STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	*	**Settlement Tracking No.**
	*	**SA-AE-14-0069**
TRANSCONTINENTAL GAS PIPE LINE	*	
COMPANY, LLC	*	
	*	**Enforcement Tracking No.**
AI # 2913, 17725	*	**AE-CN-05-0168**
	*	
PROCEEDINGS UNDER THE LOUISIANA	*	
ENVIRONMENTAL QUALITY ACT	*	
LA. R.S. 30:2001, ET SEQ.	*	

SETTLEMENT

The following Settlement is hereby agreed to between Transcontinental Gas Pipe Line Company, LLC f/k/a Transcontinental Gas Pipe Line Corporation ("Respondent") and the Department of Environmental Quality ("DEQ" or "the Department"), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. ("the Act").

I

Respondent is a limited liability company that owns and/or operates facilities located in Evangeline and Terrebonne Parishes, Louisiana ("the Facilities").

II

On September 25, 2005, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty (CONOPP), Enforcement No. AE-CN-05-0168, which was based upon the following findings of fact:

"The Respondent owns and/or operates Compressor Station 50 (Agency Interest No. 2913), a compressor station involved in a natural gas pipeline transmission system located at 2959 Veterans Memorial Highway in Mamou, Evangeline Parish, Louisiana. The facility currently operates under

Title V Permit No. 0920-00010-V0 issued on November 13, 1998. The Respondent submitted a permit modification application dated October 23, 2002, that is currently under review by the Department.

On or about August 25, 2005, 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 Department's investigation is not yet complete, the following violations were noted during the course of the review:

> According to the facility's Title V Semiannual Monitoring Form for the period encompassing July through December 2003, the facility's 2003 Title V Annual Compliance Certification, the facility's Title V Semiannual Monitoring Form for the period encompassing January through June 2004, and the facility's 2004 Title V Annual Compliance Certification, two of the facility's Fixed-Roof NG Storage Tanks (Emission Point Nos. 50-5 and 50-6) experienced an increase in throughput during the 2003 calendar year. Part of this increase resulted from an upset upstream of the facility during September 2003. According to correspondence from the Respondent dated May 5, 2005, as a result of the high throughput, these two storage tanks emitted above their permitted limits for pollutants during the 2003 and 2004 calendar years as noted in the table below. The pollutants marked by asterisks are toxic air pollutants (TAPs).

Year	Pollutant	Emission Point No.	Reported Emission Rate (TPY)	Permitted Emission Rate (TPY)
2003	Total Volatile Organic Compounds (VOCs)	50-5	26.64	2.49
2003	Total VOCs	50-6	26.64	2.49
2003	Benzene *	50-5	0.09	0.03
2003	Benzene *	50-6	0.09	0.03
2003	Ethylbenzene *	50-5	0.05	0.00
2003	Ethylbenzene *	50-6	0.05	0.00
2003	n-Hexane *	50-5	0.18	0.00
2003	n-Hexane *	50-6	0.18	0.00
2003	Toluene *	50-5	0.17	0.03
2003	Toluene *	50-6	0.17	0.03
2003	Xylene *	50-5	0.24	0.02

Year	Pollutant	Emission Point No.	Reported Emission Rate (TPY)	Permitted Emission Rate (TPY)
2003	Xylene *	50-6	0.24	0.02
2004	Total VOCs	50-5	8.82	2.49
2004	Total VOCs	50-6	8.82	2.49
2004	Benzene *	50-5	0.04	0.03
2004	Benzene *	50-6	0.04	0.03
2004	Ethylbenzene *	50-5	0.02	0.00
2004	Ethylbenzene *	50-6	0.02	0.00
2004	n-Hexane *	50-5	0.09	0.00
2004	n-Hexane *	50-6	0.09	0.00
2004	Toluene *	50-5	0.07	0.03
2004	Toluene *	50-6	0.07	0.03
2004	Xylene *	50-5	0.09	0.02
2004	Xylene *	50-6	0.09	0.02

According to State Only General Condition II of the facility's Title V permit, each failure to operate the facility in accordance with all terms and conditions of Title V Permit No. 0920-00010-V0 is a violation of LAC 33:III.501.C.4 and Sections 2057(A)(1) and 2057(A)(2) of the Act. The Respondent submitted an application dated October 23, 2002, to reconcile these emissions in the facility's permit.

