



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

REPLY TO THE ATTENTION OF
(AE-17J)

JUL 27 2006

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Joseph A French
Ashland, Inc
5200 Blazer Parkway
Dublin, Ohio 43017

Dear Mr French

Enclosed is a file stamped Consent Agreement and Final Order (CAFO) which resolves Ashland, Inc CAA Docket No As indicated by the filing stamp on its first page, we filed the CAFO with the Regional Hearing Clerk on JUL 28 2006

Pursuant to paragraph 44 of the CAFO, Ashland Inc you must pay the \$60,000 civil penalty within 30 days of the date the CAFO was filed, JUL 28 2006 The check must display the case docket number, CAA-05-2006-0025, and the billing document number, 2750603A004

Please direct any questions regarding this case to Cathleen Martwick, Associate Regional Counsel, (312-886-4670

Sincerely yours,

Brent Marable, Chief
Air Enforcement and Compliance Assurance Section (IL/IN)

Enclosure

cc Julie Armitage, Acting Manager
Compliance and Enforcement Section Bureau of Air
Illinois Environmental Protection Agency

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5

IN THE MATTER OF) Docket No. CAA-05-2006-0025
)
Ashland Inc.) Proceeding to Assess a Civil
Calumet City, Illinois) Penalty under Section 113(d)
) of the Clean Air Act,
Respondent.) 42 U.S.C. § 7413(d)
)
)

Consent Agreement and Final Order

Preliminary Statement

US E.P.A.
PROTECTION
REGIONAL OFFICE
6 JUL 28 4 29 PM '06
REGIO

1 This is an administrative action commenced and concluded under Section 113(d) of the Clean Air Act (the Act), 42 U.S.C. § 7413(d), and Sections 22.1(a)(2), 22.13(b), and 22.18(b) of the *Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties and the Revocation/Termination or Suspension of Permits* (Consolidated Rules) as codified at 40 C.F.R. Part 22.

2 Complainant is the Director of the Air and Radiation Division, United States Environmental Protection Agency, Region 5 (U.S. EPA)

3 Respondent is Ashland Inc. (Ashland), a corporation doing business in Illinois

4 Where the parties agree to settle one or more causes of action before the filing of a complaint, the administrative

action may be commenced and concluded simultaneously by the issuance of a Consent Agreement and Final Order (CAFO) 40 C F R § 22 13(b) (2004)

5 The parties agree that settling this action without the filing of a complaint or the adjudication of any issue of fact or law is in their interest and in the public interest

6 Respondent consents to entry of this CAFO and the assessment of the specified civil penalty, and agrees to comply with the terms of the CAFO

Jurisdiction and Waiver of Right to Hearing

7 Ashland admits the jurisdictional allegations in this CAFO and neither admits nor denies the factual allegations in this CAFO

8 Ashland waives its right to request a hearing as provided at 40 C F R § 22 15(c), any right to contest the allegations in this CAFO, and its right to appeal this CAFO

Statutory and Regulatory Background

9 Under Section 112 of the Act, the Administrator of U S EPA promulgated the National Emission Standards for Hazardous Air Pollutants (NESHAP) for Manufacture of Amino/Phenolic Resins at 40 C F R §§ 63 1400 through 63 1419

10 The owner or operator of an existing affected source was required to comply with the requirements of 40 C F R §§ 63 1400 through 63 1419 by January 20, 2003

11 The NESHAP for Manufacture of Amino/Phenolic Resins applies to the owner or operator of processes that produce amino/phenolic resins and are located at a plant site that is a major source, as defined in 40 C F R § 63 2

12 The NESHAP, at 40 C F R § 63 1410, requires the owner or operator of an affected source to comply with the requirements of 40 C F R part 63, subpart UU (national emission standards for equipment leaks (control level 2)) for all equipment, as defined under § 63 1402, that contains or contacts 5 weight-percent Hazardous Air Pollutant (HAP) or greater and operates 300 hours per year or more

