



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 7  
11201 RENNER  
LENEXA, KANSAS 66219

**EXPEDITED SETTLEMENT AGREEMENT (ESA)**

**DOCKET NO.:** CAA-07-2017-0006

**This ESA is issued to:** Allied Gas and Chemical Company

**At:** 1807 17<sup>th</sup> Avenue, Oskaloosa Iowa 52577

**for violating Section 112(r)(7) of the Clean Air Act.**

M. G. S.

The United States Environmental Protection Agency, Region 7 (EPA) and Allied Gas and Chemical Company (Respondent), have agreed to a settlement of this action before filing of a complaint, and thus this action is simultaneously commenced and concluded pursuant to Rules 22.13(b) and 22.18(B)(2) of the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties and the Revocation/Termination or Suspension of Permits (Consolidated Rules), 40 C.F.R. §§ 22.13(b), 22.18(b)(2).

The Complainant, by delegation of the Administrator of EPA, is the Director of the Air, and Waste Management Division. The Respondent is Allied Gas and Chemical Company, 1807 17<sup>th</sup> Avenue, Oskaloosa Iowa 52577.

This is an administrative action for the assessment of civil penalties instituted pursuant to Section 113(d) of the Clean Air Act (CAA). Pursuant to Section 113(d) of the CAA, 42 U.S.C. § 7413(d), the Administrator and the Attorney General jointly determined that cases which meet the criteria set forth in EPA's policy entitled "Use of Expedited Settlements in Addressing Violations of the Clean Air Act Chemical Accident Prevention Provision, 40 C.F.R. Part 68," dated January 5, 2004, are appropriate for administrative penalty action.

**ALLEGED VIOLATIONS**

On September 13, 2016, an authorized representative of the EPA conducted a compliance inspection of the Respondent's facility located at 1807 17<sup>th</sup> Avenue, Oskaloosa Iowa 52577, to determine compliance with the Risk Management Plan (RMP) regulations promulgated at 40 C.F.R. Part 68 under Section 112(r) of the CAA. EPA found that the Respondent had violated regulations implementing Section 112(r) of the CAA by failing to comply with the regulations as noted on the enclosed Risk Management Program Inspection Findings (RMP Findings), which is hereby incorporated by reference.

**SETTLEMENT**

In consideration of Respondent's size of business, its full compliance history, its good faith effort to comply, and other factors as justice may require, and upon consideration of the

entire record, the parties enter into the ESA in order to settle the violations, described in the enclosed RMP Findings, for the total penalty amount of **\$3,760**.

This settlement is subject to the following terms and conditions:

The Respondent by signing below waives any objections that it may have regarding jurisdiction, neither admits nor denies the specific factual allegations contained herein and in the RMP Findings, and consents to the assessment of the penalty as stated above. Respondent waives its rights to a hearing afforded by Section 113(d)(2)(A) of the CAA, 42 U.S.C. § 7413(d)(2)(A), and to appeal this ESA. Each party to this action shall bear its own costs and fees, if any. Respondent also certifies, subject to civil and criminal penalties for making a false submission to the United States Government, that the Respondent has corrected the violations listed in the enclosed RMP Findings and has sent a cashier's check or certified check (payable to the "United States Treasury") in the amount of **\$3,760** in payment of the full penalty amount to the following address:

U.S. Environmental Protection Agency  
Fines and Penalties  
Cincinnati Finance Center  
P.O. Box 979077  
St. Louis, Missouri 63197-9000

The Docket Number of this ESA is CAA-07-2017-0006, and must be included on the check.

This original ESA, a copy of the completed RMP Findings, and a copy of the check must be sent by certified mail to:

Laura I Brewer  
Chemical & Oil Release Prevention Branch  
U.S. Environmental Protection Agency, Region 7  
11201 Renner Blvd.  
Lenexa, Kansas 66219

A copy of the check must also be sent to:

Kathy M. Robinson  
Regional Hearing Clerk  
U.S. Environmental Protection Agency, Region 7  
11201 Renner Blvd.  
Lenexa, Kansas 66219

Upon Respondent's submission of the signed original ESA, EPA will take no further civil action against Respondent for the alleged violations of the CAA referenced in the RMP Findings.

The EPA does not waive any other enforcement action for any other violations of the GAA or any other statute.

If the signed original ESA with an attached copy of the check is not returned to the EPA Region 7 office at the above address in correct form by the Respondent within 45 days of the date of Respondent's receipt of it (90 days if an extension is granted), the proposed ESA is withdrawn, without prejudice to EPA's ability to file an enforcement action for the violations identified herein and in the RMP Findings.

This ESA is binding on the parties signing below.

This ESA is effective upon filing with the Regional Hearing Clerk.

