



A Tyco International Ltd. Company

CLAYMONT STEEL INC.

**FUGITIVE DUST CONTROL
MONTHLY PROGRESS REPORT #2**

February 2008

Prepared for:

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Project No. 98250

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1 INTRODUCTION

On December 21, 2007 the Delaware Department of Natural Resources and Environmental Control (DNREC) approved the implementation plan and schedule submitted by Claymont Steel in support of the required projects and tasks associated with the improvements to dust control measures at its steel-making facility in Claymont, Delaware.

Regular communication of progress status with DNREC is an important aspect of this implementation plan. Monthly progress reports are part of the approved implementation plan. They are due on the first day of each month to report on progress of the various projects being undertaken.

This report covers activities up to February 29, 2008 and provides an update of the project progress, outlines the work planned for the following month, and identifies discussion items that require action or feedback to maintain progress on the overall implementation plan.

2 UPDATE ON PROJECT ACTIVITIES FOR CURRENT MONTH

2.1 PROJECT MANAGEMENT AND MEETINGS

- This report is Progress Report #2 for February 2008 and has been submitted on the planned submission date of March 3, 2008 (March 1st falls on a Saturday).

2.2 REGULATORY REVIEW

- The following air permits and supporting information has been obtained from Claymont Steel during the February 19th to 22nd field work.
 - Title V Operating Permit Application – October 6, 2006
 - Permit for the construction of one (1) Slab Scarfer Machine and Enclosure, and one (1) baghouse under the State of Delaware, “Regulations Governing the Control of Air Pollution, Regulation No. 2, Section 2” – February 13, 2006
 - Permit for the construction of one (1) Computer Operated Cutting Table under the State of Delaware, “Regulations Governing the Control of Air Pollution, Regulation No. 2, Section 2” – August 15, 2005
 - Permit for one (1) Electric Arc Furnace (EAF) shell, a 4MW Oxy-fuel EAF door burner, capture system and associated Cadre Baghouse under the State of Delaware, “Regulations Governing the Control of Air Pollution, Regulation No. 2, Section 2” – January 8, 2002
 - Permit for a Plate Mill Slab Furnace under the State of Delaware “Regulations Governing the Control of Air Pollution, Regulation No. 2, Section 2” – September 2, 1994
 - Permit for six (6) Low NOx Burners under the State of Delaware, “Regulations Governing the Control of Air Pollution, Regulation No. 2, Section 2” – May 17, 1994
 - Permit for Rust Furnace and Plate Mill Slab Furnace under the State of Delaware, “Regulations Governing the Control of Air Pollution, Regulation No. 2, Section 2” – February 23, 1984

These are currently being reviewed to establish the framework for any new permits for new sources of air emissions that need to be developed. The review ensures that all current documentation and emissions estimates are included.

2.3 EMISSIONS IMPACT ASSESSMENT

- Information gathered from the field work on February 19 to 22, 2008 is being organized and analyzed to develop an inventory of emissions from the facility.

2.4 MELT SHOP

2.4.1 Fume Control System Assessment

- Field work was conducted on February 19 to 22, 2008 to establish operating conditions and performance of the existing fume control systems. The field work program included the following activities:
 - i. Fume control system flow, temperature and pressure simultaneous measurements for several heats / cycles at the dry duct, canopy hood duct and tapping hood duct.
 - ii. Video recording of the furnace during charging, tapping, ladle reheating, stirring, and all other operations generating fumes / dust which currently do not have any fume control system in place.
 - iii. Information gathering to develop an inventory of dust emissions from the facility.
- This fume control system assessment establishes the current operating condition and performance of the existing fume control systems and identifies components of the systems that require modification or upgrade to improve control of fugitive emissions from melt shop operations.

2.4.2 Scrap Bay Operations Changes (Rail to Truck)

- Evraz (new owners) are reviewing the planning capital expenses associated with this project.
- Status of approval by Board of Directors – Evraz is reviewing the planning and capital expenses with their board.
- Status of detailed equipment specification development – Tentative engineering is complete, and with the board's approval, final specifications will be provided.

2.4.3 Baghouse for Carbon and Lime Transfer

- No activity was planned for this task.
-

2.4.4 Fume Control System Improvements

- No activity was planned for this task.
- This task will be further defined following completion of the melt shop fume system assessment.

2.5 SLAG QUENCHING

- No activity was planned for this task.

2.6 ROADWAYS

2.6.1 Paving

- No activity was planned for this task.

2.6.2 Truck Wheel Wash Station

- No activity was planned for this task.

