OHIO E.P.A

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ENTERED DIRECTOR'S JOURNAL

BEFORE THE OHIO

ENVIRONMENTAL PROTECTION AGENCY

In The Matter Of:

Directors Final Findings and Orders

Shell Pipeline Company
1500 West Buckeye Road
Lima, Ohio 45804

PREAMBLE

It is agreed by the parties hereto as follows:

I. JURISDICTION

These Director's Final Findings and Orders ("Orders") are issued to Shell Pipeline Company ("Respondent"), pursuant to the authority vested in the Director of the Ohio Environmental Protection Agency ("Ohio EPA") under Ohio Revised Code(ORC) 3753.01 and 3753.08.

II. PARTIES BOUND

These Orders shall apply to and be binding upon Respondent under Ohio law. No change in ownership of the facility shall in any way alter Respondent's obligations under these Orders.

III. DEFINITIONS

Unless otherwise stated, all terms used in these Orders shall have the same meaning as defined in ORC Chapter 3753 and the rules promulgated thereunder.

IV. FINDINGS

The Director of the Ohio EPA has determined the following findings:

1. Respondent operated a bulk petroleum gasoline storage and pipeline facility, and a separate butane blending operation located at 1500 West Buckeye Road in Lima, Ohio. At the time of the inspection Respondent was identified by Ohio EPA by facility ID 100000181046. Butane is a Risk Management Plan (RMP) regulated flammable substance listed in Ohio Administrative Code (OAC) rule 3745-104-04, and has a threshold limit of 10,000 pounds. At the time of the inspection Respondent pumped butane into two (2) storage vessels at this facility, and stored until it was pumped into the main pipeline for petroleum blending. The butane inventory for Respondent's facility had a potential maximum quantity of 799,343 pounds which included two (2) 87,659 gallon butane bullet tanks. Following the date of the inspection and prior to this settlement agreement Respondent sold the bulk petroleum gasoline storage and pipeline facility, and a separate blending operation located at 1500 West Buckeye Road in Lima, Ohio

I certify this to be a true and accurate copy of the official document as filed in the records of the Ohio Environmental Protection Agency.
By [signature] Date 1-12-05

An owner or operator of a stationary source that has more than a threshold quantity of a regulated substance in a process, as determined by OAC rule 3745-104-02, shall comply with the requirements of this rule by submitting an RMP no later than June 21, 1999. The Respondent submitted an RMP on January 7, 2003; however, the Respondent was required to submit an RMP in September of 2002, when the facility began storing a threshold quantity of butane.

On February 19, 2004, Ohio EPA, Division of Air Pollution Control (DAPC) inspectors conducted an audit at the facility and discovered five deficiencies. The deficiencies are as follows:

a) Respondent was subject to the applicability rule in 2002, due to butane being stored at the facility beginning in September 2002. An RMP was not submitted until January of 2003; therefore, the facility's RMP was submitted four (4) months late, pursuant to OAC rule 3745-104-05(A),(3).

b) Respondent did not have a management system available, as required by OAC rule 3745-104-07.

c) Respondent failed to present the population source and documentation, using the most recent census data or updated information, to estimate the population potentially affected, as required by OAC rule 3745-104-12(C).

d) Respondent failed to address the stationary source human factors and failed to include the butane injection process in the process hazard analysis, as required by OAC rule 3745-104-25.

e) Respondent failed to address the butane injection process in the standard operating procedures, as required by OAC rule 3745-104-26.

4. On February 23, 2004, a deficiency letter was sent to the facility official requesting the completed and corrected documentation pertaining to the deficiencies within thirty (30) days of receipt of the letter. There was no response within the thirty (30) days.

5. On April 14, 2004, the Ohio EPA sent a warning letter requiring the facility official to submit the documentation within ten (10) days of receipt of the letter. There was no response.

6. The Director has given consideration to, and based on his determination on, evidence relating to the technical feasibility and economic reasonableness of complying with the following Orders and benefits to the people of the State to be derived from such compliance.

