EXECUTIVE SUMMARY - ENFORCEMENT MATTER

DOCKET NO.: 2007-0369-AIR-E **TCEQ ID:** RN102027174 **CASE NO.:** 32895

RESPONDENT NAME: Shell Pipeline Company, LP

ORDER TYPE:		
X 1660 AGREED ORDER	__FINDINGS AGREED ORDER	__FINDINGS ORDER FOLLOWING SOAH HEARING
__FINDINGS DEFAULT ORDER	__SHUTDOWN ORDER	__IMMINENT AND SUBSTANTIAL ENDANGERMENT ORDER
__AMENDED ORDER	__EMERGENCY ORDER	
CASE TYPE:		
X AIR	__MULTI-MEDIA (check all that apply)	__INDUSTRIAL AND HAZARDOUS WASTE
__PUBLIC WATER SUPPLY	__PETROLEUM STORAGE TANKS	__OCCUPATIONAL CERTIFICATION
__WATER QUALITY	__SEWAGE SLUDGE	__UNDERGROUND INJECTION CONTROL
__MUNICIPAL SOLID WASTE	__RADIOACTIVE WASTE	__DRY CLEANER REGISTRATION

SITE WHERE VIOLATION(S) OCCURRED: Port Arthur Products Station, 5300 Old West Port Arthur Road, Port Arthur, Jefferson County

TYPE OF OPERATION: Pipeline station

SMALL BUSINESS: ___ Yes X No

OTHER SIGNIFICANT MATTERS: There are no complaints. There is no record of additional pending enforcement actions regarding this facility location.

INTERESTED PARTIES: No one other than the ED and the Respondent has expressed an interest in this matter.

COMMENTS RECEIVED: The *Texas Register* comment period expired on August 6, 2007. No comments were received.

CONTACTS AND MAILING LIST:

TCEQ Attorney/SEP Coordinator: None

TCEQ Enforcement Coordinator: Ms Roshondra Lowe, Enforcement Division, Enforcement Team 5, MC R-12; Mr. David Van Soest, Enforcement Division, MC 219, (512) 239-0468

Respondent: Mr Joseph Miller, Environmental Coordinator, Shell Pipeline Company, LP, 777 Walker Street TSP 1586, Houston, Texas 77702

Mr. Greg A. Smith, Regional Operations Manager, Shell Pipeline Company, LP, 777 Walker Street TSP 1586, Houston Texas 77702

Respondent's Attorney: Not represented by counsel on this enforcement matter

VIOLATION SUMMARY CHART:

VIOLATION INFORMATION	PENALTY CONSIDERATIONS	CORRECTIVE ACTIONS TAKEN/REQUIRED
Type of Investigation: __ Complaint _X_ Routine __ Enforcement Follow-up __ Records Review **Date(s) of Complaints Relating to this Case:** None **Date of Investigation Relating to this Case:** February 8, 2007 **Date of NOE Relating to this Case:** February 28, 2007 (NOE) **Background Facts:** This was a routine investigation. Three significant program violations were observed. **AIR** 1) Failure to perform quarterly opacity observations of the stationary vents in the Internal Combustion (IC) Unit for the fourth quarter of 2005 and first, second and third quarters of 2006 [30 TEX. ADMIN. CODE § 122.143(4), TEX. HEALTH & SAFETY CODE § 382.085(b), and Operating Permit O-02733, Special Condition 3(A)(iv)(1)]. 2) Failure to submit a Semi-Annual Deviation Report (SDR) for Permit O-02733, for the time period of September 7, 2005, through March 7, 2006. Specifically, deviations related to the failure to conduct quarterly opacity observations during the fourth quarter of 2005 and first quarter of 2006 were not reported [30 TEX. ADMIN. CODE §§ 122.143(4) and 122.145(2)(A-B), TEX. HEALTH & SAFETY CODE § 382.085(b), and Operating Permit O-02733, General Conditions]. 3) Failure to accurately report all deviations which occurred during the report period of September 7, 2005, to September 6, 2006. Specifically, the Annual Compliance Certification (ACC) submitted did not identify the deviation for failure to conduct quarterly opacity observations during the fourth quarter of 2005 and first quarter of 2006 for the IC Unit [30 TEX. ADMIN. CODE §§ 122.146(1)	**Total Assessed:** $6,534 **Total Deferred:** $1,306 _X_ Expedited Settlement __Financial Inability to Pay **SEP Conditional Offset:** $0 **Total Paid to General Revenue:** $5,228 **Site Compliance History Classification** _X_ **High** __ **Average** __ **Poor** **Person Compliance History Classification** __ **High** _X_ **Average** __ **Poor** **Major Source:** _X_ Yes ___ No **Applicable Penalty Policy:** September 2002	**Ordering Provisions:** The Order will require the Respondent to: a) Within 30 days after the effective date of this Agreed Order: i. Report deviations for failure to conduct quarterly opacity observations during the fourth quarter of 2005 and first quarter of 2006 on the next deviation report; and ii. Implement measures designed to ensure personnel are aware of quarterly opacity observation requirements to ensure accurate and timely deviation reporting. b) Within 45 days after the effective date of this Agreed Order, submit written certification demonstrating compliance with Ordering Provisions a.i. through a.ii. The certification shall include detailed supporting documentation including receipts, monitoring records, and/or other records to demonstrate compliance, and be notarized by a State of Texas Notary Public.

