

COMMONWEALTH of VIRGINIA

DEPARTMENT OF ENVIRONMENTAL QUALITY

PIEDMONT REGIONAL OFFICE

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Douglas W. Domenech
Secretary of Natural Resources

David K. Paylor
Director

Michael P. Murphy
Regional Director

STATE AIR POLLUTION CONTROL BOARD ENFORCEMENT ACTION - ORDER BY CONSENT ISSUED TO

HONEYWELL RESINS & CHEMICALS LLC

FOR

HONEYWELL RESINS & CHEMICALS LLC, HOPEWELL SITE

Registration No. 50232

SECTION A: Purpose

This is a Consent Order issued under the authority of Va. Code §§ 10.1-1309 and -1316, between the State Air Pollution Control Board and Honeywell Resins & Chemicals LLC regarding the Honeywell Resins & Chemicals LLC, Hopewell Site for the purpose of resolving certain violations of the Virginia Air Pollution Control Law and the applicable permit and regulations.

SECTION B: Definitions

Unless the context clearly indicates otherwise, the following words and terms have the meaning assigned to them below:

1. "Board" means the State Air Pollution Control Board, a permanent citizens' board of the Commonwealth of Virginia, as described in Va. Code §§ 10.1-1184 and -1301.
2. "CFR" means the Code of Federal Regulations, as incorporated into the Regulations.
3. "Department" or "DEQ" means the Department of Environmental Quality, an agency of the Commonwealth of Virginia, as described in Va. Code § 10.1-1183.
4. "Director" means the Director of the Department of Environmental Quality, as described in Va. Code § 10.1-1185.

5. "Facility" means Honeywell Resins & Chemicals LLC's Hopewell Plant, a chemical production facility located at 905 E. Randolph Road, Hopewell, Virginia. The Facility primarily produces caprolactam.
6. "Honeywell" means Honeywell Resins & Chemicals LLC, a limited liability company authorized to do business in Virginia and its members, affiliates, partners, and subsidiaries. Honeywell is a "person" within the meaning of Va. Code § 10.1-1300.
7. "Notice of Violation" or "NOV" means a type of Notice of Alleged Violation under Va. Code § 10.1-1309.
8. "NSR Permit" means a New Source Review permit to operate a chemical production facility, which was issued under the Virginia Air Pollution Control Law and the Regulations to Honeywell on June 28, 2011 and modified on November 30, 2011 and November 6, 2012.
9. "O&M" means operations and maintenance.
10. "Order" means this document, also known as a "Consent Order" or "Order by Consent," a type of Special Order under the Virginia Air Pollution Control Law.
11. "PCE" means a partial compliance evaluation by DEQ staff.
12. "PRO" means the Piedmont Regional Office of DEQ, located in Glen Allen, Virginia.
13. "Regulations" or "Regulations for the Control and Abatement of Air Pollution" mean 9 VAC 5 chapters 10 through 80.
14. "TV Permit" means the Title V Operating permit to operate a chemical production facility, which was issued under the Virginia Air Pollution Control Law and the Regulations to Honeywell on January 1, 2007 and modified on August 12, 2008.
15. "Va. Code" means the Code of Virginia (1950), as amended.
16. "VAC" means the Virginia Administrative Code.
17. "Virginia Air Pollution Control Law" means Chapter 13 (§ 10.1-1300 *et seq.*) of Title 10.1 of the Va. Code.
18. "VEE" means a Visible Emissions Evaluation, as determined by EPA Method 9 (*see* 40 CFR 60, Appendix A).