2.6.3 Speed Limit Enforcement

- Enforcement has been ongoing and continues via onsite security.
- Signs are posted, and Claymont Steel has included additional signage to increase the awareness within the mill.
- Safety program training sessions are updated on monthly safety meetings and during tool box meetings within the mill.
- Orientation programs have been incorporated and speed limit enforcement is highlighted during new hire orientations.
- Security is monitoring effectiveness and updates accordingly to Claymont Steel personnel on outstanding issues.

2.7 SCRAP YARD

2.7.1 Relocate Stockpiles

- Periodic pile relocation – Further pile relocation will be a direct relation to the start of the rubber tire project.

2.7.2 Tree-lined Berm

- No activity was planned for this task.

2.8 SLAG YARD

2.8.1 Enclosure for Charge Hopper

- No activity was planned for this task.

2.8.2 Spray System Improvements

- No activity was planned for this task.

2.8.3 Minimize Inventory of Processed Slag

- February's slag production was 5521 tons from the melt tons produced. Of the produced, 6906 tons of slag was sold. Net reduction of inventory by 1385 tons. See Appendix B for detailed summary of slag sales.

2.9 AMBIENT AIR MONITORING PROGRAM

- Locations
 - Claymont Community Center is being considered as an alternative to Waterfall Conference Center, which did not approve of the use of their facility for the program. Upon DNREC's approval for this alternate station, exact location on the roof will be determined.
 - Knollwood and Woodshaven Parks locations have granted permission and landowner agreements have been finalized.
 - Claymont Steel is currently working on identifying the last location as either 84 Lumber or other alternate locations.
- Monitors
 - Monitoring equipment was received on Monday, February 25, 2008 at the Earth Tech Mechanicsburg, Pennsylvania office.
 - Monitors will first be installed at Knollwood and Woodshaven Parks. The monitors are scheduled to be installed and begin operation during the week of March 10, 2008.

- Contractors
 - A general contractor has completed the work at Knollwood and Woodshaven Parks in preparation for the monitors. It is expected that the electrical company will complete inspection of the electrical work by the end of March 7, 2008, and that a permit will be given following the inspection.

3 WORK PLANNED FOR THE NEXT MONTH

The following work is planned for the next month:

3.1 PROJECT MANAGEMENT AND MEETINGS

- Progress Report #3 for March 2008 will be submitted on April 1, 2008.
- The first quarterly progress update meeting with Claymont Steel and DNREC to inform progress status was deemed unnecessary by DNREC. The next scheduled quarterly meeting is on May 1, 2008.

3.2 REGULATORY REVIEW

- An initial review of the current regulatory status will be continued using the permits and associated documents. After the emission inventory is completed, a full regulatory review will then be performed.

3.3 EMISSIONS IMPACT ASSESSMENT

- The plant-wide emission inventory will be initiated this month.
- Earth Tech will continue to review existing air permits and associated documents. Following the air permit review, analyses of and calculations from information gathered during site work, an air dispersion model will be set up with all significant sources of fugitive dust identified for the melt shop. The air dispersion model will be used to predict expected impact reductions for each project and will be incorporated into the progress tracking process.

3.4 MELT SHOP

3.4.1 Fume Control System Assessment

- Assessment of the results of the field work will be continued. Design concepts for new controlled sources of air emissions required to control fugitive dust emissions will be developed. These items will be discussed in the Melt Shop Fume Control Assessment Report.
- Analysis and preliminary design will be on-going in March. The report is not scheduled for completion until April.

3.4.2 Scrap Bay Operations Changes (Rail to Truck)

- Large equipment specifications – Preliminary engineering is complete. Further work is pending approval by the new Board of Directors.

3.4.3 Baghouse for Carbon and Lime Transfer

- No work planned for March.
- The details of the requirements for this work will be defined by the melt shop fume control system assessment.

3.4.4 Fume Control System Improvements

- Design concepts for fume control system improvements will be included in the Melt Shop Fume Control Assessment Report.

3.5 SLAG QUENCHING

- The design of the enclosure for the slag quenching operations is on hold.
- The basis of design will be dependant upon the final decision of whether this operation will be moved into the melt shop scrap bay area.

3.6 ROADWAYS

3.6.1 Paving

- Development of the paving specifications will be initiated in March.
- Tender documents are expected to be issued to qualified contractors by the end of March.

3.6.2 Truck Wheel Wash Station

- Final design of the required system configuration is complete.
- Tender package developed and issued for quotation.

3.6.3 Speed Limit Enforcement

- This project has been implemented. On-going enforcement and monitoring will be carried out by Claymont Steel security.

3.7 SCRAP YARD

3.7.1 Relocate Stockpiles

- Pile relocation has been completed. Waiting on rubber tire project for further movements.