and 122.146(5)(C-D)(v) and TEX. HEALTH & SAFETY CODE § 382.085(b)].		

Penalty Calculation Worksheet (PCW)

TCEQ

Policy Revision 2 (September 2002) — *PCW Revision January 9, 2007*

DATES					
Assigned	5-Mar-2007				
PCW	19-Mar-2007	Screening	12-Mar-2007	EPA Due	

RESPONDENT/FACILITY INFORMATION

Respondent	Shell Pipeline Company, LP		
Reg. Ent. Ref. No.	RN102027174		
Facility/Site Region	10-Beaumont	Major/Minor Source	Major

CASE INFORMATION

Enf./Case ID No.	32895	No. of Violations	3
Docket No.	2007-0369-AIR-E	Order Type	1660
Media Program(s)	Air Quality	Enf. Coordinator	Roshondra Lowe
Multi-Media		EC's Team	EnforcementTeam 6
Admin. Penalty $ Limit Minimum	$0	Maximum	$10,000

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties) — *Subtotal 1* **$6,600**

ADJUSTMENTS (+/-) TO SUBTOTAL 1

Subtotals 2-7 are obtained by multiplying the Total Base Penalty (Subtotal 1) by the indicated percentage.

Compliance History — **-1%** Enhancement — *Subtotals 2, 3, & 7* **-$66**

Notes: Penalty reduction due to one Notice of Audit.

Culpability — No — **0%** Enhancement — *Subtotal 4* **$0**

Notes: The Respondent does not meet the culpability criteria.

Good Faith Effort to Comply — **0%** Reduction — *Subtotal 5* **$0**

	Before NOV	NOV to EDPRP/Settlement Offer
Extraordinary		
Ordinary		
N/A	x	(mark with x)

Notes: The Respondent does not meet the good faith criteria.

0% Enhancement* — *Subtotal 6* **$0**

**Capped at the Total EB $ Amount*

Total EB Amounts	$4,588
Approx. Cost of Compliance	$6,000

SUM OF SUBTOTALS 1-7 — *Final Subtotal* **$6,534**

OTHER FACTORS AS JUSTICE MAY REQUIRE — *Adjustment* **$0**

Reduces or enhances the Final Subtotal by the indicated percentage. *(Enter number only; e.g. -30 for -30%.)*

Notes:

Final Penalty Amount **$6,534**

STATUTORY LIMIT ADJUSTMENT — *Final Assessed Penalty* **$6,534**

DEFERRAL — **20%** Reduction — *Adjustment* **-$1,306**

Reduces the Final Assessed Penalty by the indicted percentage. *(Enter number only; e.g. 20 for 20% reduction.)*

Notes: Deferral offered for expedited settlement.