The Respondent owns and/or operates Compressor Station 62 (Agency Interest No. 17725), a compressor station involved in a natural gas pipeline transmission system located at 4711 Bayou Black Drive approximately 12 miles east of Gibson in Terrebonne Parish, Louisiana. The facility currently operates under Title V Permit No. 2880-00040-V0 issued on March 31, 1997. The Respondent submitted a permit modification and renewal application dated September 27, 2001, and an amendment to the 2001 application dated March 4, 2005, that is currently under review by the Department.

On or about August 25, 2005, 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 Department's investigation is not yet complete, the following violations were noted during the course of the review:

A. State Only Specific Condition No. 1 of Title V Permit No. 2880-00040-V0 requires that internal combustion engines of 500 horsepower (HP) or more that operated over 720 hours in a semiannual period be tested semiannually for nitrogen oxide (NOx), carbon monoxide (CO), and oxygen (O_2) concentrations in the stack gas utilizing calibrated portable analyzers. In a Part 70 General Condition R and State Only General Condition XI Report dated October 21, 2004, the Respondent notified the Department that two Cooper-Bessemer GMVC-8 1,440 HP Engines at the facility (Emission Point Nos. 62-1 and 62-2) were semiannually tested using a portable analyzer on October 19, 2004. According to the test results, Emission Point No. 62-1 was emitting 1.74 pounds of CO per hour and Emission Point No. 62-2 was emitting 1.62 pounds of CO per hour during the test. Each of these engines is permitted to emit a maximum of 1.60 pounds of CO per hour. According to State Only General Condition II of the facility's permit, each failure to operate the facility in accordance with all terms and conditions of Title V Permit No. 2880-00040-V0 is a violation of LAC 33:III.501.C.4 and Sections 2057(A)(1) and 2057(A)(2) of the Act. According to the report, after each of the above-referenced tests, the Respondent shut the engines down. Emission Point No. 62-1 was reportedly restarted on October 21, 2004, to evaluate the cause of the permit exceedance. After that, both engines were reportedly shut down until a corrective action plan was in place. The Respondent submitted a variance request dated November 2, 2004, to increase the emission limits of the two engines. The Department issued the variance on November 5, 2004, increasing the emission limits of the two engines to a total of 14 tons of CO from November 5, 2004, through November 5, 2005. The Respondent submitted an amended permit modification and renewal application dated March 4, 2005, to reconcile these emission increases.

B. State Only Specific Condition No. 1 of Title V Permit No. 2880-00040-V0 requires that internal combustion engines of 500 HP or more that operated over 720 hours in a semiannual period be tested semiannually for nitrogen oxides (NOx), carbon monoxide (CO), and oxygen (O_2) concentrations in the stack gas utilizing calibrated portable analyzers. In a State Only General Condition XI Report dated April 11, 2005, the Respondent notified the Department that an Ingersoll-Rand 512-KVT 3,000 HP Engine (Emission Point No. 62-5) at the facility emitted CO at a rate of 8.42 pounds per hour during its semiannual portable analyzer test on April 6, 2005. This engine is permitted to emit a maximum of 8.00 pounds of CO per hour. According to State Only General Condition II of the facility's permit, the failure to operate the facility in accordance with all terms and conditions of Title V Permit No. 2880-00040-V0 is a violation of LAC 33:III.501.C.4 and Sections 2057(A)(1) and 2057(A)(2) of the Act. According to the report, the Respondent reportedly shut the engine down and planned to restart it for short periods of time for combustion performance evaluations and/or maintenance. The

Respondent submitted an amended permit modification and renewal application dated March 4, 2005, to reconcile this emission increase.

In letters dated April 14, 2005, and April 29, 2005, the Respondent requested interim authorization from the Department to operate nine of the facility's compressor engines (Emission Point Nos. 62-1, 62-2, 62-3, 62-4, 62-5, 62-6, 62-7, 62-8, and 62-9) at maximum hourly emission rates above the rates established for these emission points in Title V Permit No. 2880-00040-V0. According to the amended permit modification and renewal application dated March 4, 2005, the emission limits requested in these letters, which are equal to those in the application, are needed because the currently permitted emission limits did not include a margin for potential decreases in emission efficiency over time and/or were based on historical data for similar engines that are no longer up to date."

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 FOUR THOUSAND SIX HUNDRED SEVENTY-SIX AND 86/100 DOLLARS ($4,676.86), of which Eight Hundred Eighty-Three and 43/100 Dollars ($883.43) 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 record(s), the CONOPP 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

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 Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Evangeline and Terrebonne Parishes, 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.

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.

TRANSCONTINENTAL GAS PIPE LINE COMPANY, 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: _____
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