

No. GV301473

STATE OF TEXAS,
Plaintiff,

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THE DISTRICT COURT OF

V.

TRAVIS COUNTY, TEXAS

HUNTSMAN PETROCHEMICAL
CORPORATION,
Defendant.

98th JUDICIAL DISTRICT

AGREED FINAL JUDGMENT

BE IT REMEMBERED that on this date came the State of Texas, through Texas Attorney General Greg Abbott, on behalf of the people of Texas and the Texas Commission on Environmental Quality, and the Defendant Huntsman Petrochemical Corporation (“Huntsman”), through its attorneys. The Parties submitted this Agreed Final Judgment to the Court for approval.

By the duly authorized signatures of their attorneys below, the Parties stipulated to the Court the following: that they understand the terms of this Judgment; that they agree to the terms of this Judgment; that the Defendant admits no liability and is settling this lawsuit due to the costs, risks, and delay of litigation, and to buy its peace; that this Judgment shall not constitute or be used as an admission of liability in any other proceeding; that the Parties waive all rights of appeal from this Judgment; that they actively participated in the negotiations leading up to this Judgment and are well aware of the duties placed on them by it and are capable of carrying out those duties in full; that the terms of this Judgment are sufficiently

detailed and specific so as to be enforceable by the Court; that no Party agrees to this Judgment as a result of duress; and that all Parties waive any claims of duress that might be made.

I.
Background

This Agreed Final Judgment resolves claims by the State of Texas against Huntsman for alleged violations of the Texas Clean Air Act, Chapter 382 of the Texas Health and Safety Code, and rules and permits promulgated thereunder, at Huntsman's Aromatics and Olefins petrochemical production plant located at the intersection of State Highway 73 and Savannah Avenue in Port Arthur, Jefferson County, Texas.

II.
General Provision

To resolve the claims alleged in this cause, or which could have been alleged, by the State of Texas under the Texas Clean Air Act, Chapter 382 of the Texas Health and Safety Code, and rules and permits promulgated thereunder, at Huntsman's Aromatics and Olefins petrochemical production plant located at the intersection of State Highway 73 and Savannah Avenue in Port Arthur, Jefferson County, Texas, through the date this Judgment is signed by the Court, Huntsman, its assigns and successors, shall pay to the State of Texas civil penalties as provided in Paragraph III, shall pay attorney's fees as provided in Paragraph IV, and shall complete the Supplemental Environmental Project described in Paragraph V and Attachment A attached to this Judgment. All payments shall be made in the manner described in Paragraph VI and are subject to the default provisions of Paragraph VII.

III.
Civil Penalties

It is hereby ORDERED that Huntsman shall pay to the State of Texas civil penalties in the total amount of NINE MILLION SEVENTY-TWO THOUSAND FOUR HUNDRED AND SEVENTY-FOUR DOLLARS (\$9,072,474.00). Payments shall be made according to the following schedule:

- a. EIGHT HUNDRED FIFTY THOUSAND DOLLARS (\$850,000.00) shall be paid within thirty (30) days of the signing of this Judgment by the Court.
- b. ONE MILLION DOLLARS (\$1,000,000.00) shall be paid within one year of the signing of this Judgment by the Court.
- c. ONE MILLION SIX HUNDRED FIFTY THOUSAND DOLLARS (\$1,650,000.00) shall be paid within two years of the signing of this Judgment by the Court.
- d. TWO MILLION DOLLARS (\$2,000,000.00) shall be paid within three years of the signing of this Judgment by the Court.
- e. TWO MILLION DOLLARS (\$2,000,000.00) shall be paid within four years of the signing of this Judgment by the Court.
- f. ONE MILLION FIVE HUNDRED AND SEVENTY-TWO THOUSAND FOUR HUNDRED AND SEVENTY-FOUR DOLLARS (\$1,572,474.00) shall be deferred subject to the terms and conditions of Paragraph V of this Judgment and the Supplemental Environmental Project described in Attachment A.

**IV.
Attorney's Fees**

It is further ORDERED that Huntsman shall pay to the State of Texas attorney's fees in the total amount of THREE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$375,000.00). Payment of this amount shall be made within thirty (30) days of the signing of this Judgment by the Court.

**V.
Supplemental Environmental Project**

It is further ORDERED that Huntsman shall complete the Supplemental Environmental Project described in Attachment A attached to this Judgment, which is incorporated herein by reference for all purposes as if a part of this Judgment. The costs and expenses of the Supplemental Environmental Project described in Attachment A shall be credited to the satisfaction of the deferred civil penalty amount of \$1,572,474.00 set out in Paragraph III-f of this Judgment, subject to the terms and conditions specified in Attachment A.

