

Owner of Refinery Faces Record \$12M Fine

ALAN SAYRE, AP Business Writer

NEW ORLEANS (AP) — A Texas company that owns a refinery in southwestern Louisiana pleaded guilty Wednesday to felony violations of the federal Clean Air Act and obstructing justice and agreed to pay a record fine.

Pelican Refining LLC will pay \$12 million for problems at its Lake Charles refinery, including \$2 million for air pollution monitoring and other environmental projects in the state, according to a plea agreement reached in federal court. A judge must approve the agreement.

The Justice Department said the criminal fines would be the largest ever in Louisiana for violations of the Clean Air Act

It also said Houston-based Pelican acknowledged that it had violated numerous standards in its permit — including emissions of potentially deadly hydrogen sulfide — and submitted false emissions reports to the Louisiana Department of Environmental Quality.

Byron Hamilton, the Pelican vice president who oversaw operations at the refinery since 2005 from an office in Houston, pleaded guilty on July 6 to two Clean Air Act violations. He faces up to a year in prison and a \$200,000 fine for each count, according to authorities.

"We regret this chapter in our history" but Pelican and its employees have worked diligently since 2007 to make sure the refinery meets state and federal laws, company spokeswoman Dorothy Beeler said.

Federal authorities said they opened an investigation after state inspectors in 2006 discovered illegal releases of hydrogen sulfide, improperly repaired or bypassed pollution monitoring and control equipment and oil stored in unrepaired tanks.

The refinery also had no company budget, no environmental department and no environmental manager, according to Pelican's court admission. The flare used by the refinery to burn off emissions — including hydrogen sulfide — was not properly functioning and employees typically took turns trying to relight it with a flare gun, the government said.

Also as part of the plea agreement, Pelican would be banned from operating a refinery until it implements an environmental compliance plan, including external auditing by independent firms and oversight by a court-appointed monitor.

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