

**ALABAMA DEPARTMENT OF
ENVIRONMENTAL MANAGEMENT**

In The Matter Of:

Shell Offshore, Inc.

Coden, Mobile County, Alabama

Air Facility ID No. 503-4017

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) **CONSENT ORDER No. 02-054-CAP**
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FINDINGS

Pursuant to the provisions of the Alabama Environmental Management Act, §§ 22-22A-1 through 22-22A-16, Code of Alabama 1975, as amended, the Alabama Air Pollution Control Act, §§ 22-28-1 through 22-28-23, Code of Alabama 1975, as amended, and the ADEM Administrative Code of Regulations ("ADEM Admin. Code R.") promulgated pursuant thereto, and without the adjudication of any issues of fact or law and upon the consent of the parties concerned hereto, the Alabama Department of Environmental Management (hereinafter, the "Department") makes the following FINDINGS:

1. Shell Offshore Inc. (hereinafter, "Shell") operates the Yellowhammer Gas Treating and Processing Facility located at 13,700 Dauphin Island Parkway in Coden, Mobile County, Alabama.

2. The Alabama Department of Environmental Management is a duly constituted agency of the State of Alabama pursuant to §§ 22-22A-1 through 22-22A-16, Code of Alabama 1975, as amended.



3. Pursuant to § 22-22A-4(n), Code of Alabama 1975, as amended, the Department is the state air pollution control agency for the purposes of the federal Clean Air Act, 42 U.S.C. 7401 through 7671q, as amended. In addition, the Department is authorized to administer and enforce the provisions of the Alabama Air Pollution Control Act, §§ 22-28-1 through 22-28-23, Code of Alabama 1975, as amended.

4. Shell operates the Yellowhammer Gas Treating and Processing facility under the authority of ADEM Major Source Operating Air Permit No. 503-4017, issued April 4, 2000.

5. Proviso 2(a)(2) of the Emission Standards Section of the Sulfur Recovery Unit and Thermal Oxidizer Subpart of the Yellowhammer Gas Treating and Processing Facility Major Source Operating Permit states "emissions of carbon monoxide shall not exceed 24.1 Lbs/Hour".

6. Proviso 2(a)(4) of the Emission Standards Section of the Sulfur Recovery Unit and Thermal Oxidizer Subpart of the Yellowhammer Gas Treating and Processing Facility Major Source Operating Permit states "emissions of volatile organic compounds shall not exceed 2.1 Lbs/Hour".

7. On February 2, 2001, two runs of a three run performance test were conducted on the Sulfur Recovery Unit. During the course of this test, Shell sampled for carbon monoxide and volatile organic compound contents in order to prepare for a performance test to be conducted the next day. The sampling indicated excessive carbon monoxide and volatile organic compound emissions; however, the test trailer caught fire and was destroyed before a restart of the test was complete.

8. On February 7, 2001, a back-up test trailer was used to confirm the excessive carbon monoxide and volatile organic compound emissions found on February 2, 2001.

9. On February 8, 2001, Shell notified the Department via telephone about the excessive emissions of carbon monoxide and volatile organic compounds.

10. In a letter dated March 7, 2001, Shell confirmed notification of the excess emissions set forth in provision No. 9, above. Shell also set out its proposed corrective actions taken as of that date, which were; obtaining and having analysis performed of various gas steam samples, increasing thermal oxidizer firebox temperature, and preparing a schedule of the future actions proposed to be undertaken.

11. On April 30, 2001, Shell notified the Department by telephone that additional testing in March 2001 indicated the that corrective steps, primarily increasing thermal oxidizer firebox temperature, decreased emissions by approximately 50% of the February values. Shell stated that it was aware the emissions were still in excess of its limit set forth in its Permit. Shell stated that it intended to replace the current thermal oxidizer with one with twice the residence time in order to bring the thermal oxidizer back into compliance. The Department requested Shell to submit in writing its proposed solution along with a schedule to implement that solution.

12. In a letter dated May 4, 2001, Shell provided the Department with its proposed plan to implement the thermal oxidizer replacement and a time schedule in which it could be in operation. Shell also noted that the February test indicated that the carbon monoxide emissions varied between 75 and 155 Lbs./Hour, while the volatile organic compound emissions varied between 11 and 20 Lbs./Hour.

13. A Notice of Violation was sent to Shell on June 15, 2001, for exceeding the carbon monoxide and volatile organic emission requirements specified in its Yellowhammer Major Source Operating Permit.