**VI.
Manner of Payment**

All payments required by this Judgment shall be made by check payable to the State of Texas, bearing reference number 98-1066038, and delivered to the attention of Karen W. Kornell, Assistant Attorney General, Chief, Natural Resources Division, Office of the Attorney General, P.O. Box 12548, Capitol Station, Austin, Texas 78711- 2548 (U.S. mail delivery), or 300 West 15th Street, Suite 1000, Austin, Texas (personal delivery).

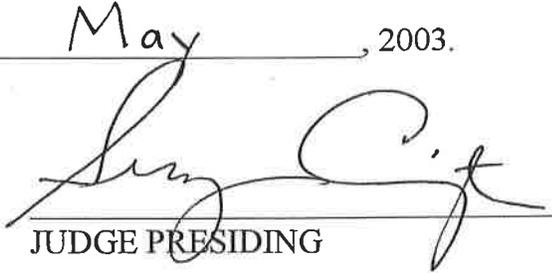
**VII.
Default**

If any payment required pursuant to this Judgment is not delivered on time, or is dishonored, the entire unpaid balance of the Judgment will thereupon be immediately due and may be executed upon without further delay, notice to Defendant, or order of this Court, and interest shall accrue on such unpaid balance at the rate of 10% per annum from the date that the late, missed, or dishonored payment is due.

VIII.

All relief not expressly granted herein is denied.

SIGNED this 13th day of May, 2003.



JUDGE PRESIDING

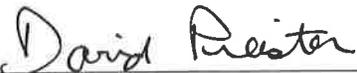
APPROVED AS TO FORM AND SUBSTANCE
AND ENTRY REQUESTED:

GREG ABBOTT
Attorney General of Texas

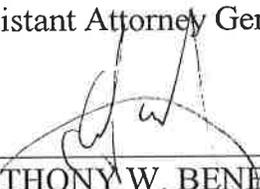
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Deputy Attorney General for Litigation

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Chief, Natural Resources Division



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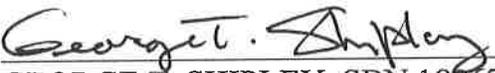


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ATTORNEYS FOR DEFENDANT
HUNTSMAN PETROCHEMICAL CORPORATION

**Huntsman Petrochemical Corporation
Agreed Final Judgment
Attachment A**

SUPPLEMENTAL ENVIRONMENTAL PROJECT

In the Agreed Final Judgment, the Texas Commission on Environmental Quality (“TCEQ”) agreed to offset a portion of the civil penalty assessed in the Agreed Final Judgment with the condition that Huntsman Petrochemical Corporation (“Huntsman”) shall perform and comply with all of the following Supplemental Environmental Project (“SEP”) provisions. The total amount of the conditional offset for the SEP, upon completion according to the terms and schedules listed below, shall not exceed one million five hundred seventy-two thousand four hundred seventy-four dollars (\$1,572,474.00) of the civil penalty of nine million seventy-two thousand four hundred seventy-four dollars (\$9,072,474.00), as more particularly set forth in the Agreed Final Judgment.

1. Project Description

A. Ambient Fence Line Gas Chromatograph Monitoring Project

Huntsman shall perform ongoing ambient air monitoring at its petrochemical plant in Port Arthur, Texas (the “Plant”). Huntsman shall monitor for benzene, ethylene, propylene, 1-3 butadiene, cyclohexane, isobutene and n-butene at two (2) locations at the fence line of the Plant. Each site shall be approved in writing in advance by the Executive Director (“ED”) of the TCEQ. The sites shall be selected to provide a reasonably accurate measurement and representation of the air quality at the perimeter of the Plant. The ambient air-monitoring network shall commence operation pursuant to the provisions in subparagraph 1.A.1. Huntsman is responsible for providing monitoring and testing facilities and conducting the monitoring and testing operations at its expense. Data validation, operation and maintenance shall be conducted by an independent third party approved in writing in advance by the ED of the TCEQ. Additionally, all monitoring and data validation shall be submitted to the TCEQ by Huntsman in accordance with all the requirements of this Attachment A to this Agreed Final Judgment and the Quality Assurance Project Plan (“QAPP”) approved in writing in advance by the ED of the TCEQ.

1. Schedule for implementation:

- a. No later than 15 days after the court signs the Agreed Final Judgment, Huntsman shall contact the TCEQ Office of Compliance and Enforcement, Monitoring Operations Division, and submit the name of an independent third party contractor who will provide quality assurance, operation and maintenance for the system.