PAYABLE PENALTY **$5,228**

Screening Date 12-Mar-2007 **Docket No.** 2007-0369-AIR-E **PCW**

Respondent Shell Pipeline Company, LP *Policy Revision 2 (September 2002)*

Case ID No. 32895 *PCW Revision January 9, 2007*

Reg. Ent. Reference No. RN102027174

Media [Statute] Air Quality

Enf. Coordinator Roshondra Lowe

Compliance History Worksheet

>> Compliance History *Site* Enhancement (Subtotal 2)

Component	Number of...	Enter Number Here	Adjust.
NOVs	Written NOVs with same or similar violations as those in the current enforcement action (*number of NOVs meeting criteria*)	0	0%
	Other written NOVs	0	0%
Orders	Any agreed final enforcement orders containing a denial of liability (*number of orders meeting criteria*)	0	0%
	Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission	0	0%
Judgments and Consent Decrees	Any non-adjudicated final court judgments or consent decrees containing a denial of liability of this state or the federal government (*number of judgements or consent decrees meeting criteria*)	0	0%
	Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government	0	0%
Convictions	Any criminal convictions of this state or the federal government (*number of counts*)	0	0%
Emissions	Chronic excessive emissions events (*number of events*)	0	0%
Audits	Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (*number of audits for which notices were submitted*)	1	-1%
	Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (*number of audits for which violations were disclosed*)	0	0%
		Please Enter Yes or No	
Other	Environmental management systems in place for one year or more	No	0%
	Voluntary on-site compliance assessments conducted by the executive director under a special assistance program	No	0%
	Participation in a voluntary pollution reduction program	No	0%
	Early compliance with, or offer of a product that meets future state or federal government environmental requirements	No	0%

Adjustment Percentage (Subtotal 2) -1%

>> Repeat Violator (Subtotal 3)

No ***Adjustment Percentage (Subtotal 3)*** 0%

>> Compliance History Person Classification (Subtotal 7)

Average Performer ***Adjustment Percentage (Subtotal 7)*** 0%

>> Compliance History Summary

Compliance History Notes

Penalty reduction due to one Notice of Audit.

Total Adjustment Percentage (Subtotals 2, 3, & 7) -1%

Screening Date 12-Mar-2007 **Docket No.** 2007-0369-AIR-E **PCW**

Respondent Shell Pipeline Company, LP *Policy Revision 2 (September 2002)*

Case ID No. 32895 *PCW Revision January 9, 2007*

Reg. Ent. Reference No. RN102027174

Media [Statute] Air Quality

Enf. Coordinator Roshondra Lowe

Violation Number 1

Rule Cite(s) 30 Tex. Admin. Code § 122.143(4), Tex. Health & Safety Code § 382.085(b), and Operating Permit O-02733, Special Condition 3(A)(iv)(1)

Violation Description Failed to perform quarterly opacity observations of the stationary vents in the Internal Combustion (IC) Unit for the fourth quarter of 2005 and first, second and third quarters of 2006.

Base Penalty $10,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm: Major	Moderate	Minor
Actual			
Potential			x

Percent 10%

>>Programmatic Matrix

Falsification	Major	Moderate	Minor

Percent 0%

Matrix Notes: Human health or the environment will or could be exposed to insignificant amounts of pollutants which would not exceed levels that are protective of human health or environmental receptors as a result of this violation.

Adjustment $9,000

$1,000

Violation Events

Number of Violation Events 4 365 Number of violation days

mark only one with an x

daily	
monthly	
quarterly	
semiannual	
annual	
single event	x

Violation Base Penalty $4,000

Four single events are recommended.