SECTION C: Findings of Fact and Conclusions of Law

1. Honeywell owns and operates the Facility. Caprolactam is one of the principal chemical products of the Facility.
2. The Facility is the subject of the TV Permit and NSR Permit, which allow the operation of the Facility.
3. The Facility contains a sulfuric acid plant (“SAP”), an area where crude caprolactam is produced (“Area 8”), and an area where hydroxylamine sulfate (“hydrox”) is produced (“Area 9”).
4. On January 17 and 18, 2012, Honeywell conducted stack testing on the SAP.
5. On February 27, 2012, Honeywell sent a Prompt Deviation Report to DEQ as a result of the SAP stack test.
6. On March 5, 2012, DEQ staff received the results of the SAP stack testing.
7. On March 12, 2012, Honeywell sent a follow up letter to the February 27, 2012, Prompt Deviation Report.
8. On March 14, 2012, DEQ staff conducted a PCE of the Facility for compliance with the requirements of the Virginia Air Pollution Control Law, the NSR Permit and the Regulations. DEQ staff observed the following:
 - a. The test results from the stack testing on the SAP indicated that the emissions for PM, PM-10, PM-2.5 and sulfuric acid mist exceeded the permitted emission limits for the SAP. The test results indicated PM emissions were 7.12 lbs/hr, PM-10 emissions were 4.13 lbs/hr, PM-2.5 emissions were 4.13 lbs/hr and sulfuric acid mist was 7.08 lbs
9. Condition 261 of the NSR Permit states that “[e]missions from the operation of the SAP (Stack ID #SK-1) shall not exceed the limits specified below . . .” Condition 261 of the NSR Permit states that the emissions limits for PM, PM-10, PM-2.5 and sulfuric acid mist are 2.2 lbs/hr.
10. On March 29, 2012, DEQ staff conducted an EPA method 9 VEE for the center stack of the molten sulfur storage tank VT-441. The VEE results document that 8 opacity averages exceeded the NSR Permit opacity limit of 10 percent.
11. Condition 260 of the NSR Permit states that “[v]isible emissions from each sulfur storage tank (VT-436, VT-441, VT-442 and VT-443) shall not exceed 10 percent opacity as determined by EPA Method 9 (reference 40 CFR 60, Appendix A).
12. On April 12, 2012, DEQ met with Honeywell to discuss the test results for the SAP stack testing and the VEE for the molten sulfur storage tank VT-441.

13. On April 17, 2012, based upon the inspections and follow-up information, DEQ issued NOV No. 12-04-PRO-08322 to Honeywell for the PM, PM-10, PM-2.5, sulfuric acid mist and opacity violations described above.
14. On April 20, 2012, Honeywell submitted to DEQ a list of action items that had been taken and were planned to be taken to address the compliance issues at the SAP and sulfur storage tank VT-441.
15. On May 4, 2012, DEQ received the stack test results from Honeywell's March 21, 2012 stack test for PM and PM-10 on Flaker FL-7.
16. On May 11, 2012, DEQ staff conducted a PCE of the Facility for compliance with the requirements of the Virginia Air Pollution Control Law, the NSR Permit and the Regulations. DEQ staff observed the following:
 - a. The test results from the stack testing on FL-7 indicated that the emissions for PM and PM-10 exceeded the permitted emission limits for FL-7. The test results indicated PM emissions were 0.33 lbs/hr and the PM-10 emissions were 0.32 lbs/hr.
17. Condition 181 of the NSR Permit states that "[e]missions from the operation of the Area 8 flaker #3 (FL-7), as exhausted from the water scrubber (APCD-DS), shall not exceed the limitations specified below" Condition 181 of the NSR Permit states that the emissions limits for PM is 0.2 lbs/hr and PM-10 is 0.1 lbs/hr.
18. On May 22, 2012, based upon the inspection and submitted stack test results, DEQ issued NOV No. 12-05-PRO-401 to Honeywell for the PM and PM-10 violations at Flaker FL-7.
19. On June 20, 2012, DEQ met with Honeywell to discuss the NOV sent May 22, 2012, and the recent actions taken by Honeywell to address the compliance issues at the SAP and sulfur storage tank VT-441.
20. On October 1, 2012, Honeywell verbally reported the release of nitrogen oxides from the disulfonate tower designated as TW-33.
21. On October 19, 2012, Honeywell sent DEQ a written report which stated that 1000 pounds of nitrogen oxides were released from a ruptured disk valve of the TW-33 section of train E, which exceeded the hourly nitrogen oxides limit. DEQ later determined the nitrogen oxides release to be an unpermitted emission.
22. 9 VAC 5-50-260 (A) states "[n]o owner or other person shall cause or permit to be discharged into the atmosphere from any affected facility any emissions in excess of emissions limitations representing best available control technology, as reflected in any term or condition that may be placed upon the minor NSR permit approval for the facility."

23. 9 VAC 5-80-1210 (E) states “[a]ny owner who constructs or operates a source subject to this section not in accordance with the terms and conditions of any permit to construct or operate, or any owner of a source subject to this section who commences construction or operation without receiving a permit hereunder, shall be subject to appropriate enforcement action including, but not limited to, any specified in this section.”
24. On November 5, 2012, DEQ met with Honeywell to discuss the events and steps taken as a result of the October 1, 2012, release.
25. On November 6, 2012, DEQ issued a modification to the NSR Permit.
26. On November 19, 2012, based upon the October 19, 2012 report sent by Honeywell, DEQ issued NOV No. 12-11-PRO-8551 to Honeywell for the nitrogen oxides emission violations at TW-33.
27. Va. Code § 10.1-1322 states that failure to meet conditions of a permit is considered a violation of the Virginia Air Pollution Control Law.
28. 9 VAC 5-80-260 and 9 VAC 5-80-1210(I) require compliance with all terms and conditions of Title V operating permits and permits for stationary sources respectively.
29. On February 4, 2013, DEQ met with Honeywell to discuss the three NOVs and the events and steps taken as a result.
30. On March 27, 2013, after taking corrective actions, Honeywell conducted a stack test at the SAP. The test results indicated that the SAP was out of compliance for PM-10 and PM-2.5.
31. Based on the results of the abovementioned inspections, meetings and documentation, the Board concludes that Honeywell has violated conditions in its NSR Permit, TV Permit, Virginia Air Pollution Control Law and Regulations as described above.
32. In order for Honeywell to return to compliance, DEQ staff and representatives of Honeywell have agreed to the Schedule of Compliance, which is incorporated as Appendix A of this Order.