13 The NESHAP, at 40 C F R § 63 1409, requires the owner or operator of an affected source to follow the heat exchange system HAP sampling requirements

14 Title V of the Act, 42 U S C § 7661 et seq , established an operating permit program for major sources of air pollution Section 502(d) of the Act, 42 U S C § 761a(d), provides that each state must submit to the Administrator of U S EPA a permit program meeting the requirements of Title V

15 Pursuant to Section 502(b) of the Act, 42 U S C § 7661a(b), the Administrator promulgated regulations, subsequently codified at 40 C F R part 70, providing for the establishment of Title V permitting programs

16 The regulations at 40 C F R § 70 7(b) prohibit a source, which is subject to 40 C F R part 70, from operating except in compliance with a permit issued under a 40 C F R part 70 program

17 U S EPA promulgated final approval of the Illinois Title V program on December 4, 2001 (66 Fed Reg 62946), and the program became effective on that date

18 Section 502(a) of the CAA, 42 U S C § 7661a(a), and 40 C F R § 70 7(b) provide that, after the effective date of any permit program approved or promulgated under Title V of the CAA, no source subject to Title V may operate except in compliance with a Title V permit

19 Section 113(a)(3) of the CAA, 42 U S C § 7413(a)(3), authorizes the Administrator to initiate an enforcement action whenever, among other things, the Administrator finds that any person has violated or is in violation of a requirement or prohibition of Title V of the CAA, or any rule promulgated, issued or approved under Title V of the CAA

20 The Administrator of U S EPA (the Administrator) may assess a civil penalty of up to \$27,500 per day of violation up to a total of \$220,000 for violations that occurred from January 31, 1997 through March 15, 2004, and may assess a civil penalty of up to \$32,500 per day of violation up to a total of \$270,000 for violations that occurred after March 15, 2004 under Section

113(d)(1) of the Act, 42 U S C § 7413(d)(1), and 40 C F R Part 19

21 Section 113(d)(1) limits the Administrator's authority to matters where the first alleged date of violation occurred no more than 12 months prior to initiation of the administrative action, except where the Administrator and Attorney General of the United States jointly determine that a matter involving a longer period of violation is appropriate for an administrative penalty action

22 The Administrator and the Attorney General of the United States, each through their respective delegates, have determined jointly that an administrative penalty action is appropriate for the period of violations alleged in this CAFO

Factual Allegations

23 Ashland is a "person," as defined at Section 302 of the Act, 42 U S C § 7602

24 Ashland owns and operates a amino/phenolic resin manufacturing facility that is located at 142nd and Paxton Avenue, Calumet City, Illinois (facility)

25 Ashland's facility is a "major source" as defined in Section 112 of the Act, 42 U S C § 7412 and 40 C F R § 63 2

26 The facility is an existing affected source according to Subpart 000, 40 C F R § 63 1400

27 The facility operates pumps and agitators in light liquid service, and a heat exchange system subject to the requirements of Subpart 000, 40 C F R §§ 63 1409 and 63 1410

28 Subpart 000, 40 C F R § 63 1401, required Ashland to comply with Subpart 000 no later than January 20, 2003

29 The Illinois Environmental Protection Agency last issued a Title V Permit (No 96030071) for the facility on August 8, 2002

Count I

30 Complainant incorporates paragraphs 1 through 28 of this complaint, as if set forth in this paragraph

31 Subpart 000, 40 C F R § 63 1410, and the facility's Title V Permit require Ashland to comply with the leak detection and repair requirements of subpart UU, 40 C F R § 63 1019

32 Subpart UU requires the owner or operator to check each pump in light liquid service by visual inspection each calendar week for indications of liquids dripping from the pump seal, 40 C F R § 63 1026(b)(4)

33 Subpart UU also requires the owner or operator to document that the inspection was conducted and the date of the inspection, 40 C F R § 63 1026(b)(4)

34 Ashland failed to conduct consistent weekly visual inspections for pumps in light liquid service as required by 40 C F R § 63 1026(b)(4), in violation of 40 C F R § 63 1410