Economic Benefit (EB) for this violation

Estimated EB Amount $4,550

Statutory Limit Test

Violation Final Penalty Total $3,960

This violation Final Assessed Penalty (adjusted for limits) $3,960

Economic Benefit Worksheet

Respondent Shell Pipeline Company, LP
Case ID No. 32895
Reg. Ent. Reference No. RN102027174
Media Air Quality
Violation No. 1

Percent Interest	Years of Depreciation
5.0	15

Item Description (No commas or $)	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Delayed Costs							
Equipment				0.0	$0	$0	$0
Buildings				0.0	$0	$0	$0
Other (as needed)				0.0	$0	$0	$0
Engineering/construction				0.0	$0	$0	$0
Land				0.0	$0	n/a	$0
Record Keeping System				0.0	$0	n/a	$0
Training/Sampling	$1,500	7-Sep-2005	30-Nov-2007	2.2	$167	n/a	$167
Remediation/Disposal				0.0	$0	n/a	$0
Permit Costs				0.0	$0	n/a	$0
Other (as needed)				0.0	$0	n/a	$0
Notes for DELAYED costs	Estimated cost of measures designed to ensure performance of quarterly opacity observations of stationary vents in the IC unit. Date required is date violation was first documented. Final date based on projected date corrective actions will be completed.						
Avoided Costs	ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)						
Disposal				0.0	$0	$0	$0
Personnel				0.0	$0	$0	$0
Inspection/Reporting/Sampling				0.0	$0	$0	$0
Supplies/equipment				0.0	$0	$0	$0
Financial Assurance [2]				0.0	$0	$0	$0
ONE-TIME avoided costs [3]				0.0	$0	$0	$0
Other (as needed)	$4,000	1-Sep-2005	31-Aug-2006	1.9	$383	$4,000	$4,383
Notes for AVOIDED costs	Estimated cost avoided by not conducting observations. Date required and final date based on time frame observations were not conducted.						

Approx. Cost of Compliance	$5,500	TOTAL	$4,550

Screening Date	12-Mar-2007	**Docket No.** 2007-0369-AIR-E	**PCW**
Respondent	Shell Pipeline Company, LP		*Policy Revision 2 (September 2002)*
Case ID No.	32895		*PCW Revision January 9, 2007*
Reg. Ent. Reference No.	RN102027174		
Media [Statute]	Air Quality		
Enf. Coordinator	Roshondra Lowe		

Violation Number 2

Rule Cite(s) 30 Tex. Admin. Code §§ 122.143(4) and 122.145(2)(A-B), Tex. Health & Safety Code § 382.085(b), and Operating Permit O-02733, General Conditions

Violation Description Failed to submit a Semi-Annual Deviation Report (SDR) for Permit O-02733, for the time period of September 7, 2005, through March 7, 2006. Specifically, deviations related to the failure to conduct quarterly opacity observations during the fourth quarter of 2005 and first quarter of 2006 were not reported.

Base Penalty $10,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm: Major	Moderate	Minor
Actual			
Potential			

Percent 0%

>>Programmatic Matrix

Falsification	Major	Moderate	Minor
	x		

Percent 25%

Matrix Notes: 100 percent of the rule requirements were not met.

Adjustment $7,500

$2,500

Violation Events

Number of Violation Events 1

1 Number of violation days

mark only one with an x

daily	
monthly	
quarterly	
semiannual	
annual	
single event	x

Violation Base Penalty $2,500

One single event is recommended.

Economic Benefit (EB) for this violation

Estimated EB Amount $38

Statutory Limit Test

Violation Final Penalty Total $2,475

This violation Final Assessed Penalty (adjusted for limits) $2,475

Economic Benefit Worksheet

Respondent Shell Pipeline Company, LP
Case ID No. 32895
Reg. Ent. Reference No. RN102027174
Media Air Quality
Violation No. 2

Percent Interest	Years of Depreciation
5.0	15

Item Description (No commas or $)	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Delayed Costs							
Equipment				0.0	$0	$0	$0
Buildings				0.0	$0	$0	$0
Other (as needed)				0.0	$0	$0	$0
Engineering/construction				0.0	$0	$0	$0
Land				0.0	$0	n/a	$0
Record Keeping System				0.0	$0	n/a	$0
Training/Sampling				0.0	$0	n/a	$0
Remediation/Disposal				0.0	$0	n/a	$0
Permit Costs				0.0	$0	n/a	$0
Other (as needed)	$500	7-Apr-2006	7-Oct-2007	1.5	$38	n/a	$38

Notes for DELAYED costs: Estimated cost of training necessary to ensure personnel are aware of quarterly opacity observation requirements to ensure accurate and timely deviation reporting. Date required is date unreported violations were required to be reported. Final date based on the projected date corrective actions will be completed.

