

**STATE OF LOUISIANA  
DEPARTMENT OF ENVIRONMENTAL QUALITY**

**IN THE MATTER OF:**

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**Settlement No. SA-AE-09-0053**

**CHEMTURA CORPORATION**

**Enforcement No. AE-CN-06-0001**

**AI # 2706**

**PROCEEDINGS UNDER THE  
ENVIRONMENTAL QUALITY ACT**

**SETTLEMENT AGREEMENT**

The following Settlement Agreement ("Settlement Agreement") is hereby agreed to between Chemtura Corporation ("Respondent") and the State of Louisiana Department of Environmental Quality ("DEQ" or "the Department") under authority granted by the Louisiana Environmental Quality Act, LSA- R.S.30:2001, et seq. ("the Act").

**I.**

Respondent is a corporation that together with certain of its affiliates filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") on March 18, 2009 (the "Petition Date") with the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court" or "Court") and they are currently operating their businesses as debtors in possession under the Bankruptcy Code. The chapter 11 cases are being administered jointly as Case No. 09-11233 (REG) (the "Chapter 11 Cases").

Respondent has certain current and former facilities and operations in the State of Louisiana, including: a currently owned and operated facility at 920 I-10 West in Westlake, Calcasieu Parish, Louisiana with an Agency Interest Number of 157370 ("Lake Charles Facility"); a formerly owned and operated chemical production facility located at 36191

Louisiana Highway 30, Geismar, Ascension Parish, Louisiana, with an Agency Interest Number of 1433, which Respondent sold to Lion Copolymer in June 29, 2007 ("Geismar Facility"); a formerly owned and operated facility located at 473 Louisiana Highway 4132, Taft, St. Charles Parish, Louisiana, with an Agency Interest Number of 2706, which Respondent sold to Galata Chemicals, LLC on April 30, 2010 ("Taft Facility"); a currently owned but inactive chemical production facility in Harvey, Jefferson Parish, Louisiana with an Agency Interest Number of 2119 ("Harvey Facility"); a currently owned but inactive chemical production facility at 1320 Sams Road in Harahan, Jefferson Parish, Louisiana with an Agency Interest Number of 1615 ("Harahan Facility"); a currently owned but inactive chemical production facility at Dillon Street in Columbia, Caldwell Parish, Louisiana with an Agency Interest Number of 7910 ("Columbia Facility"); and a currently owned inactive site known as U.M. Gonzales and Bailey Site aka Jim Spedale Landfill, Spedale Site located off Louisiana Highway 429 in Gonzales, Ascension Parish, Louisiana with an Agency Interest Number of 4791 where remediation activities are undertaken.

Respondent was authorized to conduct chemical production operations at the Taft Facility pursuant to a number of air emission and wastewater permits, including Air Permit No. 2520-00015-07 ("Taft Facility Air Permit") and Louisiana Pollutant Discharge Elimination System ("LPDES") Permit No. LA0005746 ("Taft Facility LPDES Permit"). Respondent was authorized to discharge certain wastewaters from the Geismar Facility under LPDES Permit No. LA0000752 ("Geismar Facility LPDES Permit"). Respondent was authorized to discharge certain wastewaters from the Harvey Facility pursuant to LPDES Permit No. LA0005291 ("Harvey Facility LPDES Permit").

The Department's allegations which form the basis of the enforcement actions covered by this Settlement Agreement are, without any admission by Respondent, as follows:

## II.

On April 3, 2006, the Department issued to Respondent a Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. AE-CN-06-0001, which was based upon the following findings of fact:

The Respondent's former Taft Facility operated under Air Permit No. 2520-00015-07, issued on January 13, 1999.

In June 1999, the Respondent submitted an application to modify Air Permit No. 2520-00015-07. A supplemental document intended to supplement the 1999 application was submitted by the Respondent in September 2000.

On or about April 1, 2005, representatives of the Respondent met with members of the Department to discuss the facility's air permit and compliance status. The facility indicated that it would submit a revised permit application to revise and completely replace the application that had been previously submitted.

On or about April 26, 2005, the Respondent submitted a request for an authorization to construct a chiller system to reduce VOC emissions from certain emission sources. That request was granted on May 12, 2005. According to the Respondent's letter dated October 5, 2005, construction of the system was completed and made operational on June 2, 2005.

On or about June 30, 2005, the Respondent submitted a request for an authorization to construct two thermal oxidizers to enable further VOC reductions at the facility. Approval of the request was received on July 15, 2005, and according to the Respondent's letter dated October 5, 2005, the facility is proceeding toward procuring and installing the thermal oxidizer systems. In

addition, the Respondent submitted a revised permit application in June 2005 to reconcile emissions as well as to incorporate the reductions realized through certain emissions reduction projects, including the chiller system and thermal oxidizers.

