STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	*	**Settlement Tracking No.**
	*	**SA-AE-14-0042**
MARTCO LIMITED PARTNERSHIP	*	
	*	**Enforcement Tracking No.**
AI # 32484 AND 125298	*	**AE-CN-09-0080**
PROCEEDINGS UNDER THE LOUISIANA	*	**AE-CN-09-0080A**
ENVIRONMENTAL QUALITY ACT	*	**AE-PP-10-00553**
LA. R.S. 30:2001, ET SEQ.	*	**AE-PP-10-00553A**

SETTLEMENT

The following Settlement is hereby agreed to between MARTCO Limited Partnership ("Respondent") and the Department of Environmental Quality ("DEQ" or "the Department"), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. ("the Act").

I

Respondent is a limited partnership that owns and/or operates an oriented strand board facility located in Allen Parish, Louisiana ("OSB Facility") and a plywood manufacturing facility located in Natchitoches Parishes, Louisiana ("Chopin Mill").

II

On February 26, 2009, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. **AE-CN-09-0080**, which was based upon the following findings of fact:

"The Respondent owns and/or operates the Oakdale Oriented Strand Board (OSB) facility, which is located approximately 3.6 miles north of Oakdale, Allen Parish, Louisiana. The facility currently operates under Prevention of Significant Deterioration (PSD) Permit PSD-LA-710, which was issued by the Department on June 13, 2005. The facility also operates under

Part 70 (Title V) Operating Permit No. 0060-00070-V1, which was issued by the Department to the Respondent on July 1, 2008. The initial Part 70 (Title V) permit was issued by the Department on or about June 13, 2005.

On or about February 18, 2009, the Respondent submitted a variance request to the Office of Environmental Services requesting continual operations of the Rotary Dryer System at the facility while the Regenerative Thermal Oxidizers (RTOs) undergo repairs. The February 18, 2009 variance request further and more specifically states that "The Rotary Dryer System at the Oakdale OSB plant is controlled by a venturi scrubber, wet electrostatic precipitator and a regenerative thermal oxidizer. These thermal oxidizers need to be repaired due to corrosion of the stainless steel portion. The repair is expected to take at least 7 days and up to 10 days to complete for each RTO. Martco is requesting that the Rotary Dryer Systems continue to operate while the RTOs are down for repairs. The RTOs control the volatile organic compounds (VOC) from the Rotary Dryer System. The venturi scrubber and the wet electrostatic precipitator would continue to operate during repair of the RTOs; therefore, only VOC emissions would be increased."

On or about February 20, 2009, the Office of Environmental Services informed the Respondent or a representative thereof, that the February 18, 2009 variance request was denied. On or about February 20, 2009, the Respondent requested interim authorization from the Office of Environmental Compliance, Enforcement Division to operate the Rotary Dryer System at the facility while the RTOs undergo repairs. The Respondent also provided calculations of emissions which are expected to be emitted into the air from the Rotary Dryer System during the thirty (30) days it is expected to take to repair the three (3) RTOs at the facility.

Specific Requirements 46, 47, 56, 57, 66, and 67 of Title V Permit No. 0060-00070-VO

required the Respondent to operate the RTOs associated with EQT008 (RD-01-Rotary Dryer No. 1), EQT009 (RD-02-Rotary Dryer No. 2) and EQT010 (RD-03-Rotary Dryer No. 3) with a minimum oxygen content of 3% to achieve a Volatile Organic Compound (VOC) destruction and removal efficiency (DRE) of 98%, and to maintain records of the oxygen content on site and available for inspection by the Office of Environmental Compliance, Surveillance Division. According to correspondence dated August 3, 2007, October 23, 2007, November 14, 2007, and March 4, 2008, the Respondent was unable to accurately measure the oxygen content in the RTOs because of the high moisture content of the gas streams coming into the RTOs. Title V Permit No. 0060-00070-V1 removed the requirements to maintain a minimum oxygen content at EQT008, EQT009, and EQT010. Instead, the Respondent is now required to maintain a minimum inlet static pressure at EQT024 (Regenerative Thermal Oxidizer No. 1), EQT025 (Regenerative Thermal Oxidizer No. 2), and EQT026 (Regenerative Thermal Oxidizer No. 3), and to monitor and keep records of this inlet static pressure for each RTO to ensure that the 98% VOC DRE is achieved.

On or about February 22, 2009, a file review of the Respondent's facility was performed to determine the degree of compliance with the Act and the Air Quality Regulations. While the Department's investigation is not yet complete, the following violations were noted during the course of the review:

A. According to Title V Quarterly Deviation Reports dated December 12, 2007, March 27, 2008, June 19, 2008, and September 11, 2008, the Respondent failed to monitor the oxygen content at EQT008, EQT009, and EQT010 during the period encompassing July 1, 2007, through June 30, 2008. This is a violation of Specific Requirement Nos. 46, 56, and 66 of Title V Permit No. 0060-00070-V0, LAC 33.III.501.C.4, LAC 33:III.905, and La. R.S. 30:2057(A)(2).