Avoided Costs (ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs))							
Disposal				0.0	$0	$0	$0
Personnel				0.0	$0	$0	$0
Inspection/Reporting/Sampling				0.0	$0	$0	$0
Supplies/equipment				0.0	$0	$0	$0
Financial Assurance [2]				0.0	$0	$0	$0
ONE-TIME avoided costs [3]				0.0	$0	$0	$0
Other (as needed)				0.0	$0	$0	$0

Notes for AVOIDED costs:

Approx. Cost of Compliance: $500

TOTAL: $38

Screening Date	12-Mar-2007	**Docket No.** 2007-0369-AIR-E	**PCW**
Respondent	Shell Pipeline Company, LP		*Policy Revision 2 (September 2002)*
Case ID No.	32895		*PCW Revision January 9, 2007*
Reg. Ent. Reference No.	RN102027174		
Media [Statute]	Air Quality		
Enf. Coordinator	Roshondra Lowe		

Violation Number 3

Rule Cite(s) 30 Tex. Admin. Code §§ 122.146(1) and 122.146(5)(C-D)(v), and Tex. Health & Safety Code § 382.085(b)

Violation Description Failed to accurately report all deviations which occurred during the report period of September 7, 2005, to September 6, 2006. Specifically, the Annual Compliance Certification (ACC) submitted did not identify the deviation for failure to conduct quarterly opacity observations during the fourth quarter of 2005 and first quarter of 2006 for the IC Unit..

Base Penalty $10,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm: Major	Moderate	Minor
Actual			
Potential			

Percent 0%

>>Programmatic Matrix

Falsification	Major	Moderate	Minor
			x

Percent 1%

Matrix Notes: Less than 30 percent of the Annual Compliance Certification information was not accurately reported.

Adjustment $9,900

$100

Violation Events

Number of Violation Events 1

1 Number of violation days

mark only one with an x

daily	
monthly	
quarterly	
semiannual	
annual	
single event	x

Violation Base Penalty $100

One single event is recommended.

Economic Benefit (EB) for this violation

Estimated EB Amount $0

Statutory Limit Test

Violation Final Penalty Total $99

This violation Final Assessed Penalty (adjusted for limits) $99

Economic Benefit Worksheet

Respondent Shell Pipeline Company, LP
Case ID No. 32895
Reg. Ent. Reference No. RN102027174
Media Air Quality
Violation No. 3

Percent Interest	Years of Depreciation
5.0	15

Item Description (No commas or $)	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Delayed Costs							
Equipment				0.0	$0	$0	$0
Buildings				0.0	$0	$0	$0
Other (as needed)				0.0	$0	$0	$0
Engineering/construction				0.0	$0	$0	$0
Land				0.0	$0	n/a	$0
Record Keeping System				0.0	$0	n/a	$0
Training/Sampling				0.0	$0	n/a	$0
Remediation/Disposal				0.0	$0	n/a	$0
Permit Costs				0.0	$0	n/a	$0
Other (as needed)				0.0	$0	n/a	$0
Notes for DELAYED costs	The economic benefit for this violation is included in that for Violation No. 2.						
Avoided Costs	ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)						
Disposal				0.0	$0	$0	$0
Personnel				0.0	$0	$0	$0
Inspection/Reporting/Sampling				0.0	$0	$0	$0
Supplies/equipment				0.0	$0	$0	$0
Financial Assurance [2]				0.0	$0	$0	$0
ONE-TIME avoided costs [3]				0.0	$0	$0	$0
Other (as needed)				0.0	$0	$0	$0
Notes for AVOIDED costs							

