STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	*	**Settlement Tracking No.**
	*	**SA-WE-15-0031**
MURPHY OIL USA, INC.	*	
	*	**Enforcement Tracking No.**
AI # 1238	*	**WE-PP-10-01604**
	*	
PROCEEDINGS UNDER THE LOUISIANA	*	
ENVIRONMENTAL QUALITY ACT	*	
LA. R.S. 30:2001, ET SEQ.	*	

SETTLEMENT

The following Settlement is hereby agreed to between Murphy Oil Corporation, the former parent company of Murphy Oil USA, Inc. ("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 formerly owned and/or operated a facility located in Meraux, St. Bernard Parish, Louisiana ("the Facility"). Murphy Oil Corporation has retained certain responsibilities for the Facility, including payment of the settlement amount set forth herein, pursuant to an agreement that Murphy Oil Corporation entered into with Murphy USA Inc., a parent company of Respondent.

II

On July 3, 2012, the Department issued to Respondent a Notice of Potential Penalty (NOPP), Enforcement No. WE-PP-10-01604, which was based upon the following findings of fact:

"The Department conducted inspections on or about December 1, 2009, and December 9,

2009, and a file review on or about March 29, 2012, of the **MURPHY OIL USA – MERAUX REFINERY**, owned and/or operated by **MURPHY OIL USA, INC. (RESPONDENT)** at the time of the inspections, to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Water Quality Media Regulations. The facility is located at 2500 East St. Bernard Highway in Meraux, St. Bernard Parish, Louisiana. On or about September 29, 2011, the Department received notification of a change in ownership of the facility from Murphy Oil USA, Inc. to Valero Refining-Meraux L.L.C. In a letter dated November 10, 2011, the Department stated that LPDES Permit LA003646 was transferred from Murphy Oil USA, Inc. to Valero Refining-Meraux LLC with an effective date of October 1, 2011.

While the investigation by the Louisiana Department of Environmental Quality (the Department) is not yet complete, the following violations were noted during the course of the inspections and file review:

A. The Respondent caused and/or allowed the following unauthorized discharges of pollutants to waters of the state:

Inspection Date	**Description**
December 9, 2009	On December 8, 2009, a discharge of oil occurred through Outfall 003 to 20 Arpent Canal, waters of the state.
	On December 12, 2009, a discharge of a sheen occurred through Outfall 003 to 20 Arpent Canal, waters of the state.
December 9, 2009	On December 13, 2009, a discharge of a diesel-like oily material occurred through Outfall 003 to 20 Arpent Canal, waters of the state.
March 29, 2012 (file review)	The Respondent reported a spill that occurred on July 26, 2009, of approximately five gallons of naphtha into the Mississippi River, waters of the state.
March 29, 2012 (file review)	The Respondent reported that a sheen was observed on the Mississippi River, waters of the state, on October 5, 2010.
March 29, 2012 (file review)	The Respondent reported on the August 2009 DMR for Outfall 001 that a sheen was discovered in the cooling water return pond at the facility to the Mississippi River, waters of the state, on August 19, 2009.

The discharges of pollutants revealed in the December 9, 2009, inspection report are not authorized by LPDES Permit LA0003646. The Respondent submitted written reports dated December 15, 2009, and December 18, 2009, in which the Respondent included information that actions were taken to recover the pollutants. Each unauthorized discharge of these pollutants is a violation of LPDES Permit LA0003646 (Part II, Section B and Part III, Section A.2), La. R.S. 30:2076(A)(1)(a), and LAC 33:IX.501.D.

The Respondent reported that the July 26, 2009, spill occurred when there was a malfunction of the unloading hose, that the spill was contained, and that the reportable quantity was not exceeded. The unauthorized discharge is a violation of La. R.S. 30:2076(A)(1)(a).
The Respondent reported that the October 5, 2010, spill consisted of slop oil due to a leak at a threaded connection on a slop oil line, that approximately one pint of slop oil was spilled to the river, and that the spill was immediately cleaned up. The unauthorized discharge is a violation of La. R.S. 30:2076(A)(1)(a).