The Department received a letter dated October 5, 2005, from the Respondent requesting authorization for interim production limits in order to limit the facility's potential to emit below major source thresholds.

On or about March 3, 2006, a file review of the Respondent's facility was performed by the Department in order to determine the degree of compliance with the Act and Air Quality Regulations.

The following violations were noted during the course of the review:

- A. The Department received letters from the Respondent dated June 9, August 24, and November 8, 2004, regarding VOC emissions from the facility's wastewater scrubbers, Emission Sources (ES) 620-88TH and 621-88TH. According to the Respondent's letters, due to an oversight, the wastewater scrubbers were not permitted for the VOC emissions resulting from organic constituents present in the wastewater tanks which vent through the scrubber. The Respondent's failure to permit the VOC emissions from Emission Sources 620-88TH and 621-88TH is in violation of General Condition III of Air Permit No. 2520-00015-07, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act. Emissions testing was performed to determine the actual emissions from these points, and according to the test results submitted with the Respondent's letter dated November 8, 2004, total VOC emissions were 48.68 tons per year. According to additional information provided by the Respondent in a letter dated February 3, 2006, these two sources are capped under ES 488-99GP in the 2005 permit application.
- B. According to the Respondent's letter dated August 24, 2004, based on recent testing, VOC emissions from the ED-606 Scrubber, Emission Source 118-99EP, and the #3 Deodorizer, Emission Source 119-99EP, were determined to be above the previously estimated emissions submitted in the Respondent's June 1999 permit application. Test results submitted with the Respondent's letter dated November 8, 2004, show total VOC emissions as 17.82

tons per year (tpy) for Emission Source 118-99EP, and 26.26 tpy for Emission Source 119-99EP. Neither emission source is permitted in the Respondent's current operating permit, in violation of LAC 33:III.501.C.2 and Sections 2057(A)(1) and 2057(A)(2) of the Act. According to additional information provided by the Respondent in a letter dated February 3, 2006, ES 118-99EP was installed in 1993 and ES 199-99EP was constructed in 1983, and it is assumed that these points became operational in the same year of construction. The Respondent also reported that n-hexane emissions for these two sources were 0.81 and 0.02 tpy, respectively.

- C. According to the Respondent's letter dated August 24, 2004, chloromethane (MeCl) emissions should have been assigned to the TD-111 Scrubber, Emission Source 363-88SN, but were erroneously assigned to the TD-109A Scrubber, Emission Source 370-95SN. The TD-111 Scrubber is currently not permitted for VOC emissions. In its letter dated February 3, 2006, the Respondent reported actual emissions of chloromethane as noted in Table 1. Each exceedance of the permitted VOC emission limit for ES 363-88SN is a violation of General Condition III of Air Permit No. 2520-00015-07, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act.

Table 1

Emission Source Id	Description	Year	VOC (tpy)	MeCl (tpy)
363-88SN	TD-111 Scrubber	1999	1.545	1.545
		2000	1.663	1.663
		2001	1.583	1.583
		2002	1.995	1.995
		2003	1.909	1.909
		2004	1.890	1.890

- D. In its letter dated August 24, 2004, the Respondent reported that the Tin Unit's TF-1202 wastewater tank, ES 1304-99GP, may contain chloromethane, but is not permitted for those emissions. The contents of the tank were to be further evaluated in order to determine VOC and HAP/TAP emissions. Additional information was submitted by the Respondent in letters dated February 3, and February 9, 2006. The TF-1202 wastewater tank is not included as an emission source in Air Permit No. 2520-00015-07, in violation of LAC 33:III.501.C.2 and Sections 2057(A)(1) and 2057(A)(2) of the Act. According to the Respondent, the tank was constructed in 1985 and is assumed to have been operational in the same year.

E. According to the Respondent's letter dated September 7, 2004, four previously unpermitted emission sources were identified in the Epoxy Production Unit. These sources include a small wastewater recovery tank (EF-105, ES 183-04) in the Drapex 4.4 process, the ED-606 Sump, and two "chilled water" tanks (ES UGT-204 and UGT-205). Each unpermitted source is a violation of LAC 33:III.501.C.2 and Sections 2057(A)(1) and 2057(A)(2) of the Act. In its letter dated February 6, 2006, the Respondent provided information regarding the date of construction for each emission source as noted in Table 2. According to the Respondent's letter, if the date of construction was unable to be determined, the date that the process became operational was used for the construction date of the emission point.

