

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

In the Matter of:

Phillips 66 Company,

Respondent.

Administrative Settlement  
Agreement  
AED/MSEB # 8013

This Administrative Settlement Agreement (ASA) is made and entered into by and between the United States Environmental Protection Agency (EPA) and Phillips 66 Company (Respondent) having an office at 3010 Briarpark Dr., Houston, TX 77042.

**Purpose:**

1. The purpose of this ASA is to resolve alleged violations of the Clean Air Act (CAA) and the Renewable Fuel Standards regulations promulgated thereunder at 40 C.F.R. Part 80, Subpart M (RFS2 Regulations).

**Statutory and Regulatory Authority:**

2. Section 211(o) of the CAA, 42 U.S.C. § 7545(o), as amended by the Energy Independence and Security Act of 2007, Pub. L. No. 110-140, 121 Stat. 1492, required EPA to promulgate regulations designed to increase the amount of renewable fuels used in transportation fuel in the United States, lower greenhouse gas emissions, and reduce the nation's reliance on foreign-sourced petroleum.
3. The RFS2 Regulations require renewable fuel producers and importers to generate and assign Renewable Identification Numbers (RINs) in proportion to the amount and type of renewable fuel that they produce or import. 40 C.F.R. §§ 80.1425, 80.1426.

4. 40 C.F.R. § 80.1406 defines an obligated party as “any refiner that produces gasoline or diesel fuel within the 48 contiguous states or Hawaii, or any importer that imports gasoline or diesel fuel into the 48 contiguous states or Hawaii during a compliance period.”
5. 40 C.F.R. §§ 80.1427(a) and 80.1430 require each obligated party and each exporter of renewable fuel to demonstrate compliance with its Renewable Volume Obligation (RVO) by obtaining and retiring the number of RINs required by the calculation set forth at 40 C.F.R. §§ 80.1407 or 80.1430.
6. 40 C.F.R. § 80.1431(a)(1)(vi) provides that a RIN that does not represent renewable fuel as defined in 40 C.F.R. § 80.1401 is invalid, and 40 C.F.R. § 80.1431(a)(1)(ix) provides that a RIN that was improperly generated is invalid.
7. 40 C.F.R. § 80.1460(c)(1) states that no person shall fail to acquire sufficient RINs, or use invalid RINs, to meet the person’s RVO under 40 C.F.R. § 80.1427.
8. 40 C.F.R. § 80.1461(a)(1) states that any person who violates a prohibition under 40 C.F.R. § 80.1460(a)–(d) is liable for the violation of that prohibition.
9. 40 C.F.R. § 80.1463(a) provides that any person who is liable for a violation under 40 C.F.R. § 80.1461 is subject to a civil penalty as specified in sections 205 and 211(d) of the CAA, 42 U.S.C. §§ 7524 and 7545(d), for every day of each such violation.
10. 40 C.F.R. § 80.1463(b) provides that any person who is liable under 40 C.F.R. § 80.1461(a) for a violation of 40 C.F.R. § 80.1460(c) for failure to meet its RVO is subject to a separate violation for each day in the compliance period.

11. Sections 205 and 211(d) of the CAA authorize EPA to assess a civil penalty of up to \$37,500 per day for each violation, plus the economic benefit or savings resulting from each violation. 42 U.S.C. §§ 7524, 7545(d).

**Background:**

12. Respondent's predecessor in interest and obligations in this matter, ConocoPhillips Company, used the 14,305,904 RINs identified in Attachment A (the Subject RINs), which were generated by Green Diesel, LLC, to meet its 2010 and 2011 RVOs.
13. EPA alleges that the Subject RINs are invalid because they do not represent renewable fuel and were improperly generated.
14. Respondent represents that ConocoPhillips Company implemented remedial actions by removing the Subject RINs from its RFS0301: 2010 and 2011 RFS2 annual compliance reports and resubmitted corrected reports to EPA, as required by 40 C.F.R. § 80.1431(b).
15. Respondent represents that ConocoPhillips Company believed that the Subject RINs were valid at the time it acquired the Subject RINs and at the time it used the Subject RINs to meet its RVOs.
16. EPA and Respondent (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. By agreeing to the terms of this ASA, Respondent makes no admission of law or fact with respect to any of the allegations set forth in this ASA.