14. In a letter dated August 2, 2001, Shell provided the Department with a progress report. The progress report documented the activities that had occurred as to the thermal oxidizer replacement and that the inlet gas rates to the facility had decreased from 190 MMScf/D in February 2001 to 130 MMScf/D in August 2001. The progress report noted Shell's performance of maintenance projects on the SCOT tail gas unit to improve its efficiency and noted testing performed in July 2001 showing emissions were significantly below the allowable limits set forth in its Yellowhammer Major Source Operating Permit.

15. On August 9, 2001, a performance test was conducted on the thermal oxidizer and it indicated that carbon monoxide emission to be 1.8 Lbs/ Hour and volatile organic compound emissions to be .005 Lbs/ Hour.

16. By letter dated October 19, 2001, the Department notified Shell that the thermal oxidizer was in compliance with its permit requirements.

17. Shell neither agrees nor disagrees with the Findings presented in this Consent Order, but, in an effort to cooperate with the Department and to comply with the provisions of the Alabama Air Pollution Control Act, Shell has consented to the terms of this Consent Order.

18. The Department has agreed to the terms of this Consent Order in order to resolve the violations cited in this Consent Order, and the Department has determined that the terms contemplated in this Consent Order are in the best interests of the citizens of Alabama.

ORDER

Based upon the foregoing FINDINGS and pursuant to §§ 22-22A-5(10), 22-22A-5(12), 22-22A-5(18), 22-28-10(2) and 22-28-18, Code of Alabama 1975, as amended, and with the consent of Shell Offshore Inc. it is hereby ORDERED:

A. That not later than thirty (30) days after the effective date of this Consent Order, Shell shall pay to the Department a civil penalty in the amount of Thirty Thousand Dollars (\$30,000.00) for the violations cited herein.

B. That on or before January 31, 2002, Shell shall complete the review and analysis of the possible causes of the February 2001 violation, develop and implement operating procedures in order to prevent any future violations of its Yellowhammer Major Source Operating Permit.

C. On or before February 15, 2002, Shell shall present the results of the analysis and the implemented operating procedures to the Department for its review.

D. If the Department makes a determination that the implemented operating procedures are insufficient to assure compliance with the appropriate permit requirements, on or before April 1, 2002, Shell shall submit alternative operating procedures that will meet with Departmental approval.

E. That this Consent Order shall apply to and be binding upon both parties, their directors, officers, and all persons or entities acting under or for them. Each signatory to this Consent Order certifies that he or she is fully authorized by the party he or she represents to enter into the terms and conditions of this Consent Order, to execute the Consent Order on behalf of the party represented and to legally bind such party.

F. That subject to the terms of these presents and subject to provisions otherwise provided by statute, this Consent Order is intended to operate as a full resolution of the violations which are cited in this Consent Order.

G. That Shell is not relieved from any liability if it fails to comply with any provision of the Consent Order.

H. That, for purposes of this Consent Order only, Shell agrees that the Department may properly bring an action to compel compliance with the terms and conditions contained herein in a court of competent jurisdiction, including, but not limited to, Montgomery County Circuit Court. Shell also agrees that in any action brought by the Department to compel compliance with the terms of this Agreement, Shell shall be limited to the defenses of *Force Majeure*, compliance with this Agreement, and physical impossibility. A *Force Majeure* is defined as any event arising from causes that are not foreseeable and are beyond the reasonable control of Shell, including its contractors and consultants, which could not be overcome by due diligence (i.e., causes which could have been overcome or avoided by the exercise of due diligence will not be considered to be beyond the reasonable control of Shell) and which delays or prevents performances by a date required by the Consent Order. Events such as unanticipated or increased costs of performance, changed economic circumstances, normal precipitation events, or failure to obtain federal, state or local permits shall not constitute *Force Majeure*.

I. That the sole purpose of this Consent Order is to resolve and dispose of all allegations and contentions stated herein concerning the factual circumstances referenced herein. Should additional facts and circumstances be discovered in the future concerning the facility which would constitute possible violations not addressed in this Consent Order, then such additional violations shall be addressed in Orders as may be issued by the Director, litigation initiated by the Department, or such other enforcement action as may be appropriate. Shell shall not contest to any new enforcement action taken by the Department relative to new information specifically related to this Consent Order. Shell reserves the right to contest any future enforcement action not associated with this Consent Order.

J. That, by agreement of the parties, this Order shall be considered final and effective immediately upon signature of all parties. This Consent Order shall not be appealable, and Shell does hereby waive any hearing on the terms and conditions of same.

Shell Offshore, Inc.

PBSmith (IAO P.K. Velez)
(Name of Authorized Representative)

Manager Regulatory Affairs
Title & Incident Command

Date Signed: Jan. 4, 2002

Alabama Department of
Environmental Management

James W. Warr
James W. Warr
Director

Date Signed: 8 Jan 2002