



STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES
& ENVIRONMENTAL CONTROL
DIVISION OF AIR & WASTE MANAGEMENT
156 S. STATE STREET
DOVER, DELAWARE 19901

AIR QUALITY MANAGEMENT
SECTION

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October 24, 2008

Evraz Claymont Steel
Evraz Oregon Steel Mills
4001 Philadelphia Pike
Claymont, Delaware 19703

HAND DELIVERED

ATTENTION: Victor Clark
Vice President and General Manager

Dear Mr. Clark:

This letter concerns the ongoing environmental releases at Evraz Claymont Steel's Claymont, Delaware Facility. These releases are of concern to the Department because they continue to impact the neighboring community and because of Evraz Claymont Steel's lack of seriousness in addressing these issues in an effective and timely manner consistent with good environmental stewardship and the **State of Delaware** "**Regulations Governing the Control of Air Pollution.**"

The two primary areas of concern are the following:

1. Chronic delays of Progress with the Dust Study Implementation Plan and Schedule requirements as per Secretary's Order No. 2006-A-0048, issued October 23, 2006; and
2. Control of mercury emissions from Electric Arc Furnace (EAF) Melt Shop Operations as per Secretary's Order No. 2006-A-0058, issued November 29, 2006.

Each of our concerns is discussed below with respect to chronic delays and lack of progress with the Dust Study and the approved Implementation Schedule and Plan, and the progress with the mercury reduction efforts.

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Dust Study and Implementation

While progress has been made towards compliance with Secretary's Order No. 2006-A-0048, on what may be deemed the minor elements relevant to the dust order, numerous delays caused by both Evraz Claymont Steel and EarthTech/AECOM continue to hinder progress with the remaining stages. The Department views the remaining stages as more significant items which have the potential for significant reductions in emissions of fugitive dust at the facility. The mentioned delays are summarized in this letter below, though not in entirety, and serve to demonstrate the unacceptable delayed progress in bringing closure to the fugitive emissions compliance issues at the facility.

The fume control assessment, an extremely important element of the study, was initially targeted for completion by March 12, 2008 and is a prime example of how significant delays continue to hinder progress with major elements of the study. It is currently proposed to be completed by this week. When the implementation plan and schedule was approved by the Department, it was understood that resources would be allocated such that the intended targets would be met as indicated. Delays of this duration, specifically with this element of the implementation schedule, should not have occurred, since another very important element (i.e. the melt shop fume system improvement) was contingent upon timely completion of the assessment. Based on the information submitted, the fume system improvements could have been completed by June 2008; however, the current proposed date of completion is now January 28, 2009. The approved implementation plan progress reports indicate that the draft report for the fume control assessment was prepared by EarthTech/AECOM and forwarded to Evraz Claymont Steel in June 2008. The progress tracking Gantt chart indicates that Evraz Claymont Steel would not initiate their review until September 2008, an extensive delay, which the Department deems unacceptable.

The targeted completion date of November 17, 2008 for the Changes in the Scrap Bay from rail to truck transport portion of the study have changed to June 17, 2009. Progress tracking indicates that the review and refinement stage of this portion of the plan by Evraz Claymont Steel remain at 67% completion. It is apparent that there has been no progress by Evraz Claymont Steel since December 2007, an extensive delay, which the Department deems unacceptable.

AQM reiterates, consistent with comments contained in the Department's November 30, 2007, that we consider Evraz Claymont Steel's need to obtain board approval an internal matter which should not interfere with the committed and required dates in the plan.

From statements made by Evraz Claymont Steel, significant delays in obtaining landowner approval for the location of the ambient air monitors were encountered, resulting in a delay of greater than four months for the operation of those monitors,

outside of the agreed upon and approved implementation plan and schedule. The initial proposed locations were changed numerous times throughout the process and the Department found the delays unacceptable. Evraz Claymont Steel's lack of due diligence in expeditiously obtaining landowner approval for the ambient air monitors is very apparent and appears to further set precedent regarding delays for other stages of the study.

As required, in accordance the Department's November 30, 2007 letter and Secretary's Order NO. 2006-A-0048, an approvable implementation plan must include a minimum of monthly updates/submittals of progress no later than the 1st day of each calendar month. There have been numerous occasions in which the monthly reports have been delayed by as much as 2-3 weeks past the 1st calendar day of the monthly submittal deadline. While the Air Quality Management Section (AQM) understands that time is required to gather information for submittal of activities, such as the noted slag production information, a delay of up to 3 business days may be seem acceptable; however, 2- 3 week delays are unacceptable. In the past, AQM expressed concerns surrounding this very issue and wishes to memorialize this continued lack of care in adhering to the Department's requests. There have been no reasons provided justifying the late submittals, and based upon the current progress, the monthly submittals have not significantly changed from month-to-month, which would not constitute significant time and resources to prepare or conduct a thorough internal review on Evraz Claymont Steel's or EarthTech/AECOM's behalf. Progress cannot be effectively monitored and maintained without timely submittals of progress reports. Additionally the September 2008 progress report did not include details on the percentages of tasks complete as previously contained in prior submittals. No reasons were provided for the omission and it appears that the lack of inclusion of such detail was meant to add ambiguity to progress achieved and to conceal the lack thereof. This lack of inclusion makes progress tracking impossible. All future submittals shall require such progress tracking specificity.

