

U. S. ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D. C.

| | | |
|-------------------|---|----------------------|
| In the Matter of: |) | |
| |) | |
| AMOCO CORPORATION |) | SETTLEMENT AGREEMENT |
| |) | |
| Respondent. |) | AED/MSEB - 4611 |
| |) | |

THIS AGREEMENT is made and entered into by and between the United States Environmental Protection Agency (hereafter "EPA") and Amoco Corporation, located at 200 East Randolph Drive, Chicago, Illinois 60601 (hereafter "Respondent" or "Amoco").

Preliminary Statement

1. On May 14, 1996, a Notice of Violation ("Notice") was issued to Respondent for five (5) violations of § 211(k) of the Clean Air Act ("Act"), 42 U.S.C. § 7545, and the reformulated gasoline ("RFG") regulations promulgated thereunder at 40 C.F.R. Part 80 ("regulations"). See Attachment 1. This law provides that only RFG may be sold in a covered area and sets out certain minimum and maximum standards for such gasoline. This law also provides that no person shall manufacture and sell or distribute, offer for sale or distribution, dispense, supply, offer for supply, store, transport, or cause the transportation of any gasoline represented as reformulated and intended for sale or use in any covered area unless such gasoline meets the applicable standards specified in 40 C.F.R. § 80.41. Violators of this law are subject to a maximum civil penalty of \$25,000 per day for each violation and the amount of the economic benefit or savings resulting from the violation.

2. After considering the gravity of the alleged violations, Respondent's history of compliance with the regulations, and the size of Respondent's business, EPA proposed in the Notice a civil penalty of \$128,252 (hereafter "the proposed penalty").

3. The parties, desiring to settle and resolve this matter, in consideration of the mutual covenants and agreements contained herein, which consideration is acknowledged by the parties to be adequate, agree as set forth herein.

Terms of Agreement

4. The parties agree that the settlement of this matter is in the public interest and that this Settlement Agreement ("Agreement") is the most appropriate means of resolving the matter.

5. By entering into this Agreement, Respondent does not admit that it is in any way responsible for the alleged violations or that any violations have occurred.

6. The parties stipulate and agree to the following matters. It is further agreed that these stipulations are applicable to this Agreement and any enforcement or penalty proceeding arising out of this Agreement or the subject matter of this Agreement:

a. At all relevant times, Respondent was a refiner as defined within the meaning of 40 C.F.R. § 80.2.

b. To assist EPA in monitoring and determining compliance with the Act and regulations, 40 C.F.R. § 80.75 of the regulations, requires any refiner that produces reformulated gasoline to submit quarterly reports to the Administrator for each refinery facility at which reformulated gasoline was produced. The report must include the following information for each batch of reformulated gasoline produced: the batch number, date of production, volume of the batch, grade of gasoline, and pursuant to § 80.65, the designation of the gasoline and properties of the gasoline.

c. According to the second quarter 1995 report, submitted for AMOCO's Whiting refinery, (EPA Facility ID 00328), Amoco manufactured and sold or distributed five (5) batches of reformulated gasoline that failed to comply with the applicable standards specified in 40 C.F.R. § 80.41. See Attachment 1. Therefore, Amoco is liable for five (5) violations of 40 C.F.R. § 80.78(a)(1).

d. Jurisdiction to settle this matter exists pursuant to § 211 of the Clean Air Act, 42 U.S.C. § 7545, 40 C.F.R. § 80.20, and other provisions of law.

7. After considering the gravity of the alleged violation, Respondent's history of compliance with the regulations, EPA has determined to remit and mitigate the civil penalty to \$118,252 subject to successful completion of the terms of this Agreement.