Table 2

Emission Source Id	Description	Date of Construction
Not applicable	ED-606 Sump	1968
183-04EP	EF-105	1983
184-04GP	UGT-204	1977
185-04GP	UGT-205	1991

F. According to the test results submitted with the Respondent's letter dated November 8, 2004, VOC emissions for the Solvent Evaporator (Emission Source 109-88EP) were determined to be in exceedance of the permitted limit of 3.24 tpy. In its letter dated February 3, 2006, the Respondent provided actual VOC emissions for the 1999 through 2004 calendar years as noted in Table 3. Each exceedance of the permitted VOC emission limit is a violation of General Condition III of Air Permit No. 2520-00015-07, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act.

Table 3

Emission Source Id	Description	Year	Actual VOC Emissions (tpy)
109-88EP	Solvent Evaporator	1999	4.378
		2000	3.649
		2001	4.407
		2002	4.527
		2003	4.617
		2004	5.008

- G. According to the Respondent's letter dated November 8, 2004, the vent on TD-105, ES 401-04SN, was omitted from previous permit applications due to an oversight in the permitting process. This is a violation of LAC 33:III.501.C.2 and Sections 2057(A)(1) and 2057(A)(2) of the Act. In its letter dated February 3, 2006, the Respondent reported if the date of construction was unable to be determined, then the date that the process became operational was used for the construction date of the emission point. The construction date of ES 401-04SN was reported to be 1969.
- H. According to the Respondent's letters dated November 8, 2004, and February 3, 2006, sources in the Tin Unit exceeded the permitted emission rates as noted in Table 4. Each exceedance of the permitted emission limit is a violation of General Condition III of Air Permit No. 2520-00015-07, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act.

Table 4

Emission Source Id	Description	Year	Actual VOC Emissions (tpy)	Permitted VOC Emissions (tpy)
234-88SN	T-1	1999	0.230	0.21
		2000	0.256	
		2001	0.226	
205-88SN	TF-204	2000	0.222	0.17

- I. According to the Respondent's letter dated November 19, 2004, several unpermitted sources were identified in the Thiochemical Production Unit. These emission sources are identified in Table 5. Each unpermitted source is a violation of LAC 33:III.501.C.2 and Sections 2057(A)(1) and 2057(A)(2) of the Act. According to the Respondent's letter dated February 3, 2006, if the construction date was unable to be determined, the date that the process became operational was used for the construction date of the emission point.

Table 5

Emission Source Id	Description	Date of Construction
5010-05TH	HF-1101-Caustic Blend Tank	1977
5011-05TH	HF-1102-Thiocyanate Run-down Tank	1992
5012-05TH	HF-1103-Thiocyanate Run-	1992

	down Tank	
5021-05TH	HF-1104-pTSA Tank	1993
5015-05TH	HF-1108-EHTG Run-down Tank	1990
5013-05TH	HF-140B-Ultra TX Tank	1999
475-99TH	HF-26-Thiocyanate Run-down Tank	1992
476-99TH	HF-27-Thiocyanate Run-down Tank	1995
5017-05TH	HF-501-MMP Still Receiver	1977
814-04MA	HF-509-DS/DL Reactor	1992
815-04MA	HF-510-DS/DL Reactor	1989
475-99TH	HF-524-UP Scrubber Pump Tank	1978

### III.

With respect to the Taft Facility (Agency Interest Number 2706), the following violations, although not cited in any enforcement action issued to the Respondent, are included herein and made a part of this Settlement Agreement:

A. In a letter dated July 30, 2007, the Respondent reported that trace amounts of ammonia had been emitted from Emission Points 352-88SN and/or 361-88SN depending on the mode of operation. The Respondent determined that these emissions total less than 10 pounds per year. Emissions of ammonia from these emission points are not indicated in Permit No. 2520-00015-07. This is a violation of the General Condition III of the Air Permit No. 2520-00015-07, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act.

B. In a letter dated July 20, 2007, the Respondent reported the unauthorized release of 5.5 pounds of VOCs from Emission Point UB-1300 Thermal Oxidizer for a duration of 50 minutes. The emissions occurred while the Epoxy Unit was in operation and was caused by a series of events that involved human error. Maintenance was performing a calibration on a pH instrument on the pump suction when the automated blow down valve opened, thus upsetting the

scrubber circulation flow. The unit was put back into operation with a 50 minute period. This is a violation of LAC 33:III.905 and Sections 2057(A)(1) and 2057(A)(2) of the Act.