Approx. Cost of Compliance: $0

TOTAL: $0

Compliance History

Customer/Respondent/Owner-Operator:	CN600123996	Shell Pipeline Company, LP	Classification: AVERAGE	Rating: 2.94
Regulated Entity:	RN102027174	SHELL PIPELINE CO PORT ARTHUR PRODUCTS STATION	Classification: HIGH	Site Rating: 0.00

ID Number(s):		
	AIR NEW SOURCE PERMITS	ACCOUNT NUMBER	JE0100M
	AIR NEW SOURCE PERMITS	AFS NUM	4824500048
	AIR NEW SOURCE PERMITS	PERMIT	56342
	AIR NEW SOURCE PERMITS	REGISTRATION	56343
	AIR OPERATING PERMITS	ACCOUNT NUMBER	JE0100M
	AIR OPERATING PERMITS	PERMIT	2733
	WASTEWATER	PERMIT	WQ000353000
	WASTEWATER	EPA ID	TPDES 111686

Location:	5300 OLD W PORT ARTHUR ROAD, PORT ARTHUR, TX, 77460	Rating Date: September 01 06	Repeat Violator: NO
TCEQ Region:	REGION 10 - BEAUMONT		
Date Compliance History Prepared:	March 08, 2007		
Agency Decision Requiring Compliance History:	Enforcement		
Compliance Period:	February 05, 2002 to February 05, 2007		

TCEQ Staff Member to Contact for Additional Information Regarding this Compliance History

Name: Roshondra Lowe Phone: (713) 767-3553

Site Compliance History Components

1. Has the site been in existence and/or operation for the full five year compliance period?	Yes
2. Has there been a (known) change in ownership of the site during the compliance period?	Yes
3. If Yes, who is the current owner?	Shell Pipeline Company, LP
4. if Yes, who was/were the prior owner(s)?	Equilon Pipeline Company, LLC
5. When did the change(s) in ownership occur?	05/01/2002

Components (Multimedia) for the Site :

A. Final Enforcement Orders, court judgements, and consent decrees of the state of Texas and the federal government.

N/A

B. Any criminal convictions of the state of Texas and the federal government.

N/A

C. Chronic excessive emissions events.

N/A

D. The approval dates of investigations. (CCEDS Inv. Track. No.)

1 08/21/2002 (7828)

N/A

2 05/28/2003 (34569)
3 07/08/2003 (34639)
4 05/11/2004 (266049)
5 09/10/2004 (287831)
6 08/01/2005 (400505)
7 01/17/2006 (440143)
8 08/31/2006 (431779)
9 12/28/2006 (518827)

E. Written notices of violations (NOV). (CCEDS Inv. Track. No.)

F. Environmental audits.

Notice of Intent Date: 02/13/2003 (33185)
No DOV Associated

G. Type of environmental management systems (EMSs).

N/A

H. Voluntary on-site compliance assessment dates.

N/A

I. Participation in a voluntary pollution reduction program.

N/A

J. Early compliance.

N/A

Sites Outside of Texas

N/A

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

IN THE MATTER OF AN	§	**BEFORE THE**
ENFORCEMENT ACTION	§	
CONCERNING	§	**TEXAS COMMISSION ON**
SHELL PIPELINE COMPANY, LP	§	
RN102027174	§	**ENVIRONMENTAL QUALITY**

AGREED ORDER
DOCKET NO. 2007-0369-AIR-E

I. JURISDICTION AND STIPULATIONS

At its _____ agenda, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding Shell Pipeline Company, LP ("Shell") under the authority of TEX. HEALTH & SAFETY CODE ch. 382 and TEX. WATER CODE ch. 7. The Executive Director of the TCEQ, through the Enforcement Division, and Shell appear before the Commission and together stipulate that:

1. Shell owns and operates a Pipeline Station at 5300 Old West Port Arthur Road in Port Arthur, Jefferson County, Texas (the "Plant").

2. The Plant consists of one or more sources as defined in TEX. HEALTH & SAFETY CODE § 382.003(12).

3. The Commission and Shell agree that the Commission has jurisdiction to enter this Agreed Order, and that Shell is subject to the Commission's jurisdiction.