3.7.2 Tree-lined Berm

- No work is planned in March.

3.8 SLAG YARD

3.8.1 Enclosure for Charge Hopper

- Design of the charge hopper enclosure will be completed by the end of March.
- Fabrication is expected to be initiated as soon as possible by internal IMS engineering.
- Installation should be complete once fabrication is complete as scheduled.
- The purpose of this enclosure is to prevent strong wind and cross breezes from causing fugitive dust emissions from charge hopper loading activities.

3.8.2 Spray System Improvements

- Planning for spray system improvements is ongoing.

3.8.3 Minimize Inventory of Processed Slag

- Tarps have been installed in order to minimize any potential fugitive releases from the slag / scarfing process.
- Periodic depletions of slag are scheduled to begin in February. This will be summarized in future monthly reports. Slag generation for the month of February was 5521 tons with sales of 6906 tons.

3.9 AMBIENT AIR MONITORING

- Alternative site for downwind station will be finalized. The location at 84 Lumber and other locations are being considered.
- The location at 84 Lumber continues to be considered as a downwind monitoring location. DNREC has approved the location in response to the technical memo submitted in early February. However, corporate approval at 84 Lumber is still required.

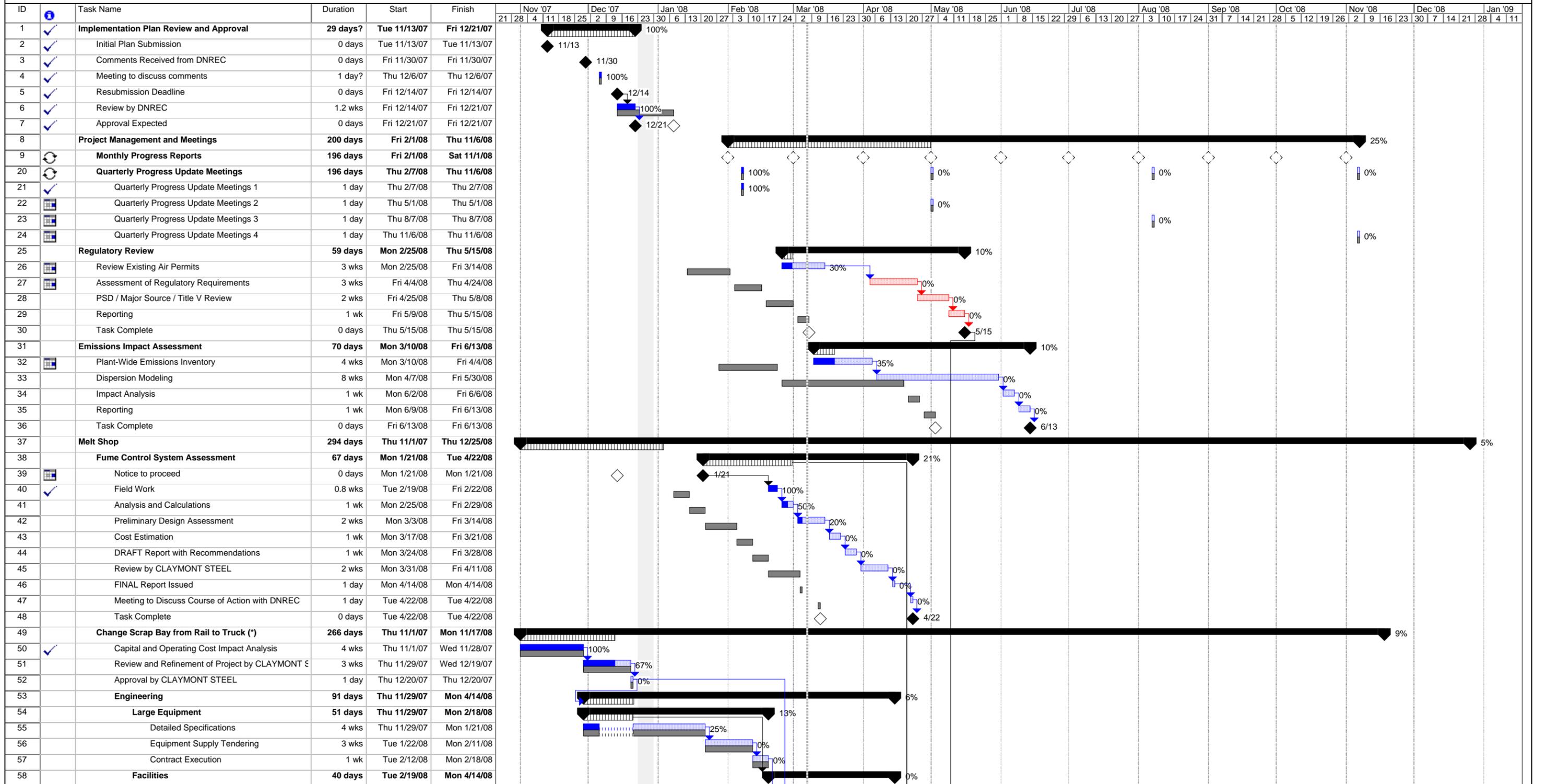
- It is expected that monitors for Knollwood and Woodshaven Parks will be installed and operating on the week of March 10, 2008.
- Construction of security fencing and power supply required for each location will be completed in March.