C. In a letter dated November 16, 2007, the Respondent reported that the Taft Facility exceeded the production limitations established by Amended Consolidated Compliance Order Enforcement Tracking No. AE-CN-06-0001B. The Order required the Respondent to limit the production of tin stabilizers in two reactors TD-31 and TD-32 (Emission Point 369-91SN) to 2,500,000 pounds per year on a 12-month rolling total basis. The 12-month rolling total as of October 31, 2007, for these reactors was 2,671,877 pounds, an exceedance of 171,877 pounds. The exceedance was due to human error and resulted in increased VOC emissions from Emission Point 369-91SN. The Respondent reported that the actual emissions attributable to the 2,671,877 pounds of production was 0.14 tons which is less than the 0.23 ton allocation for the reactors. This is a violation of Table 2 of Amended Consolidation Compliance Order, Enforcement Tracking Number AE-CN-06-0001B. The Respondent has reportedly taken steps to limit production in the future by assigning additional personnel to track production and to monitor production several times per week.

D. In a letter dated April 11, 2008, the Respondent reported the unauthorized release of approximately 105 pounds of VOCs on March 17, 2008, from point sources in the Epoxy Unit during the time that the UB-1300 Thermal Oxidizer (Emission Point 001-05-GP) was taken out of service. An investigation concluded that the incident was a result of the ignition of a flammable mixture of organic vapors in the Thermal Oxidizer piping system. This is a violation of LAC 33:III.905 and Sections 2057(A)(1) and 2057(A)(2) of the Act. To prevent future occurrences, the Respondent revised operational practices and conducted operational training on the UB-1300 Thermal Oxidizer Unit.

E. In a letter dated October 12, 2006, the Respondent reported the unauthorized release of 997 lbs of toluene on October 7, 2006, which exceeded the LDEQ Reportable Quantity (RQ) of 100 lbs. The release occurred when a storage tank was filled to overflow. The material was pumped back into the process and SOP's were revised to include recording tank levels and increased operator training. This a violation of LAC 33:III.905, and Sections 2057(A)(1) and 2057(A)(2) of the Act.

F. A file review conducted by the Department on or about October 28, 2009, revealed that the Respondent exceeded effluent limitations of LPDES Permit No. LA0005746 as follows:

Date	Outfall	Parameter	Permit Limit	Reported Value
10/8/2009	002	TRC	0.2	0.39
9/1/2008	002	TRC	0.2	0.31

Each effluent violation is in violation of each LPDES permit (Part I and Part III, Section A.2), La. R.S. 30:2076 (A) (1), La. R.S. 30:2076 (A) (3), LAC 33:IX.501.A, LAC 33:IX.501.D, and LAC 33:IX.2701.A.

#### IV.

With respect to the Geismar Facility (Agency Interest Number 1433), the following violations, although not cited in any enforcement action issued to the Respondent, are included herein and made a part of this Settlement Agreement:

A file review conducted by the Department on or about October 28, 2009, revealed that the Respondent exceeded effluent limitations of LPDES Permit No. LA0000752 as follows:

Date	Outfall	Parameter	Permit Limit	Reported Value
1/31/2007	001	BOD	514 lbs/day	740 lbs/day

Each effluent violation is in violation of each LPDES permit (Part I and Part III, Section A.2), La. R.S. 30:2076 (A) (1), La. R.S. 30:2076 (A) (3), LAC 33:IX.501.A, LAC 33:IX.501.D, and LAC 33:IX.2701.A.

V.

With respect to the Harvey Facility (Agency Interest Number 2119), the following violations, although not cited in any enforcement action issued to the Respondent, are included herein and made a part of this Settlement Agreement:

A. A file review conducted by the Department on or about October 28, 2009, revealed that the Respondent exceeded effluent limitations of LPDES Permit No. LA0005291 as follows:

Date	Outfall	Parameter	Permit Limit	Reported Value
9/30/07	001	TOC	50 mg/l	79.2 mg/l

Each effluent violation is in violation of each LPDES permit (Part I and Part III, Section A.2), La. R.S. 30:2076 (A) (1), La. R.S. 30:2076 (A) (3), LAC 33:IX.501.A, LAC 33:IX.501.D, and LAC 33:IX.2701.A.

B. A file review conducted by the Department on or about October 28, 2009, revealed that the Respondent failed to submit Discharge Monitoring Reports (DMRs) in a timely manner. Specifically, the Respondent failed to submit DMRs timely from November 30, 2005 until December 31, 2007 for the Harvey facility. Each failure to submit DMRs timely is a violation of LPDES permit LA0005291 (Part II and Part III, Section A.2 and D.4), La. R.S. 30:2076 (A) (3), LAC 33:IX.501.A, LAC 33:IX.2701.A, and LAC 33:IX.2701.L.4.a.

