

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 settlement of this matter is in the public interest, and that this Agreement is the most appropriate means of resolving the matter.

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

a. At all relevant times, Respondent was engaged in the business of refining, distributing, transporting and selling gasoline within the meaning of 40 C.F.R. § 80.2(i).

b. As a result of an EPA investigation of the RVP of gasolines, EPA determined that at tank 10-1 at the terminal and tank 200-1 at the refinery, both in Meraux, Louisiana, Respondent did offer for sale, dispense, supply or transport gasoline with a Reid vapor pressure ("RVP") in excess of the 7.8 Pounds per square inch (psi) standard applicable to St. Bernard's Parish, Louisiana, during the month of June. EPA states that this constitutes a violation of 40 CFR 80.27. Respondent does not admit or deny these facts or that a violation occurred.

c. Respondent closed down and reblended the affected tanks after receiving the inspector's notice of probable violation. In addition respondent has improved its compliance monitoring oversight program.

d. Jurisdiction to settle this matter exists pursuant to § 203 of the Act, 42 U.S.C. § 7522, and other provisions of law.

6. After considering the gravity of the alleged violations, Respondent's history of compliance with § 7545(h) of the Act, the circumstances of this case, the terms of this Agreement, and other facts presented by Respondent, EPA has determined to conditionally reduce the proposed civil penalty to sixty five thousand three hundred ninety eight dollars pending successful completion of the terms of this Agreement. Accordingly:

a. Respondent agrees to pay sixty five thousand three hundred ninety eight dollars (\$65,398).

b. The due date for payment shall be thirty (30) days from the date Respondent's attorney receives a fully-executed copy of this Agreement. As noted below, time is of the essence.

c. In accordance with §3717 of the Debt Collection Act of 1982, 31 U.S.C. § 3717, if the debt is not entirely paid within thirty (30) days following the due date, interest will accrue from the due date through the date of actual payment. Interest will be computed in accordance with section 3717(a) of the Debt Collection Act. A late payment handling charge of Twenty Dollars (\$20) will also be imposed if the amount

due is not paid within one month of the due date, with an additional charge of Ten Dollars (\$10) for each additional thirty (30) day period.

d. Respondent agrees to pay this amount by cashier's or certified check payable to the "Treasurer - United States of America" and mailed to:

U.S. Environmental Protection Agency
Washington Accounting Operations
P.O. Box 306277M
Pittsburgh, Pennsylvania 15251
Attention: FOSD - No. 4474

Copies of this check shall be forwarded by Postal Service certified mail (call for address used for other delivery services) to David E. Alexander at the following address:

David E. Alexander
Mobile Source Enforcement Branch
U.S. Environmental Protection Agency
401 M Street, S.W. (Mailcode 2242-A)
Washington, D.C. 20460

7. Time is of the essence to this Agreement. If Respondent does not pay the amount specified in paragraph 6(a), OR if respondent pays the amount specified in paragraph 6(a) more than thirty (30) days after the date specified in paragraph 6(b) or upon Respondent's default or failure to comply with any other term of this Settlement Agreement, the entire proposed penalty of One hundred nine thousand three hundred eighty nine (\$108,995) ("The New Debt Amount") shall be immediately due and owed as a debt. The interest charges and other penalties and fees specified in paragraph 6(c) shall be applied to the new debt amount starting on the date specified in paragraph 6(b) and will continue to accrue until the New Debt Amount is paid in full. The parties agree that

upon such default or failure to comply, EPA, at its sole discretion, may commence an action to enforce this Settlement Agreement for the New Debt Amount or may proceed in an action based on the original claim of violations of section 211 of the Act, 42 U.S.C. § 7545 and seek \$25,000 per day per violation plus economic benefit, and EPA may pursue any other remedies available to it. Respondent expressly waives its right to assert that any action under this paragraph is barred by 28 U.S.C. § 2462, other statutes of limitation, or other provisions limiting actions as a result of passage of time.

8. This Agreement becomes effective on the date accepted by EPA. Notwithstanding the forgoing Respondent irrevocably waives the right to renounce this agreement from the date of Respondent's signature until the date 45 days after the duly signed agreement is actually received by the Air Enforcement Division at EPA. EPA indicates acceptance of the agreement by execution of same, after which a copy of the executed agreement will be forwarded to Respondent's attorney.

9. 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, its officer, agents, directors, owners, heirs, assigns and successors.

10. Subject to the provisions of paragraph 7, above, Respondent waives its rights, if any, to a hearing, trial, or any other proceeding on any issue of fact or law relating to matters consented to herein.

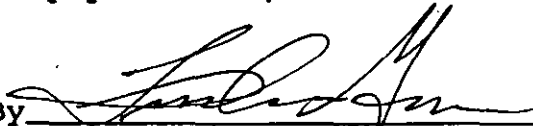
11. The terms of this Agreement are contractual and not a mere recital. If any provision or provisions of this Agreement are held to be invalid, illegal or unenforceable, the remaining provisions shall not in any way be affected or impaired.

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

13. Upon timely payment of the amount specified in 6(a) this matter shall be deemed terminated and resolved. Nothing herein shall limit the right of EPA to proceed against Respondent for violations of section 211(h) of the Clean Air Act, 42 U.S.C. §7545(h), which are not the subject matter of this Agreement, or for any other violations of law.

The following agree to the terms of this Agreement:

Murphy Oil USA, Inc.

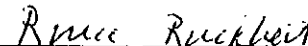
By 

Date: 4/18/97

Name: Frederic Green

Title: Manager, Refinery Operations and Crude Supply

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY

By 
Bruce Buckheit, Director
Air Enforcement Division

Date: 5/20/97