4. Shell received notice of the violations alleged in Section II ("Allegations") on or about March 5, 2007.

5. The occurrence of any violation is in dispute and the entry of this Agreed Order shall not constitute an admission by Shell of any violation alleged in Section II ("Allegations"), nor of any statute or rule.

6. An administrative penalty in the amount of Six Thousand Five Hundred Thirty-Four Dollars ($6,534) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). Shell has paid Five Thousand Two Hundred Twenty-Eight Dollars ($5,228) of

the administrative penalty and One Thousand Three Hundred Six Dollars ($1,306) is deferred contingent upon Shell's timely and satisfactory compliance with all the terms of this Agreed Order. The deferred amount will be waived upon full compliance with the terms of this Agreed Order. If Shell fails to timely and satisfactorily comply with all requirements of this Agreed Order, the Executive Director may require Shell to pay all or part of the deferred penalty.

7. Any notice and procedures, which might otherwise be authorized or required in this action, are waived in the interest of a more timely resolution of the matter.

8. The Executive Director of the TCEQ and Shell have agreed on a settlement of the matters alleged in this enforcement action, subject to the approval of the Commission.

9. The Executive Director may, without further notice or hearing, refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings if the Executive Director determines that Shell has not complied with one or more of the terms or conditions in this Agreed Order.

10. This Agreed Order shall terminate five years from its effective date or upon compliance with all the terms and conditions set forth in this Agreed Order, whichever is later.

11. The provisions of this Agreed Order are deemed severable and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Agreed Order unenforceable, the remaining provisions shall be valid and enforceable.

II. ALLEGATIONS

As owner and operator of the Plant, Shell is alleged to have:

1. Failed to perform quarterly opacity observations of the stationary vents in the Internal Combustion ("IC") Unit for the fourth quarter of 2005; and first, second, and third quarters of 2006, in violation of 30 TEX. ADMIN. CODE § 122.143(4), TEX. HEALTH & SAFETY CODE § 382.085(b), and Operating Permit O-02733, Special Condition 3(A)(iv)(1), as documented during an investigation conducted on February 8, 2007.

2. Failed to submit a Semi-Annual Deviation Report (SDR) for Permit O-02733, for the time period of September 7, 2005, through March 7, 2006, in violation of 30 TEX. ADMIN. CODE §§ 122.143(4) and 122.145(2)(A-B), TEX. HEALTH & SAFETY CODE § 382.085(b), and Operating Permit O-02733, General Conditions. Specifically, deviations related to the failure to conduct quarterly opacity observations during the fourth quarter of 2005 and first quarter of 2006 were not reported, as documented during an investigation conducted on February 8, 2007.

3. Failed to accurately report all deviations which occurred during the report period of September 7, 2005, to September 6, 2006, in violation of 30 TEX. ADMIN. CODE §§ 122.146(1) and 122.146(5)(C-D)(v), and TEX. HEALTH & SAFETY CODE § 382.085(b). Specifically, the Annual Compliance Certification (ACC) submitted did not identify the deviation for failure to conduct quarterly opacity observations during the fourth quarter of 2005 and first quarter of 2006 for the IC Unit, as documented during an investigation conducted on February 8, 2007.

III. DENIALS

Shell generally denies each allegation in Section II ("Allegations").

IV. ORDERING PROVISIONS

1. It is, therefore, ordered by the TCEQ that Shell pay an administrative penalty as set forth in Section I, Paragraph 6 above. The payment of this administrative penalty and Shell's compliance with all the terms and conditions set forth in this Agreed Order resolve only the allegations in Section II. The Commission shall not be constrained in any manner from requiring corrective action or penalties for violations, which are not raised here. Administrative penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: Shell Pipeline Company, LP, Docket No. 2007-0369-AIR-E" to:

   Financial Administration Division, Revenues Section
   Attention: Cashier's Office, MC 214
   Texas Commission on Environmental Quality
   P.O. Box 13088
   Austin, Texas 78711-3088