Count II

35 Complainant incorporates paragraphs 1 through 33 of this complaint, as if set forth in this paragraph

36 Subpart 000, 40 C F R § 63 1410, and the facility's Title V Permit require Ashland to comply with the leak detection and repair requirements of subpart UU, 40 C F R § 63 1019

37 Subpart UU requires the owner or operator to check each agitator in light liquid service by visual inspection each calendar week for indications of liquids dripping from the agitator seal, 40 C F R § 63 1028(c)(3)

38 Subpart UU also requires the owner or operator to document that the inspection was conducted and the date of the inspection, 40 C F R § 63 1028(c)(3)

39 Ashland failed to conduct consistent weekly visual inspections for agitators in light liquid service as required by 40 C F R § 63 1028(c)(3), in violation of 40 C F R § 63 1410

Count III

40 Complainant incorporates paragraphs 1 through 39 of this Complaint, as if set forth in this paragraph

41 Subpart 000, 40 C F R § 63 1409(a), and the facility's Title V Permit require Ashland to comply with the heat exchange system leak monitoring provisions of 40 C F R § 63 1409(b) or (c)

42 Ashland failed to follow the heat exchange system HAP sampling requirements, in violation of 40 C F R § 63 1409

Civil Penalty

43 Based on analysis of the factors specified in Section 113(e) of the Act, 42 U S C § 7413(e), the facts of this case, and other factors such as cooperation and prompt return to compliance, U S EPA has determined that an appropriate civil penalty to settle this action is \$60,000

44 Ashland must pay the \$60,000 civil penalty by cashier's or certified check payable to the "Treasurer, United States of America," within 30 days after the effective date of this CAFO

45 Ashland must send the check to

U S EPA - Region 5
P O Box 371531
Philadelphia, PA 15251-7531

46 A transmittal letter, stating Respondent's name, complete address, the case docket number, and the billing document number must accompany the payment Respondent must write the case docket number and the billing document number on the face of the check Respondent must send copies of the check and transmittal letter to

Attn Regional Hearing Clerk, (E-13J)
U S Environmental Protection Agency, Region 5
77 West Jackson Blvd
Chicago, Illinois 60604-3511

Attn Compliance Tracker, (AE-17J)
Air Enforcement and Compliance Assurance Branch
Air and Radiation Division
U S Environmental Protection Agency, Region 5
77 West Jackson Blvd
Chicago, Illinois 60604-3511

Cathleen R Martwick, (C-14J)
Office of Regional Counsel
U S Environmental Protection Agency, Region 5
77 West Jackson Blvd
Chicago, Illinois 60604-3511

47 This civil penalty is not deductible for federal tax purposes

48 If Ashland does not pay timely the civil penalty, or any stipulated penalties due under paragraph 64, below, U S EPA may bring an action to collect any unpaid portion of the penalty with interest, handling charges, nonpayment penalties and the United States' enforcement expenses for the collection action under Section 113(d)(5) of the Act, 42 U S C § 7413(d)(5) The validity, amount and appropriateness of the civil penalty are not reviewable in a collection action

49 Interest will accrue on any overdue amount from the date payment was due at a rate established under 31 U S C § 3717 Ashland will pay a \$15 handling charge each month that any portion of the penalty is more than 30 days past due Ashland will pay a quarterly nonpayment penalty each quarter during which the assessed penalty is overdue according to Section 113(d)(5) of the Act, 42 U S C § 7413(d)(5) This nonpayment

penalty will be 10 percent of the aggregate amount of the outstanding penalties and nonpayment penalties accrued from the beginning of the quarter

Supplemental Environmental Project

50 Within six months after the effective date of this CAFO, Ashland must complete a supplemental environmental project (SEP) designed to protect the environment

51 At its Calumet City facility, Ashland must complete the SEP as follows

52 Ashland shall install and maintain sealess pumps for the specific applications listed in Attachment A in accordance with the schedule therein

53 Ashland must spend at least \$154,400 on the SEP

54 Ashland must use or operate the sealess pumps for 5 years following installation in accordance with the normal operations of the facility.

