UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 6
1445 ROSS AVENUE, SUITE 1200
DALLAS TX 75202-2733

January 31, 2012

Certified Mail – Return Receipt No. 7001 0360 0003 6675 0707

William V. Killoran, Jr.
Associate General Counsel - EHS
GE Oil and Gas
777 Long Ridge Road
Stamford, Connecticut 06927

Re: In the Matter of GE Hydril; Houston, Texas
Violations of the Emergency Planning and Community Right-to-Know Act (EPCRA) Section 313

Dear Mr. Killoran:

This letter is in regard to the EPCRA 313 investigation conducted for GE Hydril's Houston, Texas facility covering the calendar years 2005 through 2009. Based on the findings in the inspection report, discussions with GE personnel, and the information presented during previous meetings, the Environmental Protection Agency intends to pursue the following violations:

- **Failure to report ethylene glycol – 2006, 2007, 2008, and 2009**

  Ethylene glycol was not considered by the facility during its original preparation for Toxic Release Inventory reporting for any of the years indicated. Further investigation revealed that ethylene glycol was processed at amounts above its reporting threshold for each of the four years.

- **Failure to report chromium and manganese – 2009**

  Stainless steel is an essential component of many of GE Hydril's pressure control devices. For calendar year 2009, stainless steel usage was originally assumed to be zero pounds, which resulted in zero pounds of chromium and manganese processed. Such an assumption should have been questioned by GE as the owner/operator, especially considering there was a corresponding 11 million pound increase in total metals usage from the previous year. For calendar years 2007 and 2008, stainless steel usage was originally assumed to be approximately 70,000 pounds. In addition to being grossly underestimated for what the facility was actually processing, the change from a 70,000 pounds usage assumption in 2008 to a zero pounds usage assumption in 2009, without any significant changes in the facility, its products, or its production process, should have led to further

investigation. When further investigation by GE was finally prompted by EPA's inspection, it was determined that over two million pounds of stainless steel were used in 2009, leading to chromium and manganese being processed at amounts well above their reporting thresholds for that year.

The total amount of the penalty for the six counts of failure to report is **$153,584.00**. A settlement process is available if GE wishes to take advantage of it. If GE agrees to move forward with settlement at this time, the penalty will be reduced by 50%, bringing the final penalty to **$76,792.00**. This offer is available for ten business days from your date of receipt of this letter. If no response is received within ten business days, this offer will be withdrawn, and the EPA will issue a Complaint including the full penalty amount for all violations alleged. Please note that, should the EPA file a Complaint in this matter, the Complaint may include other violations that the EPA has identified for this facility but has declined to raise at this time as part of its settlement offer.

If you have any further questions, please contact me at 214-665-2796, or e-mail me at hodges.angela@epa.gov. Your cooperation in the settlement of this case is appreciated.

Sincerely,

Angela D. Hodges

Angela D. Hodges
Assistant Regional Counsel