STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	*	**Settlement Tracking No.**
	*	**SA-AE-11-0043**
LDH ENERGY REFINERY SERVICES LLC	*	
	*	**Enforcement Tracking No.**
AI # 83718	*	**AE-CN-10-00044**
	*	**AE-CN-10-00044A**
PROCEEDINGS UNDER THE LOUISIANA	*	
ENVIRONMENTAL QUALITY ACT	*	
LA. R.S. 30:2001, ET SEQ.	*	

SETTLEMENT

The following Settlement is hereby agreed to between LDH Energy Refinery Services LLC (now known as Lonestar NGL Refinery Services, LLC) ("Respondent") and the Department of Environmental Quality ("DEQ" or "the Department"), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. ("the Act").

I

Respondent is a limited liability company that owns and/or operates a fractionation plant facility located in Geismar, Ascension Parish, Louisiana ("the Facility").

II

On May 27, 2010, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. AE-CN-10-00044, which was based upon the following findings of fact:

The Respondent owns and/or operates the Geismar Fractionation Plant located at 10334 Louisiana Highway 75 in Geismar, Ascension Parish, Louisiana. On or about July 15, 2005, ownership of the facility was transferred to the Respondent, Louis Dreyfus Olefins LLC, from Gulf

Liquids New River Project, LLC. On or about April 5, 2007, Louis Dreyfus Olefins LLC changed its name to LDH Energy Olefins LLC. On or about March 22, 2010, LDH Energy Olefins LLC changed its name to LDH Energy Refinery Services LLC. The Respondent currently operates the facility under Title V Air Permit No. 0180-00086-V5 issued to the Respondent on June 15, 2007.

On or about October 20, 2009, the Department conducted a full compliance audit for the Chemical Accident Prevention Provisions set forth in 40 CFR 68. Additionally, the Department conducted a file review for the facility on or about June 8, 2010.

The following violations were noted during the inspection:

A. The Respondent failed to train each employee in an initial overview of the facility's process and in the operating procedures. Additionally, training documentation was not generally complete and the focus was not on the training required by 40 CFR 68. The failure to train each employee is a violation of 40 CFR 68.71(a)(1), which language has been adopted as a Louisiana regulation in LAC 33:III.5901.A, Title V Air Permit No. 0180-00086-V5, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).

B. The Respondent failed to provide refresher training to employees at least every three (3) years. The failure to provide refresher training to each employee is a violation of 40 CFR 68.71(b), which language has been adopted as a Louisiana regulation in LAC 33:III.5901.A, Title V Air Permit No. 0180-00086-V5, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).

C. The Respondent failed to train and/or complete training for employees involved in operating a process prior to implementation of a process change that requires a "Management Of Change" (MOC). Specifically, numerous changes requiring an MOC were completed prior to employees being trained or training was verified as complete including the following MOCs: 2008G009-16, 2008B-018, 2008G-021, 2008G-20, and 2008G-22. Each failure to complete training for employees involved in operating a process prior to implementation of a change that requires a MOC is a violation of 40 CFR 68.75(c), which language has been adopted as a Louisiana regulation in LAC 33:III.5901.A, Title V Air Permit No. 0180-00086-V5, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).

D. The Respondent failed to conduct a pre-startup safety review (PSSR) when there was a change in process safety information. Specifically, PSSR requirements were not addressed for MOC 2008G-021. Other MOCs were discovered that had only partial PSSR issues covered. Each failure to perform a PSSR for modified sources when the modification is significant enough to require a change in the process safety information is a violation of 40 CFR 68.77(a), which language has been adopted as a Louisiana regulation in LAC 33:III.5901.A, Title V Air Permit No. 0180-00086-V5, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2).