55 Ashland certifies that it is not required to perform or develop the SEP by any law, regulation, grant, order, or agreement, or as injunctive relief as of the date it signs this CAFO. Ashland further certifies that it has not received, and is not negotiating to receive, credit for the SEP in any other enforcement action

56 U S EPA may inspect the facility at any time to monitor Ashland's compliance with this CAFO's SEP requirements

57 Ashland must maintain copies of the supporting documentation for all reports submitted to U S EPA according to this CAFO for a period of five years Ashland must provide the documentation to U S EPA within seven days of U S EPA's written request for the information

58 Ashland must submit the reports required by the scope of work to U S EPA according to the schedule in Attachment A

59 Ashland must submit a SEP completion report to U S EPA by 30 days after completion of the installation and placing in service the last of the above sealess pumps This report must contain the following information

- a detailed description of the SEP as completed,
- b description of any operating problems and the actions taken to correct the problems,
- c itemized costs of goods and services used to complete the SEP documented by copies of invoices, purchase orders, or cancelled checks that specifically identify and itemize the individual costs of the goods and services,
- d certification that Ashland has completed the SEP in compliance with this CAFO, and
- e description of the environmental and public health benefits resulting from the SEP (quantify the benefits and pollution reductions, if feasible)

60 Ashland must submit all notices and reports required by this CAFO by first class mail to

Attn Compliance Tracker (AE-17J)
Air Enforcement and Compliance Assurance Branch
Air and Radiation Division
U S Environmental Protection Agency, Region 5
77 West Jackson Blvd
Chicago, Illinois 60604-3511

61 In each report that Ashland submits as provided by this CAFO, it must certify that the report is true and complete by including the following statement signed by one of its officers

I certify that I am familiar with the information in this document and that, based on my inquiry of those individuals responsible for obtaining the information, the information is true and complete to the best of my knowledge I know that there are significant penalties for submitting false information, including the possibility of fines and imprisonment for knowing violations

62 Following receipt of the SEP completion report described in paragraph 59 above, U S EPA must notify Ashland in writing that

- a It has satisfactorily completed the SEP and the SEP report,
- b There are deficiencies in the SEP as completed or in the SEP report and U S EPA will give Ashland 30 days to correct the deficiencies, or
- c It has not satisfactorily completed the SEP or the SEP report and U S EPA will seek stipulated penalties under paragraph 64

63 If U S EPA exercises option b above, Ashland may object in writing to the deficiency notice within 10 days of receiving the notice The parties will have 30 days from U S EPA's receipt of Ashland's objection to reach an agreement If

65 U S EPA's determinations of whether Ashland satisfactorily completed the SEP and whether it made good faith, timely efforts to complete the SEP will bind Ashland

66 Ashland must pay any stipulated penalties within 15 days of receiving U S EPA's written demand for the penalties Ashland will use the method of payment specified in paragraph 44, above, and will pay interest, handling charges, and nonpayment penalties on any overdue amounts

67 If an event occurs which causes or may cause a delay in completing the SEP as required by this CAFO

a Ashland must notify U S EPA in writing within 10 days after learning of an event which caused or may cause a delay in completing the SEP The notice must describe the anticipated length of the delay, its cause(s), Ashland's past and proposed actions to prevent or minimize the delay, and a schedule to carry out those actions Ashland must take all reasonable actions to avoid or minimize any delay If Ashland fails to notify U S EPA according to this paragraph, Ashland will not receive an extension of time to complete the SEP

b If the parties agree that circumstances beyond the control of Ashland caused or may cause a delay in completing the SEP, the parties will stipulate to an extension of time no longer than the period of delay

c If U S EPA does not agree that circumstances beyond the control of Ashland caused or may cause a delay in completing the SEP, U S EPA will notify Ashland in writing of its decision and any delays in completing the SEP will not be excused

d Ashland has the burden of proving that circumstances beyond its control caused or may cause a delay in completing the SEP Increased costs for completing the SEP will not be a basis for an extension

the parties cannot reach an agreement, U S EPA will give Ashland a written decision on its objection. Ashland will comply with any requirements that U S EPA imposes in its decision. If Ashland does not complete the SEP as required by U S EPA's decision, Ashland will pay stipulated penalties to the United States under paragraph 64 below.