APPENDIX A

Updated Implementation Schedule

**Claymont Steel
Implementation Plan
Dust Control Projects**

Update # 2
March 1, 2008



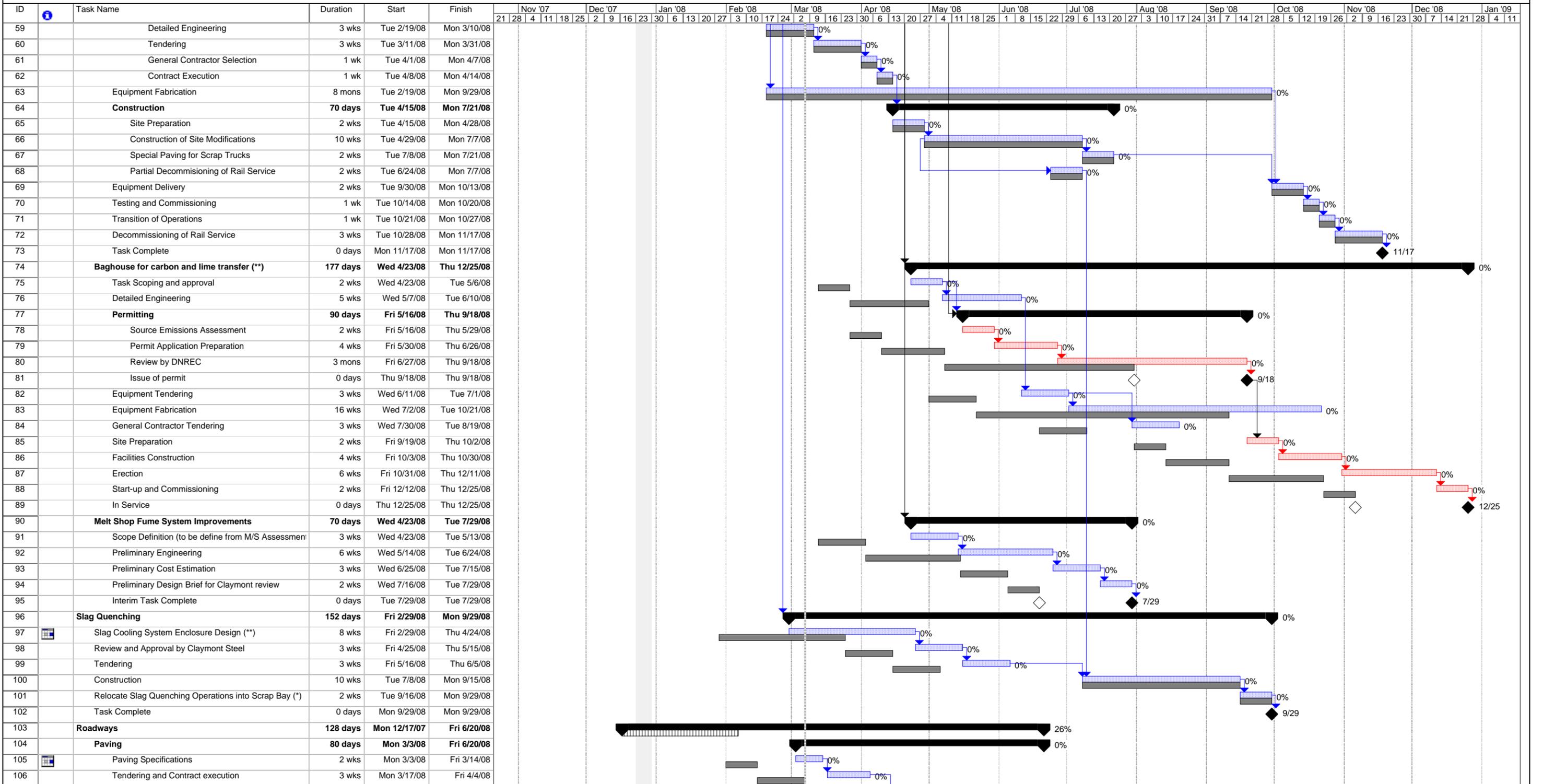
Earth Tech Inc.
Printed: Fri 3/7/08



Notes:
(*) - Subject to approval of "Rubber Tire" project by Claymont Steel
(**) - Subject to outcome of melt Shop Fume System Assessment

