

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

KINDER MORGAN LIQUIDS  
TERMINALS LLC

AI # 185924

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

\* Settlement Tracking No.  
\* SA-AE-22-0073  
\*  
\*  
\* Enforcement Tracking No.  
\* AE-PP-21-00844  
\*  
\*  
\*  
\*

SETTLEMENT

The following Settlement is hereby agreed to between Kinder Morgan Liquids Terminals 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 owned and/or operated a methanol distribution facility located in Geismar, Ascension Parish, Louisiana (“the Facility”).

II

On May 20, 2022, the Department issued to Respondent a Notice of Potential Penalty, Enforcement Tracking No. AE-PP-21-00844 (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 EIGHT THOUSAND AND NO/100 DOLLARS (\$8,000.00), of which Four Hundred Thirty-Nine and 41/100 Dollars (\$439.41) 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), permit record(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.

## XI

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Ascension 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.

**KINDER MORGAN LIQUIDS  
TERMINALS 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: \_\_\_\_\_  
Celena J. Cage, 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:  \_\_\_\_\_  
Celena J. Cage, Assistant Secretary

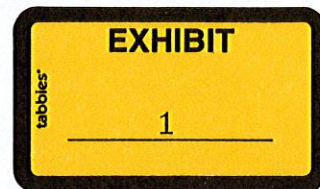
JOHN BEL EDWARDS  
GOVERNOR



CHUCK CARR BROWN, PH.D.  
SECRETARY

**State of Louisiana**  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
OFFICE OF ENVIRONMENTAL COMPLIANCE

MAY 20 2022



CERTIFIED MAIL (7019 1120 0000 2352 1794)  
RETURN RECEIPT REQUESTED

**KINDER MORGAN LIQUIDS TERMINALS LLC**  
c/o Capitol Corporate Services, Inc.  
Agent for Service of Process  
8550 United Plaza Building II, Ste. 305  
Baton Rouge, LA 70809

**RE: NOTICE OF POTENTIAL PENALTY  
ENFORCEMENT TRACKING NO. AE-PP-21-00844  
AGENCY INTEREST NO. 185924**

Dear Sir/Madam:

On or about March 3, 2021, an inspection of the **GEISMAR METHANOL TERMINAL** (the facility), a methanol distribution facility, owned and/or operated by **KINDER MORGAN LIQUIDS TERMINALS LLC (RESPONDENT)**, was performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act), the Air Quality Regulations, and all applicable permits. A subsequent file review was conducted on or about March 2, 2022. The facility is located at 4279 Louisiana Highway 73 in Geismar, Ascension Parish, Louisiana. The facility operates or has operated under the authority of the following air permits:

| PERMIT NO.    | ISSUE DATE | EXPIRATION DATE |
|---------------|------------|-----------------|
| 0180-00213-V4 | 03/08/2021 | 02/11/2025      |
| 0180-00213-V3 | 02/11/2020 | 02/11/2025      |
| 0180-00213-V2 | 09/04/2018 | 03/04/2020      |

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 inspection and/or file review:

- A. The Respondent failed to conduct the required annual maintenance for Emergency Generator GEN2 (EQT 0014). Pursuant to 40 CFR 60.4243(b)(1), the Respondent is required to operate and maintain the certified stationary spark ignition (SI) internal

Kinder Morgan Liquids Terminals LLC

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combustion engine and control device according to the manufacturer's emission-related written instructions. Based on the manufacturer's instructions provided by the Respondent, oil and filter changes must be conducted every 200 hours or yearly. The Respondent operated EQT 0014 from the date of the previous oil change, June 4, 2018 through taking engine out of service in November 2019 without an oil and filter change. In correspondence dated April 25, 2022, the Respondent reported EQT 0014 was returned to service on March 16, 2020. Each failure to conduct the required annual maintenance is a violation of 40 CFR 60.4243(b)(1), which has been incorporated by reference as Louisiana regulation LAC 33:III.3003, Specific Requirement 139 of Title V Permit No. 0180-00213-V2, LAC 33:III.501.C.4, and La. R.S 30:2057(A)(2). In the Response to the Warning Letter, Enforcement Tracking No. AE-L-21-00844 dated December 28, 2021, the Respondent reported the required oil change was conducted following the inspection and the maintenance program was updated to ensure maintenance work orders are generated at required intervals.