64 If Ashland violates any requirement of this CAFO relating to the SEP, Ashland must pay stipulated penalties to the United States as follows:

a If Respondent spent less on the SEP than the amount set forth in paragraph 53, above, Respondent must pay a stipulated penalty equal to the difference between the amount it spent on the SEP and the amount set forth in paragraph 53.

b If Respondent has completed the SEP but the SEP is not satisfactory, Respondent must pay \$40,000 in addition to any penalty required under subparagraph 64a, above.

c If Respondent fails to comply with the schedule in paragraph 52, above, [in Attachment A to this CAFO] for implementing the SEP, or fails to submit timely the SEP completion report required by paragraph 59, above, Respondent must pay stipulated penalties for each failure to meet an applicable milestone, as follows:

<u>Penalty per violation per day</u>	<u>Period of violation</u>
\$1,000	1 st through 14 th day
\$5,000	15 th through 30 th day
\$10,000	31 st day and beyond

These penalties will accrue from the date Respondent was required to meet each milestone until it achieves compliance with the milestone.

of time under subparagraph b, above Delay in achieving an interim step will not necessarily justify or excuse delay in achieving subsequent steps

68 Any public statement that Ashland makes referring to the SEP must include the following language, "Ashland undertook this project under the settlement of the United States Environmental Protection Agency's enforcement action against Ashland for violations of the NESHAP for Manufacture of Amino/Phenolic Resins at 40 C F R §§ 63 1400 through 63 1419 "

Final Statement

69 This CAFO resolves only Respondent's liability for federal civil penalties for the violations alleged in Counts I, II, and III of this CAFO

70 This CAFO does not affect the right of U S EPA or the United States to pursue appropriate injunctive or other equitable relief or criminal sanctions for any violation of law

71 This CAFO does not affect Ashland's responsibility to comply with the Act and other applicable federal, state and local laws, and regulations Except as provided in paragraph 69 above, compliance with this CAFO will not be a defense to any actions subsequently commenced pursuant to federal laws and regulations administered by Complainant

72 Ashland certifies that it is complying fully with Subpart 000, 40 C F R §§ 63 1409 and 63 1410

73 This CAFO constitutes an "enforcement response" as that term is used in "U S EPA's Clean Air Act Stationary Source Civil Penalty Policy" to determine Ashland's "full compliance history" under Section 113(e) of the Act, 42 U S C § 7413(e)

74 The terms of this CAFO bind Ashland, and its successors, and assigns

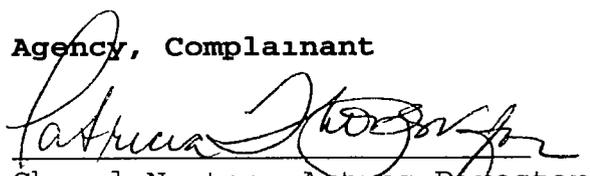
75 Each person signing this consent agreement certifies that he or she has the authority to sign this consent agreement for the party whom he or she represents and to bind that party to its terms

76 Each party agrees to bear its own costs and attorneys' fees in this action

77 This CAFO constitutes the entire agreement between the parties

U.S. Environmental Protection Agency, Complainant

JUL 26 2006
Date


Cheryl Newton, Acting Director
Air and Radiation Division
U S Environmental Protection
Agency, Region 5 (A-18J)

CAA-05-2006-0025

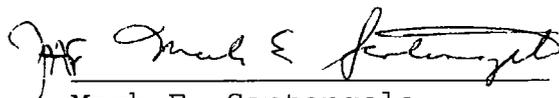
CONSENT AGREEMENT AND FINAL ORDER

Ashland, Inc.

