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## OIL COMPANY PLEADS GUILTY TO CLEAN AIR ACT AND OBSTRUCTION OF JUSTICE CRIMES

**Lafayette, La.** - Stephanie A. Finley, United States Attorney for the Western District of Louisiana, along with Ignacia S. Moreno, Assistant Attorney General for the Environment and Natural Resources Division at the Department of Justice, and Cynthia Giles, Assistant Administrator for the U.S. Environmental Protection Agency's Office of Enforcement and Compliance Assurance, announce that Pelican Refining Company LLC, pleaded guilty today to felony violations of the Clean Air Act and to obstruction of justice charges in federal court in Lafayette, La.

If the court sentences according to the terms in today's plea agreement, Pelican will pay \$12 million in criminal penalties, including \$2 million in community service payments that will go toward various environmental projects in Louisiana, including air pollution monitoring. Pelican would be banned from future refinery operations unless and until it implements an environmental compliance plan, which includes external auditing by independent firms and oversight by a court appointed monitor. It would mark the largest ever criminal fine in Louisiana for violations of the Clean Air Act.

In pleading guilty, officials of Pelican, headquartered in Houston and operating a refinery in Lake Charles, La., admitted that the company had violated numerous aspects of its permit to operate. The violations were discovered during a March 2006 inspection by the Louisiana Department of Environmental Quality (LDEQ) and the EPA, which identified numerous unsafe operating conditions. Pelican also pleaded guilty to obstruction of justice for submitting materially false deviation reports to LDEQ, the agency that administers the federal Clean Air Act in Louisiana.

Pelican has admitted to the following:

- Pelican had no company budget, no environmental department and no environmental manager;

- In order to comply with a permit issued under the Clean Air Act, the refinery was required to use certain key pollution prevention equipment, but that equipment was either not functioning, poorly maintained, improperly installed, improperly placed into service and/or improperly calibrated;
- It was a routine practice for over a year to use an emergency flare gun to re-light the flare tower at the refinery which was designed to burn off toxic gasses and provide for the safe combustion of potentially explosive chemicals; because the pilot light was not functioning properly, employees would take turns trying to shoot the flare gun to relight the explosive gasses;
- Sour crude oil was stored in a tank that was not properly placed into service and remained in the tank after the roof sank;
- A caustic scrubber designed to remove hydrogen sulfide from emissions was bypassed; and
- A continuous emission monitoring system (CEMS) designed to measure the hydrogen sulfide levels in refinery emissions was not working properly.

"Pelican had demonstrated a manifest disregard for accepted practices that are designed to protect human health and the environment," said Assistant Attorney General Moreno. "Today, Pelican faces significant penalties for its egregious violations of its Clean Air Act permit and for submitting false information to state officials."

"Louisiana is the sportsman's paradise, and this corporation seriously jeopardized our precious environment. The citizens of our community should be appalled by such blatant environmental crimes. Going forward, this refinery will not be able to operate unless it is in full compliance with the law," said U.S. Attorney Finley.

"Facilities that operate in our backyards have a responsibility to follow our nation's environmental laws, like the Clean Air Act, which is designed to protect the air we breathe and the local environment," said Assistant Administrator Giles. "Today's guilty plea shows that businesses that choose to ignore these critical safeguards and put their employees and the public at risk will face serious consequences."

"Our nation's environmental laws are designed to protect the air we breathe, the water we drink, and the local environment," said Ivan Vikin, Special Agent in Charge of EPA's criminal enforcement program in Louisiana. "Corporations have a responsibility to follow these laws and not cut corners. Today's action shows that if a business chooses to ignore these critical safeguards, putting employees and the public at risk, it can expect to pay a substantial price."

"It's unfortunate that an individual or business would skirt the law and put human health and the environment at risk, especially given the progress the state has made in improving air quality," said Louisiana Department of Environmental Quality Secretary Peggy Hatch. "Hopefully, the efforts of LDEQ and its state, federal and local partners, will

demonstrate that it can be very costly to put the people and environment at risk by disregarding state and federal regulations."

"This case illustrates the level of cooperation between the investigative resources within our state and federal law enforcement partners," said Colonel Mike Edmonson, Louisiana State Police Superintendent. "Louisiana's Environmental Crimes Task Force, consisting of investigators assigned from state police, LDEQ and EPA, remains committed to investigating and bringing to justice those persons or entities that violate the nation's environmental laws and regulations."

Byron Hamilton, the Pelican vice-president who oversaw operations at the Lake Charles refinery since 2005 from an office in Houston pleaded guilty on July 6, 2011, to negligently placing persons in imminent danger of death and serious bodily injury as a result of negligent releases at the refinery. Hamilton faces up to one year in prison and a \$200,000 fine for each of the two Clean Air Act counts.

The government's investigation of the Pelican Refinery is continuing. Under the Crime Victims' Rights Act, crime victims are afforded certain statutory rights, including the opportunity to attend all public hearings and provide input to the prosecution. Any person adversely impacted is encouraged to visit [www.justice.gov/usao/law/vicwit/index.html](http://www.justice.gov/usao/law/vicwit/index.html) to learn more about the case and the Crime Victims' Rights Act or you may contact the Victim Witness Coordinator for the U.S. Attorney's Office, Western District of Louisiana, Vicki Chance at 318-676-3600.

The criminal investigation is being conducted by the EPA Criminal Investigation Division in Baton Rouge and the Louisiana State Police, with assistance from the Louisiana Department of Environmental Quality. The case is being prosecuted by U.S. Attorney Stephanie Finley, Richard A. Udell, Senior Trial Attorney and Trial Attorney Christopher Hale, both with the Environmental Crimes Section of the Environment and Natural Resources Division of the U.S. Department of Justice.

Copies of the Joint Factual Statement and Photographs filed in Court can be obtained by calling the contacts listed above or at the following link: [www.epa.gov/compliance/criminal/investigations/pelican-exhibits.pdf](http://www.epa.gov/compliance/criminal/investigations/pelican-exhibits.pdf).

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