Attached?
A written report was submitted in accordance with Paragraph II of the "Order" portion of the COMPLIANCE ORDER.		
All items in the "Findings of Fact" portion of the COMPLIANCE ORDER were addressed and the facility is being operated to meet and maintain the requirements of the "Order" portion of the COMPLIANCE ORDER. Final compliance was achieved as of:		

SETTLEMENT OFFER (OPTIONAL)

(check the applicable option)

<input type="checkbox"/>	The Respondent is not interested in entering into settlement negotiations with the Department with the understanding that the Department has the right to assess civil penalties based on LAC 33:1.Subpart1.Chapter7.
<input type="checkbox"/>	In order to resolve any claim for civil penalties for the violations in NOTICE OF POTENTIAL PENALTY (WE-CN-16-01105), the Respondent is interested in entering into settlement negotiations with the Department and would like to set up a meeting to discuss settlement procedures.
<input type="checkbox"/>	In order to resolve any claim for civil penalties for the violations in NOTICE OF POTENTIAL PENALTY (WE-CN-16-01105), the Respondent is interested in entering into settlement negotiations with the Department and offers to pay \$ _____ which shall include LDEQ enforcement costs and any monetary benefit of non-compliance. <ul style="list-style-type: none"> • Monetary component = \$ _____ • Beneficial Environmental Project (BEP) component (optional)= \$ _____ • DO NOT SUBMIT PAYMENT OF THE OFFER WITH THIS FORM- the Department will review the settlement offer and notify the Respondent as to whether the offer is or is not accepted.
<input type="checkbox"/>	The Respondent has reviewed the violations noted in NOTICE OF POTENTIAL PENALTY (WE-CN-16-01105) and has attached a justification of its offer and a description of any BEPs if included in settlement offer.

CERTIFICATION STATEMENT

I certify, under provisions in Louisiana and United States law that provide criminal penalties for false statements, that based on information and belief formed after reasonable inquiry, the statements and information attached and the compliance statement above, are true, accurate, and complete. I also certify that I do not owe outstanding fees or penalties to the Department for this facility or any other facility I own or operate. I further certify that I am either the Respondent or an authorized representative of the Respondent.

Respondent's Signature	Respondent's Printed Name	Respondent's Title
Respondent's Physical Address	Respondent's Phone #	Date

MAIL COMPLETED DOCUMENT TO THE ADDRESS BELOW:

Louisiana Department of Environmental Quality
 Office of Environmental Compliance
 Enforcement Division
 Post Office Box 4312
 Baton Rouge, LA 70821
 Attn: Richard Ober, Jr.

If you have questions or need more information, you may contact Richard Ober, Jr. at (225) 219-3135 or richard.ober@la.gov.

SETTLEMENT AGREEMENTS

WHAT IS A SETTLEMENT AGREEMENT?

Once the Department has determined that a penalty is warranted for a violation, the Assistant Secretary of the Department, with the concurrence of the Attorney General, may enter into a settlement agreement with the Respondent as a means to resolve the Department's claim for a penalty.

HOW DOES THE SETTLEMENT AGREEMENT PROCESS WORK?

To begin the settlement agreement process, the Department must receive a written settlement offer. Once this offer is submitted, it is sent for approval by the Assistant Secretary of the Office of Environmental Compliance. The formal Settlement Agreement is drafted and sent to the Attorney General's office where the Attorney General has a 90 day concurrence period. During this time, the Respondent is required to run a public notice in an official journal and/or newspaper of general circulation in each affected parish. After which, a 45 day public comment period is opened to allow the public to submit comments. Once the Department has received concurrence, the settlement agreement is signed by both parties. The Department then forwards a letter to the responsible party to establish a payment plan and/or beneficial environmental project (BEP).

WHAT SHOULD I INCLUDE IN A SETTLEMENT AGREEMENT?

