STATE OF LOUISIANA
DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:
* Settlement Tracking No.
  * SA-AE-19-0071
  * Enforcement Tracking No.
  * AE-PP-16-00978

SASOL CHEMICALS (USA) LLC
AI # 3271

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

SETTLEMENT

The following Settlement is hereby agreed to between Sasol Chemicals (USA) 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 facility located in Westlake, Calcasieu Parish, Louisiana ("the Facility").

II

On February 12, 2018, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-16-00978 (Exhibit 1).

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 TWO THOUSAND FIVE HUNDRED AND NO/100 DOLLARS ($2,500.00), of which One Thousand Two Hundred Twenty-Three and 53/100 Dollars ($1,223.53) 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 inspection report(s), the 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

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

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.
SASOL CHEMICALS (USA) 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
Chuck Carr Brown, Ph.D., Secretary

BY: __________________________
Lourdes Iturralde, 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: ______________________
Lourdes Iturralde, Assistant Secretary

5

SA-AE-19-0071
CERTIFIED MAIL (7003 2260 0001 2748 2581)
RETURN RECEIPT REQUESTED

SASOL CHEMICALS (USA) LLC
c/o CT Corporation System
Agent for Service of Process
3867 Plaza Tower Drive
Baton Rouge, LA 70816

RE: NOTICE OF POTENTIAL PENALTY
ENFORCEMENT TRACKING NO. AE-PP-16-00978
AGENCY INTEREST NO. 3271

Dear Sir:

On or about July 13, 2016, November 21 2016, December 16, 2016 and January 12, 2017 inspections of SASOL CHEMICALS (USA) LLC- LAKE CHARLES CHEMICALS COMPLEX (FACILITY), owned and/or operated by SASOL CHEMICALS (USA) LLC (RESPONDENT), were conducted to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations. The facility is located at 2201 Old Spanish Trail in Westlake, Calcasieu Parish, Louisiana. The Facility operates or has operated under the authority of the following Title V Air Permits:

<table>
<thead>
<tr>
<th>PERMIT</th>
<th>ISSUE DATE</th>
<th>EFFECTIVE EXPIRATION DATE</th>
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<tbody>
<tr>
<td>3088-V3</td>
<td>10/20/2016</td>
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<td>9/1/2016</td>
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<tr>
<td>3088-V1</td>
<td>2/22/2013</td>
<td>4/25/2016</td>
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<tr>
<td>2743-V9</td>
<td>5/3/2017</td>
<td>12/9/2018</td>
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<td>2743-V8</td>
<td>10/20/2016</td>
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<tr>
<td>2743-V7</td>
<td>4/5/2016</td>
<td>12/9/2018</td>
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While the investigation by the Louisiana Department of Environmental Quality (the Department) is not yet complete, the following violation was noted during the course of the inspection:

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EXHIBIT 1
A. According to the Respondent’s Unauthorized Discharge Report dated July 19, 2016, the Respondent determined that a ¼ inch bleeder valve on the Crorn-1 Unit Tetramerization Reactor was inadvertently left open by the operator responsible for the area. The release began on July 13, 2016 at approximately 5:09 p.m. and ended with the closing of the bleeder valve at 5:30 p.m. Approximately 6,570 pounds of Ethylene was released to atmosphere over the 22 minutes that the valve was open. This incident was due to operator error according to the Unauthorized Discharge Notification Report for the Department’s incident number T-171652. This is a violation of LAC 33:III.905, La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

B. The Department conducted inspections on November 21, 2016, December 16, 2016 and January 12, 2017 in response to a dust complaint, Incident No.174185, that was received on November 18, 2016. According to the inspection reports, the Respondent failed to take all reasonable precautions to prevent particulate matter from becoming airborne by promptly removing earth or other materials from paved roads onto which earth or other materials have been transported by trucking or earth moving equipment. This is a violation of LAC 33:III.1305.A.7, La. R.S. 30:2057(A)(1) and 30:2057(A)(2). According to the Respondent’s May 5, 2017 response, the Sasol Louisiana Megaproject currently has a workforce of approximately 6,000 contract personnel working in construction site wide. The Respondent stated that in order to minimize particulate matter from leaving the site and tracking mud and dirt onto the public roadways, it has developed and constructed an internal dirt haul road. This has reduced the use of public roadways by the dump truck traffic. The Dust Control Plan was updated as follows: 1. additional redirection of construction truck traffic off public roads when possible; 2. adding another road cleaning crew; 3. installation and maintenance of additional aggregate and stabilization of aggregate on internal roadways and driveways; 4. installation of additional corrugated steel panels or rumble in conjunction with aggregate at some entrances/exits.