SECTION D: Agreement and Order

Accordingly, by virtue of the authority granted it in Va. Code §§ 10.1-1309 and -1316, the Board orders Honeywell and Honeywell agrees to:

1. Perform the actions described in Appendix A of this Order; and
2. Pay a civil charge of \$333,370.00 30 days of the effective date of the Order in settlement of the violations cited in this Order.

Payment shall be made by check, certified check, money order or cashier's check payable to the "Treasurer of Virginia," and delivered to:

Receipts Control
Department of Environmental Quality
Post Office Box 1104
Richmond, Virginia 23218

3. Honeywell shall include its Federal Employer Identification Number (FEIN) with the civil charge payment and shall indicate that the payment is being made in accordance with the requirements of this Order for deposit into the Virginia Environmental Emergency Response Fund (VEERF).

SECTION E: Administrative Provisions

1. The Board may modify, rewrite, or amend this Order with the consent of Honeywell for good cause shown by Honeywell, or on its own motion pursuant to the Administrative Process Act, Va. Code § 2.2-4000 *et seq.*, after notice and opportunity to be heard.
2. This Order addresses and resolves only those violations specifically identified in Section C of this Order. This Order shall not preclude the Board or the Director from taking any action authorized by law, including but not limited to: (1) taking any action authorized by law regarding any additional, subsequent, or subsequently discovered violations; (2) seeking subsequent remediation of the facility; or (3) taking subsequent action to enforce the Order.
3. For purposes of this Order and subsequent actions with respect to this Order only, Honeywell admits to the jurisdictional allegations, and agrees not to contest, but does not admit, the findings of fact, and conclusions of law in this Order.
4. Honeywell consents to venue in the Circuit Court of the City of Richmond for any civil action taken to enforce the terms of this Order.
5. Honeywell declares it has received fair and due process under the Administrative Process Act and the Virginia Air Pollution Control Law and it waives the right to any hearing or other administrative proceeding authorized or required by law or regulation, and to any judicial review of any issue of fact or law contained herein. Nothing herein shall be construed as a waiver of the right to any administrative proceeding for, or to judicial review of, any action taken by the Board to modify, rewrite, amend, or enforce this Order.
6. Failure by Honeywell to comply with any of the terms of this Order shall constitute a violation of an order of the Board. Nothing herein shall waive the initiation of appropriate enforcement actions or the issuance of additional orders as appropriate by the Board or the Director as a result of such violations. Nothing herein shall affect

appropriate enforcement actions by any other federal, state, or local regulatory authority. Honeywell does not waive any rights or objections it may have in any enforcement action by other federal, state, or local authorities arising out of the same or similar facts to those recited in this Order.

7. If any provision of this Order is found to be unenforceable for any reason, the remainder of the Order shall remain in full force and effect.
8. Honeywell shall be responsible for failure to comply with any of the terms and conditions of this Order unless compliance is made impossible by earthquake, flood, other acts of God, war, strike, or such other unforeseeable circumstances beyond its control and not due to a lack of good faith or diligence on its part. Honeywell shall demonstrate that such circumstances were beyond its control and not due to a lack of good faith or diligence on its part. Honeywell shall notify the DEQ Regional Director verbally within 24 hours and in writing within three business days when circumstances are anticipated to occur, are occurring, or have occurred that may delay compliance or cause noncompliance with any requirement of the Order. Such notice shall set forth:
 - a. the reasons for the delay or noncompliance;
 - b. the projected duration of any such delay or noncompliance;
 - c. the measures taken and to be taken to prevent or minimize such delay or noncompliance; and
 - d. the timetable by which such measures will be implemented and the date full compliance will be achieved.

Failure to so notify the Regional Director verbally within 24 hours and in writing within three business days, of learning of any condition above, which the parties intend to assert will result in the impossibility of compliance, shall constitute a waiver of any claim to inability to comply with a requirement of this Order.

