

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

In the Matter of:)
)
 CITGO Petroleum Corp.)
 Lake Charles Manufacturing Complex) SETTLEMENT AGREEMENT
 Respondent.) AED/MSEB No. EF-2008-7811
_____)

THIS AGREEMENT is made and entered into by and between the United States Environmental Protection Agency (EPA) and CITGO Petroleum Corp. (Respondent), which is located at 1293 Eldridge Parkway, Houston, Texas 77077.

Preliminary Statement

1. On January 27, 2009, EPA issued a Notice of Violation File No. AED/MSED EF-2008-7811 (NOV) to Respondent alleging that Respondent violated Section 211 of the Clean Air Act (CAA), 42 U.S.C. § 7545, and the reformulated gasoline regulations found at 40 C.F.R. § 80.78(a) which prohibits sales of reformulated gasoline whose Benzene concentration exceeds allowed levels.
2. The NOV alleges that, as CITGO Petroleum Corporation reported on January 7, 2008, CITGO produced and shipped a winter RBOB batch (07-169) on March 17, 2007 in the amount of 83,181 barrels with a reportable Benzene value of 1.43 percent by volume, a level in excess of the allowable 1.30 percent under 40 C.F.R. § 80.41(f)(1).
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.

4. By entering into this settlement agreement (Agreement), Respondent does not admit that it is responsible for the alleged violations or that any violations have occurred.

Terms of Agreement

5. The parties stipulate and agree to the matters identified in this Paragraph. It is further agreed that these stipulations are applicable to this Agreement and any enforcement or penalty arising out of this Agreement or the subject matter of this Agreement:
 - a. The parties agree that the settlement of this matter is in the public interest and that this Agreement is the most appropriate means of resolving the matter;
 - b. Jurisdiction to settle this matter exists pursuant to Section 211 of the CAA, 42 U.S.C. § 7545, 40 C.F.R. Part 80 and other provisions of law;
 - c. At all relevant times, Respondent was a refiner within the meaning of 40 C.F.R. § 80.2(i).
 - d. The Agreement resolves, as to the Respondent, the violations alleged in EPA's January 27, 2009, NOV and as identified in Paragraphs 1 and 2 of this Agreement.
6. Respondent asserts herein that it has corrected its practices to address the conditions that created the alleged violations.
7. Under this Agreement, Respondent agrees to pay a civil penalty of \$70,000 to the United States of America by no later than thirty days from the effective date of this Agreement. Late payment of the civil penalty is subject to interest pursuant to Paragraph 8 and stipulated penalties pursuant to Paragraph 10 of this Agreement. The civil penalty shall be paid by:
 - a. Certified check or cashier's check payable to the "United States of America," and

mailed via United States Postal Service to:

U.S. Environmental Protection Agency
Fines and Penalties
Cincinnati Finance Center
P.O. Box 979077
St. Louis, MO 63197-9000
ATTN: AED/MSEB No. EF-2008-7811

Simultaneously, a photocopy of the check shall be faxed to (202) 564-0069 to the attention of David Schnare. This check shall be identified with the case number and Respondent's name; or

- b. An online payment through the Department of the Treasury by visiting WWW.PAY.GOV. In the "Search Public Form" field, enter "SFO 1.1", click "EPA Miscellaneous Payments - Cincinnati Finance Center" and complete the "SFO Form Number 1.1." Within twenty-four hours of payment, Respondent shall fax a copy of the online payment receipt to David Schnare at No. EF-2007-7246.

Upon signing, the Respondent shall mail this **Agreement** to:

David W. Schnare, Esq. Ph.D., Attorney-Advisor
U.S. Environmental Protection Agency (2242A)
1200 Pennsylvania Ave. N.W.
Washington, D.C. 20004

8. Interest, at the statutory judgment rate provided for in 31 U.S.C. § 3717, will begin to accrue the day after the civil penalty agreed to herein is due. Pursuant to 31 U.S.C. § 3717, Respondent must pay the following amounts on any amount overdue: Any unpaid portion of a civil penalty must bear interest at the rate established by the Secretary of the Treasury pursuant to 31 U.S.C. § 3717 (a)(1). Interest will be assessed at the rate of the United States Treasury tax and loan account rate in accordance with 40 C.F.R. 13.11(a).

9. Under 28 U.S.C. § 162(f), penalties paid pursuant to this Agreement are not deductible for federal tax purposes.
10. Respondent agrees to pay stipulated penalties of \$100 per day for failure to timely pay the penalty, or provide proof thereof, pursuant to Paragraph 7.
11. The parties further agree that upon default or failure to comply with Paragraphs 7 and/or 10, EPA may refer this matter to the United States Department of Justice for collection pursuant to Section 211(d) of the CAA, 42 U.S.C. § 7545(d), commence an action to enforce this Agreement or to recover the civil penalty pursuant to Section 211 of the CAA; or pursue any other remedies available to it.
12. 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 Section 211 of the CAA, 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.
13. Respondent specifically agrees that in the event of such default or failure to comply with this Agreement, EPA may proceed in an action based on the allegations set forth herein, and Respondent expressly waives its right to assert that any action based upon the allegations set forth herein is barred by 28 U.S.C. § 2462, other statutes of limitation, or other provisions limiting actions as a result of passage of time.
14. If any provision or provisions of this Agreement are held to be invalid, illegal or unenforceable, Respondent expressly waives its right to assert that any action based upon the allegations set forth herein is barred by 28 U.S.C. § 2462, other statutes of limitation, or other provisions limiting actions as a result of passage of time.

15. This Agreement becomes effective upon the date signed by the EPA, after which time a copy will be forwarded to the Respondent.
16. Each party hereby represents to the other that the individuals executing this Agreement on behalf of the party are authorized to do so and that such execution is intended and is sufficient to bind the party and, as applicable, its officers, agents, directors, owners, heirs, assigns, and successors.
17. Respondent waives its rights, if any, to a hearing, trial or any other proceeding on any issue of fact or law relating to matters agreed to herein.
18. The validity, enforceability and construction of all matters pertaining to this Agreement shall be determined in accordance with applicable Federal law.
19. The effect of the settlement described in this Agreement is conditional upon the accuracy of Respondent's disclosures and representations made in Paragraphs 2 and 6.
20. Respondent acknowledges that its tax identification number may be used for the purpose of collecting or reporting any delinquent monetary obligation arising from this agreement. (*See* 31 U.S.C. § 7701).
21. The Effect of Agreement provisions of Paragraph 22 are contingent upon the truthfulness, material accuracy and material completeness of Respondent's disclosures and representations to EPA prior to the effective date of this Agreement, including but not limited to representations described in Paragraphs 5 and 6 of this Agreement.

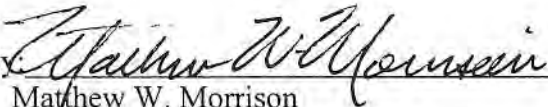
Effect of Agreement:

22. Upon Respondent's payment of the civil penalty in accordance with Paragraph 7 of this Agreement, the alleged violations described 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 CAA section 211, 42 U.S.C. § 7545, which are not the subject matter of this Agreement, 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 laws or regulations.

The following agree to the terms of this Agreement:

Administrative Settlement Agreement
In the Matter of CITGO Petroleum Corporation.
AED/MSEB # EF-2008-7811

United States Environmental Protection Agency

By: 
Matthew W. Morrison
Associate Director
Air Enforcement Division
Office of Civil Enforcement

Date: 11/18/09