**Violations:**

17. EPA has alleged that Respondent or its predecessor in interest and obligations, ConocoPhillips Company, violated section 211(o) of the CAA, 42 U.S.C. § 7545(o), and 40 C.F.R. § 80.1460(c)(1) by using the Subject RINs to meet its 2010 and 2011 RVOs.

**Terms of the Agreement and Civil Penalty:**

18. In any enforcement or penalty action arising out of this ASA or the subject matter of this ASA:
  - a. The Parties agree that the settlement of this matter is in the public interest and that this ASA is the most appropriate means of resolving the matter;  
and
  - b. The Parties further agree that jurisdiction to settle this matter exists pursuant to sections 205 and 211 of the CAA, 42 U.S.C. §§ 7524 and 7545, 40 C.F.R. Part 80, and other provisions of law.
19. Respondent agrees to pay a civil penalty of \$100,000 (EPA Penalty) to the United States of America within 30 calendar days of the effective date of this ASA (penalty due date), but not before the effective date. Late payment of the penalty is subject to interest and fees as specified in 31 U.S.C. § 3717. This penalty amount was calculated based on EPA's Interim Enforcement Response Policy (March 2012). Respondent agrees to pay the EPA Penalty in the manner specified below:

- a. Pay the EPA Penalty using any method, or combination of methods, provided on the following website:  
[http://www.epa.gov/cfo/finservices/payment\\_instructions.htm](http://www.epa.gov/cfo/finservices/payment_instructions.htm);
- b. Identify each and every payment with “AED/MSEB # 8013”; and
- c. Within 24 hours of payment, email proof of payment to Evan M. Belser at [belser.evan@epa.gov](mailto:belser.evan@epa.gov) (“proof of payment” means, as applicable, a copy of the check, confirmation of credit card or debit card payment, confirmation of wire or automated clearinghouse transfer, and any other information required to demonstrate that payment has been made according to EPA requirements, in the amount due, and identified with “AED/MSEB # 8013”).

**Stipulated Penalties:**

20. Respondent shall pay stipulated penalties of \$1,000 per day for failure to timely pay the penalty, or provide proof thereof, pursuant to Paragraph 19.
21. Stipulated penalties under Paragraph 20 of this ASA shall begin to accrue on the day after performance is due and shall continue to accrue until the day compliance is achieved. Stipulated penalties shall be paid in accordance with Paragraph 19 of this ASA.

**General Provisions:**

22. This ASA becomes effective upon the date executed by EPA (effective date of the ASA), at which time a copy will be returned to Respondent.
23. Notwithstanding any other provision of this ASA, upon Respondent’s failure to perform, or default, or failure to comply with any term of this ASA, EPA may

refer this matter to the United States Department of Justice to recover civil penalties pursuant to section 205 of the CAA, 42 U.S.C. § 7524, commence an action to enforce this ASA, recover the civil penalty pursuant to section 205 of the CAA, 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 violations of the CAA and the regulations promulgated thereunder at 40 C.F.R. Part 80. Respondent expressly waives its right to assert that such action is barred by 28 U.S.C. § 2462, any applicable statute of limitation, or other provisions limiting actions as a result of passage of time. Respondent acknowledges that its tax identification number may be used for collecting or reporting any delinquent monetary obligation arising from this Agreement. *See* 31 U.S.C. § 7701.

24. The Parties represent that the individual or individuals executing this ASA on behalf of Respondent are authorized to do so and that such execution is intended and is sufficient to bind Respondent, its agents, assigns, or successors.
25. 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.
26. The validity, enforceability, and construction of all matters pertaining to this ASA shall be determined in accordance with applicable federal law.
27. This ASA is contingent upon the truthfulness, accuracy and completeness of Respondent's disclosures and representations to EPA in this ASA.