2. It is further ordered that Shell shall undertake the following technical requirements:

   a. Within 30 days after the effective date of this Agreed Order:

      i. Report deviations for failure to conduct quarterly opacity observations during the fourth quarter of 2005 and first quarter of 2006 on the next deviation report; and

      ii. Implement measures designed to ensure personnel are aware of quarterly opacity observation requirements to ensure accurate and timely deviation reporting.

   b. Within 45 days after the effective date of this Agreed Order, submit written certification demonstrating compliance with Ordering Provisions 2.a.i. through 2.a.ii. The certification shall include detailed supporting documentation including receipts, monitoring records, and/or other records to demonstrate compliance, and be notarized by a State of Texas Notary Public and include the following certification language:

      "I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations."

      The certification shall be submitted to:

Order Compliance Team
Enforcement Division, MC 149A
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

with a copy to:

Air Section, Manager
Beaumont Regional Office
Texas Commission on Environmental Quality
3870 Eastex Freeway
Beaumont, Texas 77703-1830

3. The provisions of this Agreed Order shall apply to and be binding upon Shell. Shell is ordered to give notice of the Agreed Order to personnel who maintain day-to-day control over the Plant operations referenced in this Agreed Order.

4. If Shell fails to comply with any of the Ordering Provisions in this Agreed Order within the prescribed schedules, and that failure is caused solely by an act of God, war, strike, riot, or other catastrophe, Shell's failure to comply is not a violation of this Agreed Order. Shell shall have the burden of establishing to the Executive Director's satisfaction that such an event has occurred. Shell shall notify the Executive Director within seven days after Shell becomes aware of a delaying event and shall take all reasonable measures to mitigate and minimize any delay.

5. The Executive Director may grant an extension of any deadline in this Agreed Order or in any plan, report, or other document submitted pursuant to this Agreed Order, upon a written and substantiated showing of good cause. All requests for extensions by Shell shall be made in writing to the Executive Director. Extensions are not effective until Shell receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.

6. This Agreed Order, issued by the Commission, shall not be admissible against Shell in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Agreed Order; or (2) pursue violations of a statute within the Commission's jurisdiction, or of a rule adopted or an order or permit issued by the Commission under such a statute.

7. This agreement may be executed in multiple counterparts, which together shall constitute a single original instrument. Any executed signature page to this Agreement may be transmitted by facsimile transmission to the other parties, which shall constitute an original signature for all purposes.

8. Under 30 TEX. ADMIN. CODE § 70.10(b), the effective date is the date of hand-delivery of the Order to Shell, or three days after the date on which the Commission mails notice of the Order to Shell, whichever is earlier. The Chief Clerk shall provide a copy of this Agreed Order to each of the parties.

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

_____
For the Commission

_____ 8/27/07
For the Executive Director Date

I, the undersigned, have read and understand the attached Agreed Order. I am authorized to agree to the attached Agreed Order on behalf of the entity, if any, indicated below my signature, and I do agree to the terms and conditions specified therein. I further acknowledge that the TCEQ, in accepting payment for the penalty amount, is materially relying on such representation.

I also understand that my failure to comply with the Ordering Provisions, if any, in this order and/or my failure to timely pay the penalty amount, may result in:

- A negative impact on my compliance history;
- Greater scrutiny of any permit applications submitted by me;
- Referral of this case to the Attorney General's Office for contempt, injunctive relief, additional penalties, and/or attorney fees, or to a collection agency;
- Increased penalties in any future enforcement actions against me;
- Automatic referral to the Attorney General's Office of any future enforcement actions against me; and
- TCEQ seeking other relief as authorized by law.

In addition, any falsification of any compliance documents may result in criminal prosecution.

_____ 05-29-07
Signature Date

Greg A. Smith Regional Operations Mgr.
Name (Printed or typed) Title
Authorized Representative of
Shell Pipeline Company, LP

Instructions: Send the original, signed Agreed Order with penalty payment to the Financial Administration Division, Revenues Section at the address in Section IV, Paragraph 1 of this Agreed Order.