V. ORDERS

The Director hereby issues the following Orders:

1. Pursuant to ORC 3753.09, Respondent is assessed a civil penalty in the amount of ttwenty-seven thousand five hundred sixty dollars ($27,560) in settlement of Ohio EPA's claim for civil penalties. Within fourteen (14) days after the effective date of these Orders, Respondent shall pay to Ohio EPA the amount of $27,560 in settlement of Ohio EPA's claims for civil penalties, which will be deposited into the Risk Management Plan fund established pursuant to ORC 3753.05.

   Payment shall be made by an official check made payable to "Treasurer, State of Ohio" for $27,560. The official check shall be submitted to Ohio EPA, Office of Fiscal Administration, attention Brenda Case, P.O. Box 1049, Columbus, Ohio 43216-1049, together with a letter identifying Respondent and the facility.

   A copy of this check shall be sent to

   Jim Orlemann
   Manager, Engineering Section
   Ohio Environmental Protection Agency
   Division of Air Pollution Control
   Lazarus Government Center
   P.O. Box 1049
   Columbus, Ohio 43216-1049

VI. TERMINATION

Respondent's obligations under these Orders shall terminate upon Ohio EPA's receipt of the official check required by Section V of these Orders.

VII. OTHER CLAIMS

Nothing in these orders shall constitute or be construed as a release from any claim, cause of action or demand in law or equity against any person, firm, partnership or corporation, not a party to these Orders, for any liability arising from, or related to Respondent.

VIII. OTHER APPLICABLE LAWS

All actions required to be taken pursuant to these Orders shall be undertaken in accordance with the requirements of all applicable local, State and federal laws and regulations. These Orders do not waive or compromise the applicability and enforcement of any other statutes or regulations applicable to Respondent.

IX. MODIFICATIONS

These orders may be modified by agreement of the parties hereto. Modifications shall be in writing and shall be effective on the date entered in the journal of the Director of the Ohio EPA.

X. NOTICE

All documents required to be submitted by Respondent pursuant to these Orders shall be addressed to:

Ohio Environmental Protection Agency
Division of Air Pollution Control
P.O. Box 1049
Columbus, Ohio 43216-0149
Attention: Kimberly Joseph, DAPC, RMP

XI. RESERVATION OF RIGHTS

Ohio EPA and Respondent each reserve all rights, privileges and causes of action, except as specifically waived in section XII of this Orders.

XII. WAIVER

In order to resolve disputed claims, without admission of fact, violation or liability, and in lieu of further enforcement action taken by Ohio EPA for only the violations specifically cited in these Orders, Respondent consents to the issuance of these Orders and agrees to comply with these Orders. Compliance with these Orders shall be a full accord and satisfaction for Respondent's liability for the violations specifically cited herein.

Respondent hereby waives the right to appeal the issuance, terms and conditions, and services of these Orders, and Respondent hereby waives any and all rights Respondent may have to seek administrative or judicial review of these Orders either in law or equity.

Notwithstanding the preceding, Ohio EPA and Respondent agree that if these Orders are appealed by any other party to the Environmental Review Appeals Commission, or any court, Respondent retains the right to intervene and participate in such appeal and intervention unless these Orders are stay vacated or modified.

XIII. EFFECTIVE DATE

The effective date of these Orders is the date these Orders are entered into the Ohio EPA Director's journal.

XIV. SIGNATORY AUTHORITY

Each undersigned representative of a party to these Orders certifies that he or she is fully authorized to enter into these Orders and to legally bind such party to these Orders.

IT IS SO ORDERED AND AGREED:

Ohio Environmental Protection Agency

Christopher Jones
Director

Date 1-7-05

IT IS AGREED:

Shell Pipeline Company

Signature

12/7/04
Date

A.G. SMITH

Printed or Typed Name

MANAGER OSOG
Title