Respondent agrees to pay \$118,252 to the United States of America within thirty (30) days from the date that this Agreement is executed by EPA and returned to Respondent by certified mail return receipt requested ("the due date"). In accordance with the Debt Collection Act of 1982, if the debt is not paid within 30 days following the due date, interest will accrue from the due date as the rate of eight percent (8%) per annum through the date of actual payment. A late payment handling charge of \$20.00 will also be imposed if the amount is not paid by the due date, with an additional charge of \$10.00 for each subsequent 30 day period. A

six percent (6%) per annum penalty will be applied on any principal amount not paid within ninety (90) days of the due date.

Respondent agrees to pay the amount by check made payable to the "United States of America," and to mail the payment to:

U.S. Environmental Protection Agency
Washington Accounting Operations
P.O. Box 360277M
Pittsburgh, Pennsylvania 15251
Attn.: AED/MSEB - 4611

A photocopy of the check shall be mailed simultaneously to:

J. L. Adair, Attorney/Advisor
U.S. Environmental Protection Agency
Mobile Source Enforcement Branch
Air Enforcement Division (2242-A)
401 M Street, S.W.
Washington, D.C. 20460
Attn.: AED/MSEB - 4611

8. Time is of the essence to this Agreement. Upon failure to timely perform pursuant to paragraph 7 of this Agreement, Respondent agrees to pay a stipulated penalty of \$250,000. Upon such default this amount shall be immediately due and owing. The parties further agree that upon such default or failure to comply, EPA may refer this matter to the United States Attorney General for collection pursuant to § 211(d) of the Clean Air Act, 42 U.S.C. § 7545(d), commence an action to enforce this Agreement or to recover the civil penalty pursuant to § 211 of the Clean Air Act; or pursue any other remedies available to it. Respondent specifically agrees that in the event of such default or failure to comply, EPA may proceed in an action based on the original claim of violation of § 211 of the Clean Air Act, 42 U.S.C. § 7545, and Respondent expressly waives its right to assert that such action is barred by 28 U.S.C. § 2462, other statutes of limitation, or other provisions limiting actions as a result of passage of time.

a. EPA agrees to provide a written notice to Respondent before finding Respondent in default of this Agreement. EPA agrees to send the notice by certified mail, return receipt requested. Respondent shall have five (5) business days to receive the notice in the mail. Thereafter, Respondent shall have ten (10) business days to make all payments or cure the default. The notice shall be sent to Respondent's attorney: James A. Nolan, Jr., Amoco Corporation, 200 East Randolph Drive, Chicago, Illinois 60601-7125.

9. This Agreement becomes effective upon the date executed by EPA, at which time a copy will be returned to Respondent.

10. Respondent hereby represents that the individual or individuals executing this Agreement on behalf of Respondent are authorized to do so and that such execution is intended and is sufficient to bind Respondent.

11. Respondent waives its rights, if any, to a hearing, trial or any other proceeding on any issue of fact or law relating to the matters consented to herein.

12. The terms of this Agreement are contractual and not a mere recital. If any provision or provisions of this Agreement are held to be invalid, illegal or unenforceable, the remaining provisions shall not in any way be affected or impaired thereby.

13. The validity, enforceability, and construction of all matters pertaining to this Agreement shall be determined in accordance with applicable federal law.

14. Upon completion of the terms of this Agreement, this matter shall be deemed terminated and resolved. Nothing herein shall limit the right of EPA to proceed against Respondent in the event of default or noncompliance with this Agreement; for violations of § 211 of the Clean Air Act, 42 U.S.C. § 7545, which are not the subject matter of this Agreement; or for other violations of law; or with respect to other matters not within the scope of the Agreement. This Agreement in no way affects, or relieves Respondent of responsibility to comply with other state, federal or local law or regulations.

The following agree to the terms of this Agreement:

Amoco Corporation

by:

James A. [Signature]

Date: March 11, 1997

United States
Environmental Protection Agency

by:

Bruce C. Buckheit

Date: April 14, 1997

Bruce C. Buckheit, Director
Air Enforcement Division
Office of Enforcement and Compliance Assurance



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

MAY 14 1996

OFFICE OF
ENFORCEMENT AND
COMPLIANCE ASSURANCE

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Mike Rigney, Esquire
Legal Department
AMOCO Corporation
200 East Randolph, Mail Code 2003
Chicago, Illinois 60601

Re: Notice of Violation: File No. AED/MSEB - 4611.