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.

Prior to the issuance of any additional appropriate enforcement action, 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 Dr. Alicia B. Ryan at (225) 219-3374, or via email at Alicia.ryan@la.gov within ten (10) days of receipt of this NOTICE OF POTENTIAL PENALTY.

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 in order 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 violations 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 this statement. If the Respondent chooses not to submit the requested most current annual gross revenues statement within ten (10) days, it will be viewed by the Department as an admission that the Respondent has the ability to pay the statutory maximum penalty as outlined in La. R.S. 30:2025.
For each violation described herein, the Department reserves the right to seek civil penalties and the right to seek compliance with its rules and regulations in any manner allowed by law, and nothing herein shall be construed to preclude the right to seek such penalties and compliance.

The Department assesses civil penalties based on LAC 33:1.Subpart1.Chapter7. To expedite closure of this NOTICE OF POTENTIAL PENALTY, the Respondent may offer a settlement amount to resolve any claim for civil penalties for the violation(s) described herein. The Respondent may offer a settlement amount, but the Department is under no obligation to enter into settlement negotiations. The decision to proceed with a settlement is at the discretion of the Department. The settlement offer amount may be entered on the attached "NOTICE OF POTENTIAL PENALTY REQUEST TO SETTLE" form. The Respondent must include a justification of the offer. **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.

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 via email at _DEQ-WWWFinancialServices@la.gov_ to determine if you owe outstanding fees.

To reduce document handling, please refer to the Enforcement Tracking Number and Agency Interest Number on the front of this document on all correspondence in response to this action.

Sincerely,

[Signature]

Lourdes Neurralde
Assistant Secretary
Office of Environmental Compliance

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LI/ABR/abr
Alt ID No. 0520-00003

c: Sasol Chemicals (USA) LLC - Lake Charles Chemicals Complex
   2201 Old Spanish Trail
   Westlake, LA 70669
**NOTICE OF POTENTIAL PENALTY**  
**REQUEST TO SETTLE (OPTIONAL)**

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<th>Agency Interest (AI) No.</th>
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<th>Alternate ID No.</th>
<th></th>
<th><strong>Facility Name:</strong></th>
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<th><strong>Physical Location:</strong></th>
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<tr>
<td>AE-PP-16-00978</td>
<td>Contact Name: Alicia B. Ryan</td>
<td>3271</td>
<td>Contact Phone No.: 225-219-3374</td>
<td>0520-00003</td>
<td>SASOL CHEMICALS (USA) LLC</td>
<td>LAKE CHARLES CHEMICALS COMPLEX</td>
<td>2201 Old Spanish Trail</td>
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<td><strong>Respondent:</strong></td>
<td><strong>Facility Name:</strong></td>
<td></td>
<td><strong>Physical Location:</strong></td>
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<td><strong>City, State, Zip:</strong></td>
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<td><strong>Parish:</strong></td>
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<td>SASOL CHEMICALS (USA) LLC</td>
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**SETTLEMENT OFFER (OPTIONAL)**  
(check the applicable option)

___  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. Subpart 1, Chapter 7.

___  In order to resolve any claim for civil penalties for the violations in NOTICE OF POTENTIAL PENALTY (AE-PP-16-00978), the Respondent is interested in entering into settlement negotiations with the Department and would like to set up a meeting to discuss settlement procedures.

In order to resolve any claim for civil penalties for the violations in NOTICE OF POTENTIAL PENALTY (AE-PP-16-00978), 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.

- 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.

The Respondent has reviewed the violations noted in NOTICE OF POTENTIAL PENALTY (AE-PP-16-00978) 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.

<table>
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<tr>
<th>Respondent's Signature</th>
<th>Respondent's Printed Name</th>
<th>Respondent's Title</th>
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<th>Respondent's Physical Address</th>
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**MAIL COMPLETED DOCUMENT TO THE ADDRESS BELOW:**

Louisiana Department of Environmental Quality  
Office of Environmental Compliance  
Enforcement Division  
P.O. Box 4312  
Baton Rouge, LA 70821  
Attn: Alicia B. Ryan