FOR RESPONDENT:

  
\_\_\_\_\_

Date: 7/13/17

Name (print): JD Fleener

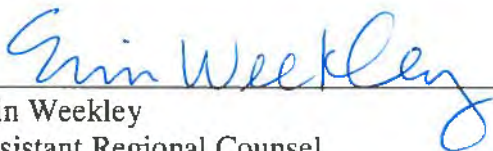
Title (print): President  
Allied Gas and Chemical Company

FOR COMPLAINANT:

 \_\_\_\_\_

Becky Weber  
Director  
Air and Waste Management Division  
EPA Region 7

Date: 7/20/17

 \_\_\_\_\_

Erin Weekley  
Assistant Regional Counsel  
Office of Regional Counsel  
EPA Region 7

Date: 7/25/17

I hereby ratify the ESA and incorporate it herein by reference. It is so ORDERED.

Karina Borrromeo  
Karina Borrromeo  
Regional Judicial Officer

Date: July 25, 2017

Risk Management Program Inspection Findings  
CAA § 112(r) Violations

Allied Gas and Chemical Company  
1807 17<sup>th</sup> Avenue East  
Oskaloosa, Iowa 52577  
Docket No. CAA-07-2017-0006

COMPLETE THIS FORM AND RETURN IT WITH THE ESA.

VIOLATIONS

PENALTY AMOUNT

Safety Information [40 C.F.R. 68.48(a)(5)] No Penalty Assessed  
Allied Gas and Chemical Company failed to compile and maintain codes and standards used to design and build the 30,000-gallon anhydrous storage vessel. Allied Gas and Chemical Company needs to address information pertaining to the anhydrous ammonia tank.

How was this addressed: Testing & inspection by  
LPE Ventures. Result included

Safety Information [40 C.F.R. 68.48(b)] \$1,500  
Allied Gas and Chemical Company is required to ensure that equipment complies with recognized and generally accepted good engineering practices. Allied Gas and Chemical Company failed to ensure the anhydrous ammonia tank was supported with the proper footings. ANSI/CGA G-2.1-2014 states "containers installed aboveground shall be provided with substantial reinforced concrete footings and foundations or structural steel supports mounted on reinforced concrete foundations."

How was this addressed: wood removed.  
pictures enclosed

Maintenance [40 C.F.R. 68.56(a) and (d)] \$1,200  
Allied Gas and Chemical Company is required to implement procedures to maintain the ongoing mechanical integrity of the process equipment and perform or cause to be performed inspections and tests on process equipment. Allied Gas and Chemical Company failed to document information pertaining to the anhydrous ammonia tank and underground piping.

How was this addressed: Test with 400# PSF of  
nitrogen, hold for 1 hr no loss.

Risk Management Plan (RMP) Updates [40 C.F.R. 68.190] \$2,000  
Allied Gas and Chemical Company failed to update the electronic RMP submission at least once every five years from most recent update.  
*Facility addressed this post inspection.*

Total Unadjusted Penalty \$4,700

**Calculation of Adjusted Penalty**

1<sup>st</sup> Reference the Multipliers for calculating proposed penalties for violations found during RMP inspection matrix. Finding the column for 0-9 employees (8 employees) and the row for >10 times the threshold quantity of 10,000 pounds of anhydrous ammonia (405,750 lbs. of anhydrous ammonia equates to 40 times the threshold quantity) as listed in 40 C.F.R. Part 68.130 for the amount in a process gives a multiplier factor of 0.8. Therefore, the multiplier for Allied Gas and Chemical Company = 0.8.

2<sup>nd</sup> Adjusted Penalty = \$4,700 (Unadjusted Penalty) X 0.8 (Size-Threshold Multiplier)  
Adjusted Penalty = \$3,760.

3<sup>rd</sup> An Adjusted Penalty of \$3,760 would be assessed to Allied Gas and Chemical Company violations found during the RMP Compliance Inspection. This amount will be found in the Expedited Settlement Agreement (ESA).

**Total Adjusted Penalty \$3,760**

**This section must be also be completed and signed by Allied Gas and Chemical Company:**

The approximate cost to correct the above items: \$ 5876.00

Compliance staff name: JD Fleener

Signed: [Signature] Date: 7/13/17



IN THE MATTER Of Allied Gas and Chemical Company, Respondent  
Docket No. CAA-07-2017-0006

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing Order was sent this day in the following manner to the addressees:

Copy via Email to Complainant:

rosado-chaparro.wilfredo@epa.gov

Copy via First Class Mail to Respondent:

President  
Allied Gas and Chemical Company  
1807 17<sup>th</sup> Avenue  
Oskaloosa, Iowa 52577

Dated: 7/28/17



Kathy Robinson  
Hearing Clerk, Region 7