The ED of the TCEQ shall approve or deny the selection of the independent third-party contractor no later than 45 days after the court signs the Agreed Final Judgment.

- b. No later than 15 days after the court signs the Agreed Final Judgment, Huntsman shall contact the TCEQ Office of Compliance and Enforcement, Monitoring Operations Division, to set up a pre-monitoring meeting, which shall be held no later than 45 days after the court signs the Agreed Final Judgment. The purpose of the meeting is to determine the locations for the monitors.
- c. No later than 45 days after the court signs the Agreed Final Judgment, Huntsman shall submit for review and approval the QAPP described in Paragraph 1.A.4. below.
- d. No later than 240 days after approval of the QAPP, Huntsman shall have installed all necessary equipment to implement the monitoring network at the Plant.
- e. No later than 270 days after approval of the QAPP, Huntsman shall have all the instruments calibrated and all of the operating methods and protocols fully developed and ready for immediate implementation.
- f. Not later than 280 days after approval of the QAPP, Huntsman shall begin operating, and thereafter continuously operate for a period of not less than eleven quarters, the ambient air monitoring network. The first quarter begins the first day of the first full month of operation.
 - i) For purposes of Paragraph 1.A. of this Attachment A to the Agreed Final Judgment, Huntsman shall operate each monitor for no less than 80 percent of the total operating hours each quarter, not including scheduled maintenance and calibration or any other quality assurance/quality control operations or Acts of God that are beyond the control of Huntsman.
 - ii) Any intentional omission of data or shut down of the monitoring equipment for any reason other than a bona fide equipment failure is prohibited under this agreement. The determination of what constitutes bona fide equipment failure shall be subject to a good faith reasonable interpretation by the ED.

- iii) The time for scheduled maintenance, calibration, or any other quality assurance/quality control operations shall not overlap at the individual sites and shall be as set forth in the QAPP.

 - g. Huntsman shall complete eleven quarters (as described in paragraph 1.A.1.f of this Attachment A to the Agreed Final Judgment) of operation of the monitoring network provided for herein no later than the fifth (5th) anniversary date of the day on which the QAPP is approved. For any quarterly period where a GC does not meet the 80% total operating hours (as described in paragraph 1.A.1.f), an additional quarter will be added to the required operational period described above. Failure to meet the 80% requirement in any given quarter will not be considered to be a violation of the agreement. In the event that the eleven quarter requirement is not met by the end of the fifth year, Huntsman may petition the Executive Director for an extension of the monitoring period.
2. Air contaminants: Huntsman shall test for benzene, ethylene, propylene, 1-3 butadiene, cyclohexane, isobutene and n-butene.

 3. Monitoring Requirements: Each monitoring site shall consist of a Perkin-Elmer type automated gas chromatograph ("GC") with an enrichment system. The Perkin-Elmer GC systems will collect ambient air samples (at a cycle time equal to or less than one hour which will be determined in the QAPP) and report at a period which agrees with the analyzer cycle time, to a central computer located at the Plant. Meteorological data will be collected by meteorological stations capable of collecting data representative of the monitor inlet locations including, at a minimum, wind speed and wind direction integrated on a five-minute basis. Huntsman may elect to use the three existing stations located throughout the Plant upon a demonstration to the satisfaction of the Executive Director that the data collected by those stations are representative of the monitor inlet locations.

 4. Quality Assurance Project Plan: Within the time provided for in Paragraph 1.A.1, Huntsman shall submit for review and approval by the ED a QAPP in EPA QA/R-5 format. The QAPP document shall establish data quality objectives and identify the ambient monitoring network hardware configuration, monitor locations, calibration, operation and maintenance procedures, corrective action measures, data processing and validation protocols, data transmittal formats and procedures, and quality-assurance audit procedures.

The gas chromatograph systems will have quality control checks and acceptance criteria to produce data within 30 percent of the true value

(standard concentration level) at concentration ranges between five times the instrument MDL and the upper calibration limit. Any sample data not meeting the criteria will be qualified as estimated concentrations and have the associated bias reported with the measurement.

Specifically for the GC analyses, the following conditions are required by the TCEQ:

- a. The Method Blank Acceptance must be no more than 0.5 parts per billion by volume (“ppbv”) for all target compounds;
- b. The tolerance for the target compounds in the daily calibration check is 70-130% recovery;
- c. The accuracy tolerances in the second source standard for target compounds are 70-130% for each calibration curve;
- d. To demonstrate that the analyzer is capable of a high level of repeatability, the precision tolerance will be 25% relative percent difference (“RPD”); and
- e. The calibration linearity for all target compounds must have a correlation coefficient of 0.995 over a calibration range of 1 to 250 ppbv on a quarterly basis. If an ambient air sample analysis is reported at a higher level than 250 ppbv, a standard at or above the ambient level will be analyzed to provide an estimate of instrument response at this elevated concentration range.
- f. The reporting limit will be 0.01 ppbv.