On May 13, 2011, the Department issued to Respondent an Amended Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. AE-CN-10-00044A, which was based upon the following findings of fact:

The Department amended Paragraph II.A of the Findings of Fact to read as follows:

"A. The Respondent failed to properly document that each employee received training in an initial overview of the facility's process and in the operating procedures. Specifically, during the inspection the Respondent failed to provide a record which contained the identity of the employee, the date of training, and the means used to verify that the employee understood the training. Each failure to properly document that each employee received training is a violation of 40 CFR 68.71(c), which language has been adopted as a Louisiana regulation in LAC 33:III.5901.A, Title V Air Permit No. 0180-00086-V5, LAC 33:III.501.C.4, and La R.S. 30:2057(A)(2)."

The Department omitted Paragraphs II.B and II.D of the Findings of Fact from the Order.

The Department amended Paragraph II.C of the Findings of Fact to read as follows:

"C. The Respondent failed to train and/or complete training for employees involved in operating a process prior to implementation of a process change that requires a "Management Of Change" (MOC). Specifically, numerous changes requiring an MOC were completed prior to employees being trained or training was verified as complete including the following MOCs: 2008G009-16, 2008B-018, 2008G-021, 2008G-20, and 2008G-22. Each failure to complete training for employees involved in operating a process prior to implementation of a change that requires a MOC is a violation of 40 CFR 68.75(c), which language has been adopted as a Louisiana regulation in LAC 33:III.5901.A, Title V Air Permit No. 0180-00086-V5, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2). Additionally, the Respondent failed to confirm during the pre-startup safety review that training of each employee involved in operating a process has been completed. Each failure to properly conduct all portions of a pre-startup safety review is a violation of

40 CFR 68.77(b)(4), which language has been adopted as a Louisiana regulation in LAC 33:III.5901.A, Title V Air Permit No. 0180-00086-V5, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2)."

The Department incorporated all of the remainder of the original Consolidated Compliance Order & Notice of Potential Penalty, Enforcement Tracking No. AE-CN-10-00044 and Agency Interest No. 83718, as if reiterated therein.

This Amended Consolidated Compliance Order & Notice of Potential Penalty was effective upon receipt.

III

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

IV

Nonetheless, Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount of THREE THOUSAND FIVE HUNDRED AND NO/100 DOLLARS ($3,500.00), of which Five Hundred Seventy-Seven and 92/100 Dollars ($577.92) represents the Department's enforcement costs, in settlement of the claims set forth in this agreement. The total amount of money expended by Respondent on cash payments to the Department as described above, shall be considered a civil penalty for tax purposes, as required by La. R.S. 30:2050.7(E)(1).

V

Respondent further agrees that the Department may consider the permit report(s), the Consolidated Compliance Order & Notice of Potential Penalty and this Settlement for the purpose of determining compliance history in connection with any future enforcement or permitting action by the Department against Respondent, and in any such action Respondent shall be estopped from

objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

VI

This agreement shall be considered a final order of the Secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this agreement, except such review as may be required for interpretation of this agreement in any action by the Department to enforce this agreement.

VII

This settlement is being made in the interest of settling the state's claims and avoiding for both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the Department considered the factors for issuing civil penalties set forth in La. R. S. 30:2025(E) of the Act.

VIII

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

IX

Payment is to be made within ten (10) days from notice of the Secretary's signature. If payment is not received within that time, this Agreement is voidable at the option of the Department. Payments are to be made by check, payable to the Department of Environmental Quality, and mailed or delivered to the attention of Accountant Administrator, Financial Services Division, Department of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303. Each payment shall be accompanied by a completed Settlement Payment Form (Exhibit A).

X

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

XI

Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his or her respective party, and to legally bind such party to its terms and conditions.

LDH ENERGY REFINERY SERVICES LLC

BY: _____
(Signature)

_____
(Printed)

TITLE: _____

THUS DONE AND SIGNED in duplicate original before me this _____ day of _____, 20 _____, at _____.

_____
NOTARY PUBLIC (ID #_____)

_____
(stamped or printed)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Peggy M. Hatch Secretary

BY: _____
Cheryl Sonnier Nolan, Assistant Secretary
Office of Environmental Compliance

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

_____
NOTARY PUBLIC (ID # _____)

_____
(stamped or printed)

Approved: _____
Cheryl Sonnier Nolan, Assistant Secretary