**Claymont Steel
Implementation Plan
Dust Control Projects**

Update # 2
March 1, 2008



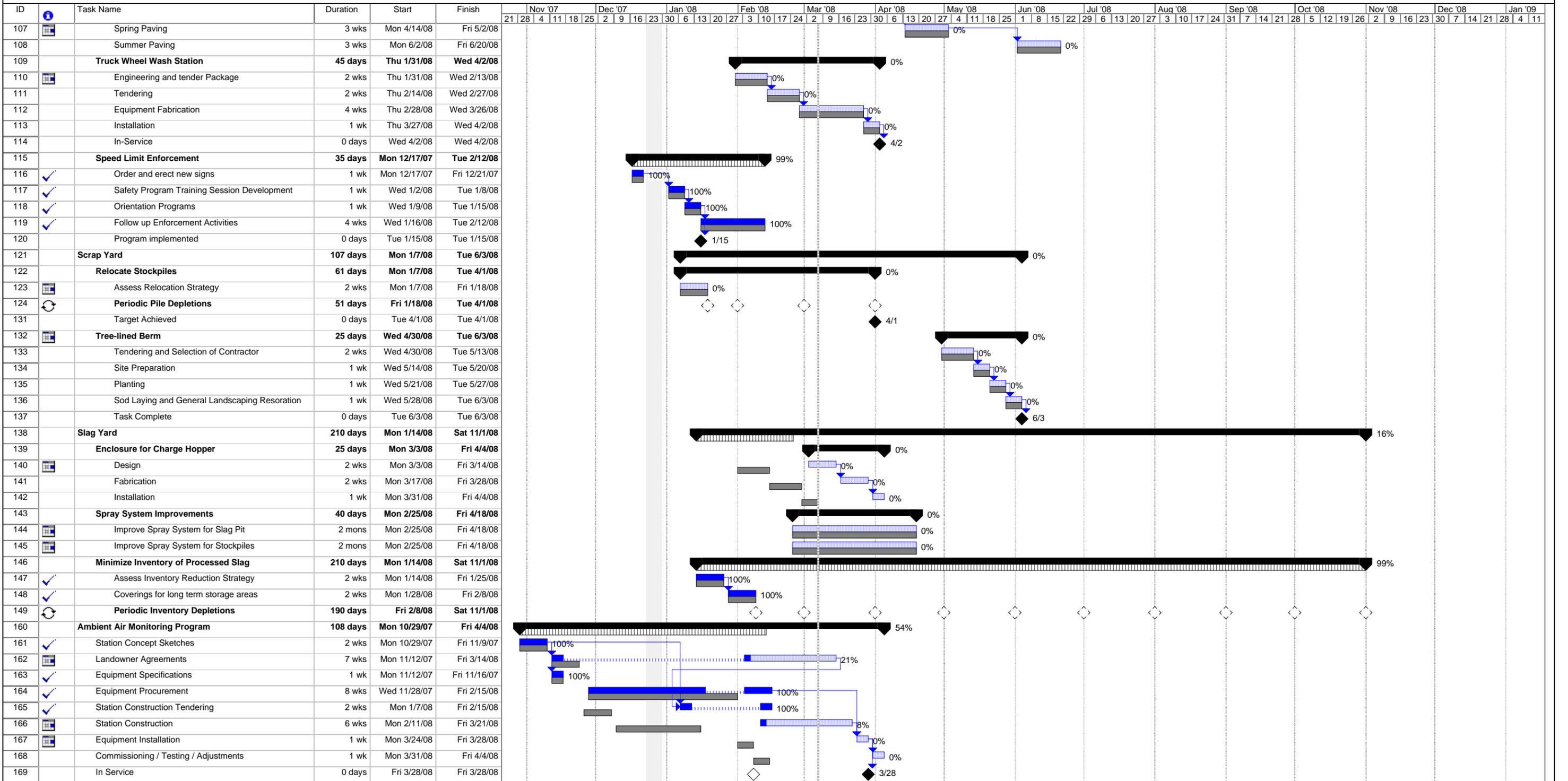
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ET PN: 98250

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APPENDIX B

Outside Slag Sales Summary February 2008