Either EPA published methods will be strictly followed or non-published or modified method performance will be evaluated, documented and provided to the TCEQ. Method performance will be assessed for acceptable qualitative and quantitative bias, precision, sensitivity, sampling and/or analytical system contribution, and stability by:

- Defining the instrument working range using a multipoint calibration curve for each target compound;
- Demonstrating analytical system contamination potential using instrument blanks immediately after the highest concentration in the calibration curve;

- Demonstrating calibration bias and measurement precision by preparing a second source standard and analyzing four replicates (minimum);
- Demonstrating calibration accuracy by analyzing a second source standard;
- Determining method detection limits (“MDLs”) according to 40 Code of Federal Regulations (“CFR”) Part 136, Appendix B (i.e., measuring the variability of seven replicate spikes) and then testing these MDLs by analyzing a low level standard;
- Evaluating collection efficiency (breakthrough, concentration, and volume), maximum sample volume, sample storage effects, and desorption/extraction efficiency (as appropriate for a given method); and
- Determining known or suspected limitations (interferences and matrix effects).

Using a variety of control samples during routine sample analysis, the method and instrument performance will be proven to be operating within acceptable limits. In general, these acceptable limits (when a published EPA method is not followed) will be established as necessary to produce data with no more than 30% bias and 25% variability at concentrations more than 5 times the MDL. The MDL for all target analytes will be 0.5 ppbv, except for ethylene and propylene which will be 1.0 ppbv. Any associated sample data not meeting these criteria will be qualified as estimated concentrations and have the associated bias and precision reported with the measurement.

5. Reporting

Hardcopy and electronic reports will be provided to the TCEQ within 45 days after the end of each monitoring month and include the following information about the previous month’s monitoring: 1) a list of the data measurements in excess of the applicable effects screening level (“ESL”); 2) any deviations from the agreed upon QAPP or any other issues which may affect data quality; 3) summary tables of quality control checks; 4) what, if any, corrective actions were taken at the Plant based on the monitoring data; and 5) summary tables correlating the data from different sites (including meteorological data) in accordance with the QAPP.

Electronic meteorological and pollutant measurement data, including calibration data will be posted (using file transfer protocol (“ftp”)) to a TCEQ

specified web site in re-engineered AIRS (Aerometric Information Retrieval System) format. This web site will be for TCEQ internal use and will not be a site that is freely available to the general public. All data submitted to the TCEQ pursuant to this monitoring program shall be considered public information.

Two hardcopies of the monitoring report shall be forwarded to the TCEQ as follows:

One copy to the TCEQ Beaumont Regional Office
One copy to the TCEQ Austin Office of Compliance and Enforcement,
Engineering Services Team

6. Huntsman shall verify the proper operation of each monitor at least once each day (not to exceed 26 hours between verifications). Huntsman shall notify the TCEQ Beaumont Regional Office via electronic mail within three business days after the beginning of an event where any element of the monitoring instruments does not function within the parameters approved by the TCEQ, including a description of necessary corrective measures to assure appropriate functioning, and the amount of time needed to correct the problem(s). In the report, Huntsman shall identify whether the failure was reasonably unforeseen and reasonably unavoidable and, if such a claim is made, shall provide as much information as possible supporting the claim. Within 14 days after the initial report, Huntsman shall supplement the report with all additional information that is available and required to be reported.
7. Nothing in this project plan shall be construed to relieve Huntsman of any obligation it has to otherwise comply with 30 TEX. ADMIN. CODE ch. 101, subchs. A and F.

B. Applicable Laws and Purpose

This SEP will be done in accordance with all federal, state and local environmental laws and regulations. Huntsman will use SEP monies only for the direct cost of implementing the project and no portion will be spent on administrative costs. Huntsman shall use SEP monies on monitoring instrumentation, installation, maintenance and operating costs, laboratory analysis, reporting and data validation.

Huntsman certifies that there is no prior commitment to any regulatory agency to do this project and that it is being performed solely in an effort to settle this enforcement action.

This SEP will provide a discernible environmental benefit by providing measurements of community exposure to pollutants and providing post-event

evaluation of pollutants emitted during an emergency. The information obtained will provide the agency and the community with more knowledge of the quantity of chemicals emitted from the Plant and/or found in the atmosphere.

