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August 13, 2010
For Immediate Release

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Marathon Oil Pays State \$2.7 Million as Part of Settlement over Alleged Air Quality Violations at Plant near Carlsbad

Environment Department has contributed \$18.1 Million to State's General Fund since 2008

(Santa Fe, NM) – The New Mexico Environment Department received a final payment of \$2.7 million from Marathon Oil Corp. to complete the Texas-based company's obligations under a settlement reached last year totaling more than \$5 million.

The Environment Department, through similar penalties and settlements since 2008, has contributed \$18.1 million to the state's general fund.

"Our settlement with Marathon will help improve the operation of the plant and protect local air quality," said New Mexico Environment Department Secretary Ron Curry. "In addition, part of the settlement included environmental projects that will benefit the environment and economy of the region near the plant."

The department filed suit against Marathon in 2008 after it discovered numerous air quality violations at the company's Indian Basin natural gas processing plant near Carlsbad. This payment is in addition to an earlier cash penalty of \$610,560, as well as environmental projects worth approximately \$1.75 million that Marathon agreed to fund at three state colleges and universities in Southern New Mexico. The remainder of the settlement amount was used to upgrade pollution control equipment at the plant, which is now under new ownership.

As part of the decree with Marathon, the company was required to install a new smokeless flare at the gas plant, and it will install a vapor recovery system to capture emissions of volatile organic compounds from its storage tanks. These measures are necessary to bring the plant into compliance with the permit and regulations.

The settlement stems from a complaint the department filed in the First Judicial District Court in December 2008 in Santa Fe against Marathon alleging violations of the New Mexico Air Quality Act and Air Quality Regulations. The complaint, which included more than 4,000 air quality violations, included exceeding maximum allowable emission rates for sulfur dioxide, failing to monitor SO₂ emissions, failing to properly calibrate and adjust the SO₂ emission monitoring system, failure to comply with emission control requirements for tanks used to store volatile organic liquids, and failure to comply with various recordkeeping and reporting requirements.

The plant, which is 20 miles west of Carlsbad in Eddy County, is required by state law to adhere to strict air emission limits to protect air quality and the health of local citizens. The plant is also required to operate pollution control equipment including a Sulfur Recovery Unit, flares to burn off toxic gasses, and a Continuous Emission Monitoring System.

The suit alleged excess emission violations during at least 191 flaring events and more than 2,000 violations for failing to maintain proper calibration of required emission control equipment.

Marathon Oil, which is an integrated international energy company, is engaged in exploration and production, oil sands mining, integrated gas, and refining, marketing and transportation. Marathon has principal operations in the United States, Angola, Canada, Equatorial Guinea, Gabon, Indonesia, Ireland, Libya, Norway and the United Kingdom. Marathon is the fourth largest United States-based integrated oil company and the nation's fifth largest refiner.

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