B. Title V Permit No. 0060-00070-V1 permits each RTO (i.e. EQT024, EQT025, and EQT026) to emit organic pollutants at the rates shown in the table below. These permitted emission rates are based on a VOC DRE of

98%. While each RTO is being repaired, the VOC emissions from its respective Rotary Dryer will not be controlled. According to correspondence dated February 18, 2009, each RTO is expected to exceed its permitted maximum hourly emission rates for each pollutant listed for a period of seven (7) to ten (10) days. Additionally, the Respondent expects to exceed its permitted annual emission rate for each pollutant listed for each RTO while the repairs are being completed.

Pollutant	Permitted Emissions			Projected Emissions		
	AVG LB/HR	MAX LB/HR	TONS/ YEAR	AVG LB/HR	MAX LB/HR	TONS/ 10 DAYS
VOC Total	3.900	6.080	17.100	195.210	303.750	23.425
Acetaldehyde	0.053	0.083	0.232	2.651	4.125	0.318
Acrolein	0.035	0.054	0.152	1.735	2.700	0.208
Benzene	0.003	0.005	0.014	0.169	0.263	0.020
Cumene	0.027	0.041	0.116	1.326	2.063	0.159
Formaldehyde	0.063	0.098	0.274	3.133	4.875	0.376
Methanol	0.048	0.075	0.211	2.410	3.750	0.289
MEK	0.004	0.007	0.019	0.217	0.338	0.026
MIBK	0.004	0.006	0.016	0.193	0.300	0.023
Phenol	0.007	0.011	0.032	0.362	0.563	0.043
Propionaldehyde	0.005	0.008	0.023	0.265	0.413	0.032
Toluene	0.007	0.011	0.032	0.362	0.563	0.043
Xylene	0.005	0.008	0.021	0.241	0.375	0.029

Note: The values given in the table above are per RTO.

Each occurrence that has resulted or will result in emitting pollutants into the air in excess of a permitted emission limit is a violation of Part 70 General Condition C of Title V Permit No. 0060-00070-V1, LAC 33:III.501.C.4, LAC 33:III.905, La. R.S. 30.2057(A)(1) and La. R.S. 30.2057(A)(2). Additionally, the failure to shut down a Rotary Dryer while its respective RTO is shut down is a violation of Specific Requirement No. 11, 25, or 39 of Title V Permit No. 0060-00070-V1; LAC 33:III.501.C.4; LAC 33:III.905; La. R.S. 30:2057(A)(1); and La. R.S. 30:2057(A)(2)."

On June 8, 2009, the Department issued to Respondent an Amended Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. **AE-CN-09-0080A**, which was based upon the following findings of fact:

"The Department hereby adds paragraphs V and VI to the Findings of Fact portion of Consolidated Compliance Order & Notice of Potential Penalty, Enforcement Tracking No. AE-

CN-09-0080 which shall read as follows:

"V.

On or about November 19 and November 20, 2008, air emissions tests were performed on EQT024 (Regenerative Thermal Oxidizer No. 1), EQT025 (Regenerative Thermal Oxidizer No. 2, and EQT026 (Regenerative Thermal Oxidizer No. 3). EQT024 and EQT025 were tested to measure particulate, sulfur dioxide (SO_2), nitrous oxides (NO_x), carbon monoxide (CO), and volatile organic compounds (VOC). EQT026 was tested to measure NO_x. The reports for these tests were submitted to the Department under cover letter dated January 19, 2009.

VI.

On or about May 12, 2009, a file review of the Respondent's facility was performed to determine the degree of compliance with the Act and the Air Quality Regulations. While the Department's investigation is not yet complete, the following violations were noted during the course of the review:

> According to the stack test reports submitted under cover letter dated January 19, 2009, EQT024 and EQT025 emitted an average of 38.71 and 44.14 pounds of CO per hour, respectively, during their emission tests. Each of these rates exceeds the maximum permitted emission limit as set forth in Title V Permit No. 0060-00070-V1, or 11.46 pounds of CO per hour per RTO. This is a violation of Part 70 General Condition C of Title V Permit No. 0060-00070-V1, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1) and 30:2057(A)(2)."