An investigation conducted by the Department of the discharge that occurred on August 19, 2009, revealed that a representative of the Respondent stated that the amount discharged into the river was below the reportable quantity. The Respondent also reported the cause of the release was due to a leaking head gasket, that the cooling water enters a retention pond prior to discharge to the Mississippi River, that the oil in the retention pond was recovered, that the gasket was replaced, and that the estimated quantity released was less than one gallon. The unauthorized discharge is a violation of La. R.S. 30:2076(A)(1)(a).

B. The file review revealed the following effluent measurements above the permitted limits, as reported by the Respondent on Discharge Monitoring Reports (DMRs):

Monitoring Period	**Outfall**	**Parameter**	**Permit Limit**	**Reported Value**
08/10	002	pH (Range Excursions, Number of Events > 60 minutes)	0 Events > 60 minutes	1 Event > 60 minutes
09/10	002	pH (Range Excursions, Number of Events > 60 minutes)	0 Events > 60 minutes	1 Event > 60 minutes
10/10	002	pH (Range Excursions, Number of Events > 60 minutes)	0 Events > 60 minutes	1 Event > 60 minutes
11/10	002	pH (Range Excursions, Number of Events > 60 minutes)	0 Events > 60 minutes	1 Event > 60 minutes
	302	Total Suspended Solids (Daily Maximum)	1,701 lbs/day	2,206 lbs/day

Each effluent parameter above the permitted limit is a violation of LPDES Permit LA0003646 (Part I, Page 4 and 5 of 11, and Part III, Section A.2), La. R.S. 30:2076(A)(3), and LAC 33:IX.501.A. Additionally, the Respondent failed to submit noncompliance reports (NCRs) to the Department for each of the above listed effluent parameters above the permitted limit. Each failure to submit NCRs to the Department for each effluent parameter above the permitted limit is a violation of LPDES Permit LA0003646 (Part III, Sections A.2 and D.7), La. R.S. 30:2076(A)(3), and LAC 33:IX.2701.L.7.

C. The December 1, 2009, inspection revealed that the Respondent failed to maintain records of calibration and/or maintenance procedures as required by LPDES Permit LA0003646. Specifically, the Respondent failed to maintain temperature logs for the refrigerator used to store samples, the BOD incubator, and the drying oven. Each failure to maintain records is a violation of LPDES Permit LA0003646 (Part III, Sections A.2 and C.5.b), La. R.S. 30:2076(A)(3), and LAC 33:IX.501.A.

D. The file review revealed that the Respondent submitted inaccurate DMRs to the Department for Outfall TX1Q. Specifically, the Respondent submitted two DMRs for Outfall TX1Q for the April 2011 through June 2011 monitoring period instead of one, but there were different results for the coefficient of variation for *Daphnia pulex* (Parameter TQM3D). Each submittal of an inaccurate DMR for Outfall TX1Q is a violation of LPDES Permit LA0003646 (Part II, Section R.1.a and Part III, Section A.2), La R.S. 30:2076(A)(3), and LAC 33:IX.2701.L.4.d.

E. The file review revealed that the Respondent failed to have the DMRs signed with the signature of an authorized person as required by LPDES Permit LA0003646 and applicable Water Quality Regulations. Specifically, different facility representatives signed the DMRs for the refinery manager, but a written authorization from the principal executive officer designating these facility representatives as duly authorized representatives for the facility was not submitted to the Department. In addition, the signatures mentioned above did not include job titles. The Respondent submitted DMRs without an authorized signature for Outfalls 001, 002, 004, 102, 202, 302, and 020 for the August 2010 and August 2011 monitoring periods, for Outfalls 003, 004, 015, 016, 017, 018, 019, 020, and TX1Q for the April 2010 through June 2010 monitoring period, for Outfalls 001, 002, 102, 202, 302, 004, and 020 for the November 2010 monitoring period, and for Outfalls 001, 002, 102, 202, 004, and 302 for the May 2011 monitoring period. Each failure to submit DMRs signed in accordance with permit and regulatory requirements is a violation of LPDES Permit LA0003646 (Part III, Sections A.2, and D.10), La. R.S. 30:2076(A)(3), and LAC 33:IX.2503.B.