C. Minimum Expenditure

The offset of one million five hundred seventy-two thousand four hundred seventy-four dollars (\$1,572,474.00) of the civil penalty is based upon Huntsman's agreement to spend at least one million five hundred seventy-two thousand four hundred seventy-four dollars (\$1,572,474.00) to complete the project and to comply with all other provisions of this SEP.

Subject to previously stated restrictions on the use of SEP monies and to the extent it can be documented, Huntsman will receive credit for the hours its employees and equipment are used implementing the SEP. Equipment credits will be based on the schedule of equipment rates published by the Federal Emergency Management Agency. Huntsman will not receive credit for volunteer labor or equipment. Huntsman will also not receive credit for gratuities and/or inducements for volunteers. Regardless, in order to receive credit for any expenditure toward the SEP, those expenditures must be pre-approved in writing by the TCEQ. Any proposed expenditure consistent with the provisions of Attachment A shall be deemed approved, if, within 90 days after the submission to and receipt by the TCEQ of the proposed expenditure, the TCEQ has not taken any action to approve or deny the proposed expenditure.

2. Records and Reporting

- A. Huntsman shall maintain records of the costs of the project. A progress report will be provided to the TCEQ SEP Coordinator every 120 days. The progress report shall include:
 - 1. A description of the status of the project;
 - 2. The approximate expenditures in the reporting period; and
 - 3. Other information that may be necessary to specify the steps taken to implement the project.

- B. A final report summarizing all costs will be due 90 days following the conclusion of the project. The final report shall contain the following information:
 - 1. An itemized list of expenditures and costs incurred with receipts, copies of checks, or other verifying documentation attached;
 - 2. The total amount of costs incurred;

3. A statement of quantifiable environmental benefits; and
4. Any additional information Huntsman believes will demonstrate compliance with this agreement.

Copies of receipts, copies of checks, invoices, and other documentation verifying appropriate expenditures and the completion of the project must be submitted with the final report.

Huntsman agrees to provide additional information related to the project that is requested by the TCEQ SEP Coordinator and to allow access to all financial records related to the receipt and expenditure of SEP monies and to allow a representative of the TCEQ, upon request, access to the site of any work being financed in whole or in part by SEP monies. **All SEP reports and information shall be submitted to the following address:**

Litigation Division
Attention: SEP Coordinator, MC 175
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

3. **Failure to Fully Perform**

If Huntsman does not perform its obligations under this Attachment A to the Agreed Final Judgment, including the submittal of adequate reports, the ED may require immediate payment of all or part of the one million five hundred seventy-two thousand four hundred seventy-four dollars (\$1,572,474.00) conditionally offset. However, in the event that Huntsman completes all the conditions of the entire SEP, and the total cost of the SEP is less than \$1,572,474.00 then Huntsman shall pay the difference between the actual cost of the project and \$1,572,474.00.

The check for any amount due shall be made out to "The State of Texas" and mailed to:

Karen W. Kornell
Assistant Attorney General
Chief, Natural Resources Division
Office of the Texas Attorney General
P.O. Box 12548, Capitol Station
Austin, Texas 78711-2548

A copy of the check shall be mailed to the TCEQ SEP Coordinator at the address in Section 2 above.

4. **Publicity**

Any public statements concerning this SEP made by, or on behalf of, Huntsman must include a clear statement that the project was performed as part of the settlement of an enforcement action brought by the TCEQ. Such statements include, but are not limited to, advertising, public relations, and press releases.

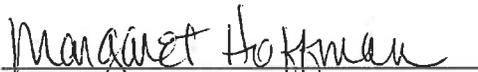
5. **Clean Texas Program**

Huntsman shall not include this SEP in any application made to TCEQ under the "Clean Texas" (or any successor) program(s). Similarly, Huntsman may not seek recognition for this contribution in any other State or Federal regulatory program.

6. **Other SEPs by TCEQ or Other Agencies**

The SEP identified in this Attachment A to the Agreed Final Judgment has not been, and shall not be, included as a SEP for Huntsman under any other Agreed Order negotiated with the TCEQ or any other agency of the State or Federal government.

EXECUTED by the Texas Commission on Environmental Quality and Huntsman Petrochemical Corporation, by:



MARGARET HOFFMAN

Executive Director

Texas Commission on Environmental Quality

DATED: 20 March 03



HERMIE L. BUNDICK, Director, JCO Operations

Huntsman Petrochemical Corporation

DATED: 3/17/03