**Effect of ASA:**

28. This ASA resolves the EPA's civil claims for the violations alleged in Paragraph 17 whether committed by Respondent or its predecessor in interest and obligations. The resolution of claims set forth in this Paragraph shall take effect upon the receipt by the United States of the civil penalty payment required by Paragraph 19. Nothing herein shall limit the right of EPA to proceed against Respondent in the event of default or noncompliance with this ASA, for violations of section 211 of the CAA, 42 U.S.C. § 7545, which are not the subject matter of this ASA, for other violations of law, or with respect to other matters not within the scope of this ASA. This ASA in no way affects or relieves Respondent of responsibility to comply with other state, federal, or local laws or regulations.

SIGNATURES ON FOLLOWING PAGES

Administrative Settlement Agreement – In the Matter of:  
Phillips 66 Company  
AED/MSEB # 8013

The following agree to the terms of this ASA:

**Phillips 66 Company**

By:  Date: 5-22-13

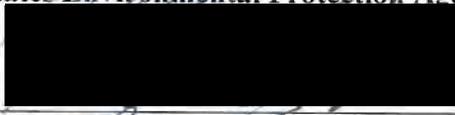
Typed or Printed Name: Lawrence M. Ziemann

Typed or Printed Title: EVP REFINING.

Federal Tax Identification Number: 37-1652702

*Administrative Settlement Agreement – In the Matter of:  
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**United States Environmental Protection Agency**

By: 

Phillip A. Brooks, Director  
Air Enforcement Division  
Office of Civil Enforcement

Date: 6/12/2013

**Attachment A**  
**Administrative Settlement Agreement, AED/MSEB # 8013**

**List of Invalid Renewable Identification Numbers Phillips 66 Company or its predecessor in interest and obligations, ConocoPhillips Company, Retired for Compliance Purposes**

<b>Company: 4674, Green Diesel LLC Facility: 82552, Green Diesel LLC Fuel: 4 Assignment: 2 Equivalence Value: 1.5</b>			
<b>RIN Batch ID</b>	<b>Batch Number</b>	<b>RIN Quantity</b>	<b>RIN Year</b>
1298231	03518	8	2010
1298237	03519	6	2010
1298243	03520	9	2010
1298245	03521	11027	2010
1271767	03526	9	2010
1271769	03530	8	2010
1271771	03531	9	2010
1298241	03532	6	2010
1383200	03533	131653	2010
1271775	03533	9	2010
1298234	03534	243150	2010
1298235	03534	9	2010
1298233	03535	9	2010
1350855	4456	187148	2010
1352609	4457	205412	2010
1476808	4458	215174	2010
1476809	4458	5926	2010
1352611	4459	229997	2010
1352612	4460	244977	2010
1352613	4461	230175	2010
1476810	4462	154387	2010
1476811	4462	78785	2010
1686527	4463	4646	2010
1686526	4463	186619	2010
1503379	4464	62107	2010
1686210	4464	62683	2010
1686209	4464	47932	2010
1504480	4464	37209	2010
1686530	4465	37522	2010
1686531	4465	188443	2010
1686532	4466	61923	2010
1686533	4466	173133	2010
1686521	4467	39345	2010
1644449	4467	63774	2010
1686520	4467	147248	2010
1644446	4468	42350	2010

3884254	562	68434	2011
3897579	565	135600	2011
3835156	566	238862	2011
4008103	567	206201	2011
4008112	568	76265	2011
4008111	568	168951	2011
4008105	569	210237	2011
4008110	570	217051	2011
4008109	570	22829	2011
4008107	571	187214	2011
4008108	572	244175	2011
4008113	573	201195	2011
4008114	574	249563	2011
4008115	575	212417	2011
4008116	576	229529	2011
4008119	577	113804	2011
4114534	577	50486	2011
4114535	577	57998	2011
4008481	578	15406	2011
4008483	578	243138	2011
4008484	578	5681	2011
10846557	579	38317	2011
10846558	579	171850	2011
4590605	580	66573	2011
4289280	581	218612	2011
4289282	583	197004	2011
4516801	604	255719	2011
4516802	605	210896	2011
4516813	606	183026	2011
4516804	607	204945	2011
4899099	608	81819	2011
4516814	608	152237	2011
4762183	609	197370	2011
10861143	611	70144	2011
4975439	612	56556	2011
4762189	613	193266	2011
4762190	613	14766	2011
4762191	614	110203	2011
4762192	614	131915	2011