The Department uses the penalty determination method defined in LAC 33:1.705 as a guideline to accepting settlement offers. The penalty matrix is used to determine a penalty range for each violation based on the two violation specific factors, the nature and gravity of the violation and the degree of risk/impact to human health and property.

		NATURE AND GRAVITY OF THE VIOLATION		
		MAJOR	MODERATE	MINOR
DEGREE OF RISK/IMPACT TO HUMAN HEALTH OR PROPERTY	MAJOR	\$32,500 to \$20,000	\$20,000 to \$15,000	\$15,000 to \$11,000
	MODERATE	\$11,000 to \$8,000	\$8,000 to \$5,000	\$5,000 to \$3,000
	MINOR	\$3,000 to \$1,500	\$1,500 to \$500	\$500 to \$100

Degree of Risk to Human Health or Property

Major: (actual measurable harm or substantial risk of harm) A violation of major impact to an environmental resource or a hazard characterized by high volume and/or frequent occurrence and/or high pollutant concentration.

Moderate: (potential for measurable detrimental impact) A violation of moderate impact and hazard may be one characterized by occasional occurrence and/or pollutant concentration that may be expected to have a detrimental effect under certain conditions

Minor: (no harm or risk of harm) A violation of minor impact are isolated single incidences and that cause no measurable detrimental effect or are administrative in nature.

Nature and Gravity of the Violation

Major: Violations of statutes, regulations, orders, permit limits, or permit requirements that result in negating the intent of the requirement to such an extent that little or no implementation of requirements occurred.

Moderate: Violations that result in substantially negating the intent of the requirements, but some implementation of the requirements occurred.

Minor: Violations that result in some deviation from the intent of the requirement; however, substantial implementation is demonstrated.

The range is adjusted using the following violator specific factors:

1. history of previous violations or repeated noncompliance;
2. gross revenues generated by the respondent;
3. degree of culpability, recalcitrance, defiance, or indifference to regulations or orders;
4. whether the Respondent has failed to mitigate or to make a reasonable attempt to mitigate the damages caused by the violation; and
5. whether the violation and the surrounding circumstances were immediately reported to the department, and whether the violation was concealed or there was an attempt to conceal by the Respondent.



SETTLEMENT AGREEMENTS

Given the previous information, the following formula is used to obtain a penalty amount.

$$\text{Penalty Event Total} = \text{Penalty Event Minimum} + (\text{Adjustment Percentage} \times [\text{Penalty Event Maximum} - \text{Penalty Event Minimum}])$$

After this, the Department adds any monetary benefit of noncompliance to the penalty event. In the event that a monetary benefit is gained due to the delay of a cost that is ultimately paid, the Department adds the applicable judicial interest. Finally, the Department adds all response costs including, but not limited to, the cost of conducting inspections, and the staff time devoted to the preparation of reports and issuing enforcement actions.

WHAT IS A BEP?

A BEP is a project that provides for environmental mitigation which the respondent is not otherwise legally required to perform, but which the defendant/respondent agrees to undertake as a component of the settlement agreement.

Project categories for BEPs include public health, pollution prevention, pollution reduction, environmental restoration and protection, assessments and audits, environmental compliance promotion, and emergency planning, preparedness and response. Other projects may be considered if the Department determines that these projects have environmental merit and is otherwise fully consistent with the intent of the BEP regulations.

WHAT HAPPENS IF MY OFFER IS REJECTED?

If an offer is rejected by the Assistant Secretary, the Legal Division will contact the responsible party, or anyone designated as an appropriate contact in the settlement offer, to discuss any discrepancies.

WHERE CAN I FIND EXAMPLES AND MORE INFORMATION?

Settlement Offers	searchable in EDMS using the following filters Media: Air Quality, Function: Enforcement; Description: Settlement
Settlement Agreements	Enforcement Division's website specific examples can be provided upon request
Penalty Determination Method	LAC 33:1 Chapter 7
Beneficial Environmental Projects	LAC 33:1 Chapter 25
Judicial Interest.....	FAQs provided by the Louisiana State Bar Association