F. The file review revealed that the Respondent failed to measure flow for the May 2009 monitoring period for Outfall 001 on a continuous measurement frequency as required by LPDES Permit LA0003646. Specifically, the Department received

a letter from the Respondent on or about June 15, 2009, that included information that the signal cable for the Outfall 001 east flow meter was inadvertently disconnected thus inhibiting the ability to read the flow meter from May 11, 2009 through May 15, 2009. The Respondent also stated in the letter that an average was taken based on the number of pumps being used. Each failure to continuously measure flow is a violation of LPDES Permit LA0003646 (Part I, Page 2 and 3 of 11 and Part III, Section A.2), La. R.S. 30:2076(A)(3), and LAC 33:IX.501.A.

G. The December 1, 2009, inspection and file review revealed that the Respondent failed to sample the effluent for all parameters for the following outfalls and associated monitoring periods:

Monitoring Period	**Outfall**
July 2008 through September 2008, October 2008 through December 2008, and July 2009 through September 2009	016, 017, 018, and 019
January 2009 through March 2009	019
March 2009 through June 2009	003, 018, and 019

The Respondent indicated on DMRs for Outfalls 003, 016, 017, 018, and 019 for the above mentioned monitoring periods that there was insufficient rainfall to accommodate sampling at the designated sampling point. However, the Respondent did report a flow measurement from these outfalls during the above mentioned monitoring periods. Each failure to sample the effluent is a violation of LPDES Permit LA0003646 (Pages 1, 4, 5, and 16 of 18 and Part III, Sections A.2 and C.2), La. R.S. 30:2076(A)(3), and LAC 33:IX.501.A.

H. The December 1, 2009, inspection revealed that the Respondent failed to calibrate and/or perform maintenance procedures on all monitoring instruments at intervals frequent enough to ensure the accuracy of measurements. Specifically, the Respondent failed to calibrate and/or perform maintenance procedures on the orifice plate for Outfall 302 by failing to remove and examine the plate for build up or wear. The failure to calibrate and perform maintenance procedures on all monitoring instruments as required by the permit is a violation of LPDES Permit LA0003646 (Part III, Sections A.2 and C.5.b), La. R.S. 30:2076(A)(3), LAC 33:IX.501.A, and LAC 33:IX.2701.E.

I. The file review revealed that the Respondent failed to report sample measurements on DMRs. Specifically, the Respondent submitted a DMR marked with "no discharge" for Outfall 020 during the April 2011 through June 2011 quarterly monitoring period. However, the Respondent submitted a separate DMR for Outfall 020, as required by LPDES Permit LA003646, for a discharge of hydrostatic test water measuring the parameters of total suspended solids (TSS), total lead, benzene, and BTEX (benzene, toluene, ethylbenzene, and total xylene) during the months of May 2011 and June 2011, which indicated that

discharges occurred during the April 2011 through June 2011 quarterly monitoring period. According to LPDES Permit LA0003646 (Part I, page 11 of 11, footnote seven), monitoring requirements for flow, total organic carbon (TOC), oil and grease, and pH apply to any effluent being discharged from Outfall 020; however, the Respondent did not report the sample measurements for these parameters for the April 2011 through June 2011 quarterly monitoring period for Outfall 020. Each failure to report sample measurements is a violation of LPDES Permit LA0003646 (Part I, Pages 9, 10, and 11 of 11 and Part III, Sections A.2 and D.4), La. R.S. 30:2076(A)(3), and LAC 33:IX.2701.L.4."

III

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

IV

Nonetheless, Murphy Oil Corporation, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount of TWENTY-TWO THOUSAND NINE HUNDRED EIGHTY-EIGHT AND NO/100 DOLLARS ($22,988.00), of which Two Hundred Thirty-Six and 50/100 Dollars ($236.50) represents the Department's enforcement costs, in settlement of the claims set forth in this agreement. The total amount of money expended by Murphy Oil Corporation 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

The Department may consider the inspection report(s), permit record(s), the NOPP 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 Murphy Oil Corporation 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

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

Murphy Oil Corporation has caused a public notice advertisement to be placed in the official journal of the parish governing authority in St. Bernard 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. Murphy Oil Corporation 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.

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.

MURPHY OIL CORPORATION

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: _____
D. Chance McNeely, 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: _____
D. Chance McNeely, Assistant Secretary