9. This Order is binding on the parties hereto and any successors in interest, designees and assigns, jointly and severally.
10. This Order shall become effective upon execution by both the Director or his designee and Honeywell. Nevertheless, Honeywell agrees to be bound by any compliance date which precedes the effective date of this Order.
11. This Order shall continue in effect until:
 - a. The Director or his designee terminates the Order after Honeywell has completed all of the requirements of the Order;

- b. Honeywell petitions the Director or his designee to terminate the Order after it has completed all of the requirements of the Order and the Director or his designee approves the termination of the Order; or
- c. the Director or Board terminates the Order in his or its sole discretion upon 30 days' written notice to Honeywell.

Termination of this Order, or any obligation imposed in this Order, shall not operate to relieve Honeywell from its obligation to comply with any statute, regulation, permit condition, other order, certificate, certification, standard, or requirement otherwise applicable.

- 12. Any plans, reports, schedules or specifications attached hereto or submitted by Honeywell and approved by the Department pursuant to this Order are incorporated into this Order. Any non-compliance with such approved documents shall be considered a violation of this Order.
- 13. The undersigned representative of Honeywell certifies that he or she is a responsible official or officer authorized to enter into the terms and conditions of this Order and to execute and legally bind Honeywell to this document. Any documents to be submitted pursuant to this Order shall also be submitted by a responsible official of Honeywell.
- 14. This Order constitutes the entire agreement and understanding of the parties concerning settlement of the violations identified in Section C of this Order, and there are no representations, warranties, covenants, terms or conditions agreed upon between the parties other than those expressed in this Order.
- 15. By its signature below, Honeywell voluntarily agrees to the issuance of this Order.

And it is so ORDERED this 15th day of July, 2013.



Michael P. Murphy, Regional Director
Department of Environmental Quality

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Honeywell Resins & Chemicals LLC voluntarily agrees to the issuance of this Order.

Date: 7/12/2013 By: Amar S. Bhatia, VP/GM, Resins and
(Person) (Title) Chemicals
Honeywell Resins & Chemicals LLC

O.K. JW

Commonwealth of ~~Virginia~~ New Jersey

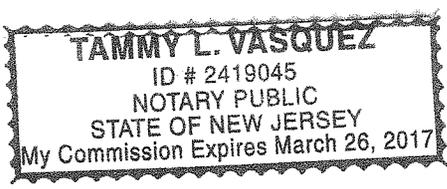
~~City/County of~~ MerriS

The foregoing document was signed and acknowledged before me this 12 day of July, 2013, by Amar S. Bhatia, who is VP/GM of Honeywell Resins & Chemicals LLC, on behalf of the corporation.

Tammy L. Vasquez
Notary Public
2419045
Registration No.

My commission expires: 3-26-2017

Notary seal:



APPENDIX A SCHEDULE OF COMPLIANCE

Honeywell agrees to the following:

1. Within 60 days of the effective date of this Order, Honeywell shall submit to DEQ for review and approval a corrective action plan (“CAP”) regarding Honeywell’s corrective actions should the newly installed candles at the Sulfuric Acid Plant (“SAP”) fail prior to the manufacturer’s recommended replacement date. Such CAP shall include record keeping measures to be taken, as well as alternate replacement schedules. Information obtained from the CAP shall be provided to DEQ.
2. Within 60 days of the effective date of this Order, Honeywell shall submit to DEQ for review and approval a corrective action plan (“CAP”) and schedule to investigate and identify the cause of the opacity exceedance from the sulfur storage tank VT-441. If upon review, DEQ and/or Honeywell determine that a corrective action is necessary, Honeywell shall include the corrective action in the CAP. The investigation must also include changes made to minimize the reoccurrence of opacity exceedances. Once approved by DEQ the CAP shall be implemented. Such CAP and schedule shall contain a completion date no later than 12 months from the date the CAP is submitted to DEQ. If, after six months from the submittal of the CAP to DEQ, Honeywell believes additional time is reasonably necessary to complete the CAP, Honeywell may request additional time to complete the CAP, and if DEQ approves such request, the approval shall be incorporated into this order pursuant to paragraph E (12). Investigative results from the CAP shall be provided to DEQ on a quarterly basis until compliance has been achieved.
3. Honeywell shall submit a complete permit application for an amended permit to DEQ by August 1, 2013, which shall include amended permit limits for particulate matter.

DEQ Contact

Unless otherwise specified in this Order, Honeywell shall submit all requirements of Appendix A of this Order to:

Gina Pisoni
Enforcement Specialist
VA DEQ – Piedmont Regional Office
4949-A Cox Road
Glen Allen, Virginia 23060
804-527-5156
804-527-5106 (fax)
Gina.Pisoni@deq.virginia.gov