

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

In the Matter of:	)	
Hess Corporation.	)	Administrative Settlement
Respondent.	)	Agreement
	)	AED/MSEB # 7267

This Administrative Settlement Agreement is made and entered into by and between the United States Environmental Protection Agency (EPA) and Hess Corporation (Respondent), regarding Respondent's compliance with the requirements of the Clean Air Act (CAA) and the regulations promulgated thereunder at 40 C.F.R. Part 80, subparts D, E and F (RFG Regulations).

**Purpose:**

1. The purpose of this Administrative Settlement Agreement is to resolve alleged noncompliance by Respondent with the requirements of CAA section 211(k), 42 U.S.C. § 7545(k), and the RFG Regulations.

**Statutory and Regulatory Authority:**

2. CAA section 211(k) required EPA to promulgate regulations regarding the manufacture and use of reformulated gasoline (RFG) for use in certain RFG covered areas. The RFG Regulations require use of RFG in certain ozone nonattainment areas (covered areas) and impose a number of quality assurance, recordkeeping, and reporting requirements on refiners and importers.
3. The RFG Regulations at 40 C.F.R. § 80.41(e) set the Phase II complex model per-gallon standards. The NOx emissions performance reduction standard for VOC-

controlled gasoline, where compliance is achieved on a per-gallon basis, is greater than or equal to 5.5%.

**Background:**

4. On September 26, 2005, Respondent informed EPA that it produced two batches of RFG at the First Reserve Terminal (FRT) in Perth Amboy, New Jersey that did not comply with 40 C.F.R. § 80.41(e) and the per-gallon NOx emissions performance reduction standard for VOC-controlled gasoline described therein. Respondent erroneously approved both batches for shipment based on commercial standards for downstream product rather than the standards applicable to refiners. On October 31, 2005, Respondent provided EPA with additional information regarding the production and shipment of these batches.
5. Based upon the information set forth in Respondent's self-disclosure, EPA alleges that Respondent violated the following regulations:
  - a. 40 C.F.R. § 80.41(e) by certifying (and thereafter distributing) approximately 4,494,420 gallons of RFG from FRT on or about July 21, 2005, that exceeded the complex model per-gallon standard for NOx emissions performance reduction for VOC-controlled gasoline.
  - b. 40 C.F.R. § 80.41(e) by certifying (and thereafter distributing) approximately 5,448,996 gallons of RFG from FRT on or about August 2, 2005, that exceeded the complex model per-gallon standard for NOx emissions performance reduction for VOC-controlled gasoline.

**Civil Penalty:**

6. Respondent agrees to pay a civil penalty of \$115,000 penalty to the United States of America within thirty (30) calendar days of the effective date of this Agreement (penalty due date), but not before the effective date. Late payment of

the EPA penalty is subject to interest and fees as specified in 31 U.S.C. § 3717.

Respondent agrees to pay the amount by either:

- a. Certified check or cashier's check payable to the "United States of America," and mailed via the 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 # 7267

Respondent shall fax photocopy of the check to (303) 312-6003 to the attention of Jeff Kodish within twenty-four hours from the time the check is mailed to EPA. This check shall be identified with the case number and Respondent's name; or

- b. Respondent may make an online payment through the Department of the Treasury by visiting WWW.PAY.GOV. In the "Search Public Forms" 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 Jeff Kodish at (303) 312-6003.

**Stipulated Penalties:**

7. Respondent agrees to pay stipulated penalties of \$1,000 per day for failure to timely pay the penalty, or provide proof thereof, pursuant to Paragraph 6.

**General Provisions:**

8. This Agreement becomes effective upon the date executed by EPA and returned to Respondent by overnight mail or delivery service, or by certified mail, return receipt requested (effective date of the Agreement).
9. Notwithstanding any other provision of this Agreement, the parties agree that upon default or failure of Respondent to comply with the terms of this Agreement, EPA may refer this matter to the United States Attorney General for collection,

pursuant to CAA section 205(c), 42 U.S.C. § 7524(c), commence an action to enforce this Agreement or to recover the civil penalty pursuant to CAA section 205, or pursue any other remedies available to it. Respondent expressly waives its right to assert that such action is barred by 28 U.S.C. § 2462, other statutes of limitation, or other provisions limiting actions as a result of the passage of time.

10. The parties represent 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 agents, assigns, or successors.
11. 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.
12. The validity, enforceability, and construction of all matters pertaining to this Agreement shall be determined in accordance with applicable federal law.
13. This Settlement is contingent upon the material truthfulness, accuracy and completeness of Respondent's disclosures and representations to EPA under this Agreement, including but not limited to representations described in Paragraph 4 of this Agreement.

**Effect of Agreement:**

14. Upon completion of the terms 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:

**Hess Corporation**

By:  Date: 06/4/09

Typed or Printed Name: Peter Haid

Typed or Printed Title: Director, Regulatory & Environmental Compliance

*Administrative Settlement Agreement – In the Matter of Hess Corporation*  
*AED/MSEB # 7267*

**United States Environmental Protection Agency**

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Pamela J. Mazakas, Acting Director  
Air Enforcement Division  
Office of Civil Enforcement