- B. The Respondent failed to document the weekly pump inspections for the Railcar/Tank Truck Loading Operations and Scrubber (CRG 0002) [EQT 0007, EQT 0004, and EQT 0005]. The Respondent is required to maintain records of the conducted weekly inspections by electronic or hard copy. The Respondent failed to maintain inspection records for the first week of March 2020 through the second week of November 2020. Each failure to document the weekly pump inspections is a violation of 40 CFR 63.1007(b)(3), which has been incorporated by reference as Louisiana regulation LAC 33:III.5122, Specific Requirement 34 of Title V Permit No. 0180-00213-V3, and LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2). In the Response to the Warning Letter, Enforcement Tracking No. AE-L-21-00844 dated December 28, 2021, the Respondent reported the inspections are now tracked in an internal tracking system.
- C. The Respondent failed to conduct the required maintenance for Emergency Generator GEN1 (EQT 0013). Pursuant to 40 CFR 60.4211(a)(1), the Respondent is required to operate and maintain the stationary compression ignition (CI) internal combustion engine and control device according to the manufacturer's emission-related written instructions. Based on the manufacturer's instructions provided by the Respondent, the engine oil must be changed every two (2) years at the latest for engines operated at low runtimes. The Respondent operated EQT 0013 from the date of the previous oil change, June 4, 2018, to the date of the inspection, March 3, 2021, without changing the oil. Each failure to conduct the required annual maintenance is a violation of 40 CFR 60.4211(a)(1), which has been incorporated by reference as Louisiana regulation LAC 33:III.3003, Specific Requirement 64 of Title V Permit No. 0180-00213-V3, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(2). In the Response to the Warning Letter, Enforcement Tracking No. AE-L-21-00844 dated December 28, 2021, the Respondent reported the required oil change was conducted following the inspection and the maintenance program was updated to ensure maintenance work orders are generated at required intervals.

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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 Antoinette Cobb at (225) 219-3072 or antoinette.cobb@ 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:I.Subpart1.Chapter 7. 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 may submit the settlement offer within one hundred and eighty (180) days of receipt of this **NOTICE OF POTENTIAL PENALTY**. 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.

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.



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Sincerely,



Celena J. Cage  
Assistant Secretary  
Office of Environmental Compliance

CJC/AFC/afc  
Alt ID No. 0180-00213

c: Kinder Morgan Liquids Terminals LLC  
c/o Mr. Zach Smith, Regional EHS Manager  
P.O. Box 479  
Geismar, LA 70734

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

**NOTICE OF POTENTIAL PENALTY  
 REQUEST TO SETTLE (OPTIONAL)**



|                          |   |                    |                           |
|--------------------------|---|--------------------|---------------------------|
| Enforcement Tracking No. | AE-PP-21-00844                          | Contact Name       | Antoinette Cobb           |
| Agency Interest (AI) No. | 185924                                  | Contact Phone No.  | (225) 219-3072            |
| Alternate ID No.         | 0180-00213                              |                    |                           |
| Respondent:              | Kinder Morgan Liquids Terminals LLC     | Facility Name:     | Geismar Methanol Terminal |
|                          | c/o Capitol Corporate Services, Inc.    | Physical Location: | 4279 Louisiana Highway 73 |
|                          | Agent for Service of Process            |                    |                           |
|                          | 8550 United Plaza Building II, Ste. 305 | City, State, Zip:  | Geismar, LA 70734         |
|                          | Baton Rouge, LA 70809                   | Parish:            | Ascension                 |

**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.Subpart1.Chapter7.
- In order to resolve any claim for civil penalties for the violations in NOTICE OF POTENTIAL PENALTY (AE-PP-21-00844), the Respondent is interested in entering into settlement negotiations with the Department and would like to set up a meeting to discuss settlement procedures.
- The Respondent may submit the settlement offer within one hundred and eighty (180) days of receipt of this NOTICE OF POTENTIAL PENALTY (AE-PP-21-00844).
- In order to resolve any claim for civil penalties for the violations in NOTICE OF POTENTIAL PENALTY (AE-PP-21-00844), 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-21-00844) 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  
 P.O. Box 4312  
 Baton Rouge, LA 70821  
 Attn: Antoinette Cobb