AQM met with representatives from EarthTech/AECOM and Evraz Claymont Steel on September 9, 2008 to discuss the air dispersion modeling stage of the implementation plan, primarily the dispersion model to be used, modeling locations, and protocol submittal. Based on the extent of the modeling to be conducted, preparation of a protocol for such should only require a few days. According to our in-house modeling expert, completion of this modeling protocol is not an arduous task, requiring significant resources or turnaround time but after numerous requests from Department staff via email or verbally, to date, the protocol has not been submitted for review, adding to additional delays with this stage of the implementation plan and schedule.

There have also been delays with the slag quenching, the enclosure for the charge hopper in the slag yard, and the spray system improvements elements of the study.

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As noted, chronic delays are a hindrance to any progress in eliminating and controlling dust emissions emanating from process operations at the facility and since many stages are contingent upon the completion of other stages of the plan, it is imperative to have no further delays.

Control of Mercury Emissions

After reviewing the quarterly testing results which began with baseline testing conducted in January 2006, it is apparent that while attempts to lower emissions of Hg from EAF operations have resulted in some reductions, they do not provide consistent reductions throughout the testing regime. Mercury reduction efforts and subsequent testing have provided data which indicates emission levels significantly far from the limit of 35 mg/Ton steel produced given in the Order. At this time, items of specific concern, requiring action by Evraz Claymont Steel, are noted as follow.

- It is unclear and clarification shall be provided to the Department and measures shall be taken that can ensure that scrap materials melted at the time of testing is representative of normal operations at the facility (i.e. scrap mix used during testing is the same material make-up of scrap melting throughout normal daily, monthly, and yearly operations.)
- Evraz Claymont Steel has committed to investigate mercury control technologies. A portion of this commitment has relied upon pilot scale testing of a proprietary mercury capture media on emissions from the EAF. Please provide any analytical data that Evraz Claymont Steel used to characterize this waste stream in order to demonstrate that a hazardous waste determination was made. In addition, please provide information (including copies of manifests and/or shipping papers) describing where the carbon media was sent for disposal.
- Based upon statements made by Evraz Claymont Steel's Environmental Representative, that while pilot scale Hg testing has showed potential for Hg emission decreases and additional testing is ongoing, no information (i.e. test data), detailing such claims or justification has been submitted to the Department. In addition to the requested Hg information mentioned above, please submit any and all test data and corresponding operational and production data justifying such claims.
- According to Condition 3 of Secretary's Order NO. 2006-A-0058, Evraz Claymont Steel is required to comply with Hg emission limitations by no later than **December 31, 2008**. To date, based upon all information submitted to the Department, it is apparent that compliance with the 35 mg/Ton Steel Produced Hg emission limit may not be achieved without the installation and operation of additional mercury controls or control technology. No permit applications, correspondence on progress, or plans to achieve compliance with the emission limitation have been submitted to the

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Department. Please note that the December 31, 2008 compliance date is firm and the lack of permit application in-house or progress discussions with Department is unacceptable and Department is troubled by Evraz Claymont Steel's clear lack of concern or initiative to meet such requirements and/or project deadlines.

Evrz Claymont Steel Representatives should extend every effort in addressing any and all items of concern as they surface in a timely and effective manner while maintaining direct communication both verbally and in writing on each stage of the implementation plan and schedule for the dust order and all items surrounding the mercury order.

The Department takes these matters seriously and is prepared to utilize any and all avenues at our disposal to ensure compliance with mentioned Secretary's Orders. The Department hopes that this letter serves to further clarify our position for these two very important environmental concerns which continue to impact the community and our precious environment.

All requested information shall be submitted to the Department in writing no later than ten (10) days from the date of this letter. We look forward to your prompt response in addressing our concerns and should you have any questions, please feel free to contact me at (302) 323-4542.

Sincerely,


Paul E. Foster, P.E.
Program Manager
Engineering & Compliance Branch

PEF:BAK:bak
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Dawn Minor, Paralegal
Bradley A. Klotz, Engineer
Mohamed Majeed, Engineer
Dover File

HAND DELIVERY RECEIPT

DNREC'S document bak08024, for Evraz Claymont Steel Dust Study Implementation Plan & Schedule and Mercury Emission from the Electric Arc Furnace Operations, dated October 24, 2008, 5-page document, was hand-delivered by Jim Werner of DNREC on 10/24/08.

Received by:



Signature & Date

Victor Clark

Printed Name