Docket No. CAA-05 2006-0025

Ashland Inc., Respondent

Date



Mark E Santangelo,
Vice-President,
Operations & Logistics
Global Supply Chain

P-MACT Pumps							
		material of construction	inlet/ outlet line	notes	pump cost	pipng & labor	total install cost
P-411	401 discharge pump	carbon steel	3"	motor is not VSD	\$ 6 500	\$ 2 700	\$ 9 200
P-601	601 discharge pump	stainless steel	4"	minor piping modifications needed	\$ 20 000	\$ 3 100	\$ 23 100
P-609	609 discharge pump	stainless steel	4"	minor piping modifications needed	\$ 20 000	\$ 5 500	\$ 25 500
P 128	Methanol transfer pump	carbon steel	2	minor piping modifications needed & new motor & base	\$ 5 000	\$ 4 000	\$ 9 000
P-719	Tank discharge pump	carbon steel		Based on 401 discharge	\$ 6 500	\$ 2 700	\$ 9 200
Acrylic Pumps applicable for sealess design							
		material of construction	inlet/ outlet line	notes	pump cost	pipng & labor	total install cost
P 209	BT-209 discharge pump	stainless steel	3"	using same install price as P-309	\$ 13 800	\$ 2 700	\$ 16 500
P-310	BT-310 discharge pump	stainless steel	3	using same install price as P-309	\$ 13 800	\$ 2 700	\$ 16 500
P-509	BT-509 discharge pump	stainless steel	4		\$ 20 000	\$ 2,700	\$ 22 700
P 510	BT-510 discharge pump	stainless steel	4		\$ 20 000	\$ 2 700	\$ 22 700
Know all pumps can be special ordered, delivered and installed by 12/31/2006							\$ 154,400

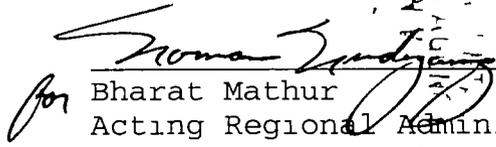
ATTACHMENT A

CONSENT AGREEMENT AND FINAL ORDER
Ashland, Inc.
Docket No. CAA-05 2006-0025

Final Order

It is ordered as agreed to by the parties and as stated in the consent agreement, effective immediately upon filing of this CAFO with the Regional Hearing Clerk This final order disposes of this proceeding pursuant to 40 C F R § 22 18

7/27/06
Date


Bharat Mathur
Acting Regional Administrator
U S Environmental Protection
Agency, Region 5
77 West Jackson Boulevard
Chicago, Illinois 60604-3511

US EPA REGION 5
REGIONAL HEARING CLERK
6 JUL 28 AM 3:11
REGION 5

CONSENT AGREEMENT AND FINAL ORDER
Ashland Inc , Calumet City, Illinois
Docket No **CAA-05-2006-0025**

CERTIFICATE OF MAILING

I, Betty Williams, certify that I hand delivered the original of the Consent Agreement and Final Order, docket number **CAA-05-2006-0025** to the Regional Hearing Clerk, Region 5, United States Environmental Protection Agency, and that I mailed correct copies by first-class, postage prepaid, certified mail, return receipt requested, to Ashland, Inc by placing it in the custody of the United States Postal Service address as follows

Joseph A French
Ashland, Inc
5200 Blazer Parkway
Dublin, Ohio 43017

U.S. ENVIRONMENTAL PROTECTION AGENCY
REGION 5
6 JUL 28 AM 30
REGION 5

I also certify that a copy of the CAFO was sent by first-class mail to

Julie Armitage, Acting Manager
Compliance and Enforcement Section Bureau of Air
Illinois Environmental Protection Agency
1021 North Grand Avenue East
Springfield, Illinois 62702

on the 28th day of July 2006

Betty Williams
Betty Williams, Secretary
AECAS (IL/IN)

CERTIFIED MAIL RECEIPT NUMBER

70010320000614550433