Dear Mr. Rigney:

Section 211(k) of the Clean Air Act ("Act"), 42 U.S.C. § 7545(k), and the regulations issued thereunder (40 C.F.R. Part 80 Subpart D), provides that no person may manufacture and sell or distribute, offer for sale or distribution, dispense, supply, offer for supply, store, transport, or cause the transportation of any gasoline represented as reformulated ("RFG") and intended for sale or use in any covered area unless such gasoline meets the applicable standards specified in 40 C.F.R. § 80.41. This law also subjects violators to a maximum civil penalty of \$25,000 per day for each violation and the amount of the economic benefit or savings resulting from the violation.

To assist EPA in monitoring and determining compliance with the Act and regulations, 40 C.F.R. § 80.75 of the regulations, requires any refiner that produces reformulated gasoline to submit quarterly reports to the Administrator for each refinery facility at which reformulated gasoline was produced. The report must include the following information for each batch of reformulated gasoline produced: the batch number, date of production, volume of the batch, grade of gasoline, and pursuant to § 80.65, the designation of the gasoline and properties of the gasoline.

According to the second quarter 1995 report, submitted for your Whiting refinery, (EPA Facility ID. 00328), Amoco manufactured and sold or distributed five (5) batches of reformulated gasoline that failed to comply with the applicable standards specified in 40 C.F.R. § 80.41. See Attachment 1. Therefore, Amoco is liable for five (5) violations of 40 C.F.R. § 80.78(a)(1).

Sections 211 and 205 of the Act, 42 U.S.C. §§ 7545 and 7524, authorize the Administrator of EPA to assess a civil penalty of up to \$25,000 for every day of such violation and the economic benefit or savings resulting from the violation. Section 205(c) further authorizes the Administrator to compromise or remit, with or without conditions, any such penalty. After consideration of the magnitude and the gravity of the violations, the apparent size of your business, and your history of compliance with the Fuels Regulations, we propose a civil penalty for the violations alleged in this Notice of \$128,252.

The U.S. Environmental Protection Agency encourages settlement of such matters rather than initiating litigation in the federal courts. The settlement process provides substantial flexibility for reducing the statutory penalty, particularly if the alleged violations are corrected promptly. If we cannot settle this matter promptly, we reserve the right to file an administrative complaint or refer this matter to the United States Department of Justice with a recommendation to file a civil complaint in federal district court.

The EPA attorney designated below has been assigned to this case. Please contact her regarding this Notice of Violation.

J. L. Adair
U.S. Environmental Protection Agency
Mobile Source Enforcement Branch
Air Enforcement Division (2242-A)
401 M Street, S.W.
Washington, D.C. 20460
Phone Number: (202) 564-1011

If you wish to pursue settlement of this matter, we will make every effort to reach an equitable settlement.

Sincerely yours,



Janet L. Bearden, Acting Director
Air Enforcement Division

Attachment 1

Company ID: 5004 Facility ID: 00328
Compliance Method: Simple
VOC Control: Region 2

Batch Number: 000578 Volume: 236,810 gals.
Benzene Standard: 1.30 vol.%
Reported: 1.46 vol. %

Batch Number: 000617 Volume: 569,137 gals.
Rvp Standard: 8.30 psi
Reported: 8.80 psi

Batch Number: 000706 Volume: 2,101,934 gals.
Rvp Standard: 8.30 psi
Reported: 8.35 psi

Batch Number: 000709 Volume: 451,626
Rvp Standard: 8.30 psi
Reported: 8.50 psi

Batch Number: 000765 Volume: 1,049,938 gals.
Rvp Standard: 8.30 psi
Reported: 8.35 psi