COMMONWEALTH of VIRGINIA

DEPARTMENT OF ENVIRONMENTAL QUALITY

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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 permits 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. "PRO" means the Piedmont Regional Office of DEQ, located in Glen Allen, Virginia.

12. "Regulations" or "Regulations for the Control and Abatement of Air Pollution" mean 9 VAC 5 chapters 10 through 80.

13. "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 amended on August 12, 2008.

14. "Va. Code" means the Code of Virginia (1950), as amended.

15. "VAC" means the Virginia Administrative Code.

16. "Virginia Air Pollution Control Law" means Chapter 13 (§ 10.1-1300 *et seq.*) of Title 10.1 of the Va. Code.

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 chemical production facility.

3. Area 9 of the Facility comprises five trains (denominated A, B, C, D, and E) engaged in the production of hydroxylamine sulfate, an intermediate in the production of caprolactam. Each train in Area 9 includes a nitrite tower and a disulfonate tower. Nitrite and disulfonate towers are emissions units that emit nitrogen oxides ("NOx") and particulate matter ("PM_{10} and $PM_{2.5}$"). In addition, the disulfonate towers emit sulfur dioxide ("SO_2").

4. The NSR Permit authorizes Honeywell to modify the towers in Area 9 of the Facility, However, the modification of any particular tower in A, B, C, and E trains may be operated only after the installation and operation of a selective catalytic reduction system ("SCR") on that particular tower to reduce NOx emissions from that tower. The modification of either tower in D train may be operated only after the installation and operation of the SCRs on the two towers in E train.

5. In meetings with DEQ on July 14, and August 5, 2011, Honeywell informed DEQ that certain items of equipment that are components of the towers in Area 9 may need to be replaced in a particular tower before an SCR is installed and operational on that tower (and in the case of D train, before the installation and operation of the SCRs in E train).

6. On March 12, 2013, Honeywell reported that HE-207, a heat exchanger on the disulfonate tower (TW-18) of C train of Area 9, had failed an inspection and had been condemned. HE-207 failed inspection since 12 of the 18 tubes measured during reliability testing did not meet the required minimum thickness readings on the hot side inlet. The failure requires the replacement of the tube bundle of HE-207, constituting a modification of C train.

7. Since the NSR Permit only authorizes the modification described in paragraph C(6) above after the installation of the SCR system required by the NSR Permit, Honeywell does not have a valid permit for this modification.

8. Honeywell informed the Department that the modification of HE-207 will have no effect on the rate of production of hydroxylamine sulfate from Area 9. The modification will not cause the rate of emissions from the Facility to exceed the NSR Permit limits.

9. Condition 1 of the NSR Permit states that "[e]xcept as specified in this permit, the permitted facility is to be constructed, modified, reconstructed, and operated as represented in the permit. . .."

10. 9 VAC 5-80-1625(A) states, "[n]o owner or other person shall begin actual construction of any new major stationary source or major modification without first obtaining from the board a permit to construct and operate such source. The permit will state that the major stationary source or major modification shall meet all the applicable requirements of this article."

11. 9 VAC 5-80-1120(A) states, "[n]o owner or other person shall begin actual construction of, or operate, any new stationary source or any project subject to this article without first obtaining from the board a permit under the provisions of this article. The owner may not construct or operate the stationary source or project contrary to the terms and conditions of that permit."

12. 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."

13. 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.

14. 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.

15. Based on the March 12, 2013, verbal report from Honeywell and the subsequent documentation submitted on March 12, 2013, and upon information and belief, the Board concludes that there has been a modification as described in paragraph C(6) above that constitutes a violation of the NSR Permit, and the Regulations as described in paragraphs C(9) through C(14), above.

16. In order for Honeywell to be in compliance, DEQ staff and representatives of Honeywell have agreed to the Schedule of Compliance, which is incorporated as Appendix A of this Order.

17. Honeywell acknowledges that it undertakes the modification and operation of the equipment described in paragraph C(6) above at its own risk, and that DEQ will not consider these actions by Honeywell as factors in its decision regarding the review/decision process of the documents submitted under Appendix A.

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 $56,160 within 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

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). If the Department has to refer collection of moneys due under this Order to the Department of Law, Honeywell shall be liable for attorneys' fees of 30% of the amount outstanding.

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.

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 21ST day of March, 2013.

Michael P. Murphy, Regional Director
Department of Environmental Quality

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

Date: March 21, 2013 By: Kevin Keller, Plant Manager
(Person) (Title)
Honeywell Resins & Chemicals LLC.

Commonwealth of Virginia
City/County of Chester

The foregoing document was signed and acknowledged before me this 21st day of March, 2013, by Kevin Keller who is Plant Manager of Honeywell Resins & Chemicals LLC, on behalf of the corporation.

Notary Public

315484
Registration No.

My commission expires: 4/30/13

Notary seal:

Angela Lynn Martin
Commonwealth of Virginia
Notary Public
Commission No. 315484
My Commission Expires 4/30/2013

APPENDIX A
SCHEDULE OF COMPLIANCE

1. **Operations**

a. Honeywell must submit by March 31, 2013, the following information pertaining to the modification of the equipment described in paragraph C(6) of this Order:

   i. a description of the item of equipment including the tower and train in which the equipment is located,
   ii. the nature of the sudden failure or reason for the required shutdown of the equipment,
   iii. the size, rated capacity of the replaced equipment and a calculation showing the difference between the unit's potential to emit after the equipment change and the unit's baseline actual emissions prior to the equipment change, in accordance with 9 VAC 5 Chapter 80, Article 8,
   iv. the date of the beginning of construction of the modification, and
   v. the anticipated date of startup of the modified equipment.

b. Honeywell must provide any information requested by DEQ regarding the modification in accordance with the specifications and schedule set by DEQ.

c. Should DEQ determine upon review of the documentation described in conditions (a) and (b) above, that the modification of HE-207 of the C train disulfonate tower is subject to a permitting action, Honeywell may operate the modification provided that Honeywell complies with the following conditions:

   i. Honeywell must not exceed emissions limits established in the June 28, 2011, NSR Permit and as amended on November 30, 2011, and November 6, 2012, and the August 12, 2008, TV Permit, including any subsequent amendments thereof.

   ii. Honeywell must submit all required notifications under 9 VAC 5-50-50(A), that were not previously submitted.

Any case decision issued by DEQ regarding this modification shall immediately supersede all conditions (c) and (c)(i) of Appendix A of this Consent Order.

2. **Certification of Documents and Reports**

In accordance with 9 VAC 5-20-230(A), in all documents or reports, submitted to DEQ pursuant to this Consent Order, Honeywell, shall by its officers, sign and certify under

penalty of law that the information contained in such document or report is true, accurate, and not misleading by signing the following statement:

> "I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering and evaluating the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations."

3. **DEQ Contact**

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

Gina Pisoni	David Robinett
Enforcement Specialist, Sr.	Air Compliance Manager
VA DEQ – Piedmont Regional Office	VA DEQ – Piedmont Regional Office
4949-A Cox Road	4949-A Cox Road
Glen Allen, Virginia 23060	Glen Allen, Virginia 23060
804-527-5156	804-527-5128
804-527-5106 (fax)	804-527-5106 (fax)
gina.pisoni@deq.virginia.gov	david.robinett@deq.virginia.gov