VI.

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

## VII.

Nonetheless, the Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, by agreeing to an allowed Environmental Claim (as such term is defined in Chemtura's proposed chapter 11 plan of reorganization dated August 4, 2010 (as may be amended, revised, modified or supplemented, the "Plan")) in favor of the Department against Respondent in the Respondent's chapter 11 cases filed in the United States Bankruptcy Court for the Southern District of New York, captioned In re Chemtura Corporation, et al, Chapter 11, Case No. 09-11233 (REG) in the amount of ONE HUNDRED FIFTY-FIVE THOUSAND SIX HUNDRED NINETEEN AND 84/100 DOLLARS (\$155,619.84) (the "Claim"), of which Four Thousand Five Hundred Nineteen and 84/100 Dollars (\$4,519.84) represents the Department's enforcement costs, in settlement of the claims set forth in this Settlement Agreement. The Department shall receive no distributions from the Respondent's aforementioned chapter 11 case until this Settlement Agreement is approved by the Bankruptcy Court and until the Plan is confirmed by the Bankruptcy Court and becomes effective pursuant to its terms. The total amount of money expended by Respondent on cash payments to the Department as described above shall be considered a civil penalty for tax purposes, as required by La. R.S. 30:2050.7(E)(1).

## VIII.

Respondent further agrees that the Department may consider the inspection reports, the Consolidated Compliance Order and Notice of Potential Penalty, the Claim and this Settlement

Agreement for the purpose of determining compliance history in connection with any future enforcement or permitting action by the Department against Respondent, and in any such action the Respondent shall be estopped from objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

**IX.**

This Settlement Agreement shall be considered a final order of the secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this Settlement Agreement, except such review as may be required for interpretation of this Settlement Agreement in any action by the Department to enforce this Settlement Agreement.

**X.**

This Settlement Agreement is being made in the interest of settling the Department's claims and avoiding for both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the Department considered the factors for issuing civil penalties set forth in La. R.S. 30:2025(E) of the Act.

**XI.**

This Settlement Agreement is subject to approval of the Bankruptcy Court. Upon execution of this Settlement Agreement, Respondent shall promptly seek approval of the Settlement Agreement from the Bankruptcy Court. This Settlement Agreement shall not be effective until the date on which an order approving this Settlement Agreement has been entered by the Bankruptcy Court and has become final and is no longer subject to appeal. If this Settlement Agreement is not approved by the Bankruptcy Court, the Respondent shall immediately notify the Department of such disapproval, and the parties may thereafter

recommence negotiations in good faith to address any issues in order to secure approval of the Settlement Agreement.

#### **XII.**

The Respondent has caused a public notice advertisement to be placed in the official journals of the parish governing authority in Calcasieu Parish, Caldwell Parish, St. Charles Parish, Ascension Parish and Jefferson Parish, Louisiana. The advertisement, in form, wording, and size approved by the Department, announced the availability of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted an original proof-of-publication affidavit and an original public notice to the Department and, as of the date this Settlement is executed on behalf of the Department, more than forty-five (45) days have elapsed since publication of the notice.

#### **XIII.**

Payment is to be made within ten (10) days after the effective date of the Plan. If payment is not received within that time, this Settlement Agreement may be voidable at the option of the Department. Payments are to be made by check, payable to the Department of Environmental Quality, and mailed or delivered to the attention of Accountant Administrator, Financial Services Division, Department of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303. Each Payment shall be accompanied by a completed Settlement Payment Form (Exhibit A).

#### **XIV.**

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement, including without limitation the claim for penalties set forth in the Department's Proof of Claim No. 12045 filed October 30, 2009 against Respondent in the Chapter 11 Cases.

**XV.**

Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his/her respective party, and to legally bind such party to its terms and conditions.

**CHEMTURA CORPORATION**

BY: \_\_\_\_\_  
Billie S. Flaherty

TITLE: Senior Vice President,  
General Counsel and Secretary

THUS DONE AND SIGNED in duplicate original before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC (ID # \_\_\_\_\_)

\_\_\_\_\_  
(Print)

**LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY**  
Peggy M. Hatch, Secretary

BY: \_\_\_\_\_  
Beau James Brock, Assistant Secretary  
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, at Baton Rouge, Louisiana.

\_\_\_\_\_  
NOTARY PUBLIC (ID # \_\_\_\_\_)

\_\_\_\_\_  
(Print)

Approved:   
Beau James Brock, Assistant Secretary