On October 12, 2011, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. **AE-PP-10-00553**, which was based upon the following findings of fact, as amended by Amended Notice of Potential Penalty, Enforcement No. **AE-PP-10-00553A** issued by the Department to Respondent on July 6, 2012:

"On or about April 18, 2011, a file review of Chopin Mill (the facility) (Agency Interest No. 32484), owned and/or operated by Martco Limited Partnership (RESPONDENT), was

performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations. The facility is located at 1695 Louisiana Highway 890 in Chopin, Natchitoches Parish, Louisiana. At the times the violations occurred, the facility operated under Title V Permits as shown in Table A:

TABLE A

Permit	Permit issued
1980-00027-V4	4/30/06
1980-00027-V5	1/7/07
1980-00027-V6	4/20/10
1980-00027-V7	6/4/10
1980-00027-V8	8/28/10
1980-00027-V8 AA	10/28/10

The facility currently operates under Title V Permit No. 1980-00027-V8, issued on or about August 28, 2010 and administratively amended on or about October 28, 2010.

While the investigation by the Louisiana Department of Environmental Quality (the Department) is not yet complete, the following violations were noted during the course of the file review:

A. In the Respondent's 2006 Fourth Quarter Deviation report, dated March 19, 2007, for the period encompassing October through December 2006, the Respondent reported that Thermal Oil Heaters (Emission Sources 9-94 and 9A-94) were out of temperature limits for a cumulative of 3.0 hours, violations of Specific Requirement 35 and of Specific Requirement 66, respectively. Each failure to use and maintain any emission source in proper working order is a violation of Title V Permit No. 1980-00027-V4, LAC 33:III.905, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1), and 30:2057(A)(2).

B. In the Respondent's 2008 Fourth Quarter Deviation report, dated March 12, 2009, for the period encompassing October through December 2008, the Respondent reported deviations as shown in Table E:

TABLE E

Source	Deviation	Length of Deviation	Specific Requirement
Thermal Oil Heater (Source 9-94)	Outside of Temperature Limits	1.0 hours	43
Thermal Oil Heater (Source 9A-94)	Outside of Temperature Limits	1.0 hours	74

Each failure to use and maintain in proper working order, any emission source, within proper parameters, is a violation of Title V Permit No. 1980-00027-V5, LAC 33:III.905, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1), and 30:2057(A)(2).

C. In correspondence dated December 2, 2010, the Respondent reported the results of stack tests conducted October 5, 2010 through October 6, 2010 on 50 Opening Press A (EQT 8-94) and 50 Opening Press B (EQT 8A-94). Test results on the common stack for the two presses indicate a combined methanol level of 3.192 pounds per hour (lb/hr) versus the permitted combined level of 1.210 lb/hr. The failure to demonstrate compliance with the limits of the permit for emission of methanol is a violation of Title V Permit No. 1980-00027-V8, LAC 33:III.501.C.4, La. R.S. 30:2057(A)(1), and 30:2057(A)(2).

D. In correspondence dated December 2, 2010, the Respondent reported the results of stack tests conducted October 5, 2010 through October 6, 2010 on 50 Opening Press A, 8-94, (EQT 8-94) and 50 Opening Press B (EQT 8A-94). In correspondence dated November 12, 2010, the testing contractor submitted test results to the Respondent. The test results indicated a combined methanol level of 3.192 lb/hr versus the permitted combined level of 1.210 lb/hr. The Respondent should have submitted an application to modify the current permit level for emission of methanol for those emission sources no later than December 27, 2010. The Respondent has not submitted an application to modify the current permit. The failure to request a permit modification within forty-five (45) days after receiving test results that demonstrate that the permit is inadequate is a violation of LAC 33:III.523.A, LAC 33:III.501.C.4 and La. R.S. 30:2057(A)(2)."

The following violation at the OSB Facility, although not cited in any enforcement action issued to the Respondent, also is included herein and made a part of this settlement:

A. According to the stack test reports (dated January 16, 2009) submitted to the Department under cover letter from the Respondent dated January 19, 2009, RTO No. 1 (EQT024) and RTO No. 2 (EQT025) emitted an average of 38.71 and 44.14 pounds of CO per hour, respectively, during their emission tests conducted on or about November 19 and November 20, 2008, respectively. An application to modify Title V Permit No. 0060-00070-V1 to incorporate the test results was not submitted until on or about September 8, 2009, 235 days following receipt of the test report. The application should have been submitted within 45 days of receiving the test results, or no later than on or about March 3, 2009.

The following violations at the Chopin Mill, although not cited in any enforcement action issued to the Respondent, also are included herein and made a part of this settlement:

A. In the Respondent's 2011 Third Quarter Deviation report, for the period encompassing July through September 2011, the Respondent reported that total hydrocarbons from Thermal Oil Heaters (Emission Sources 9-94 and 9A-94) were greater than 20 ppmv for 6.0 hours on August 8, 2011.

B. In the Respondent's 2012 Second Quarter Deviation report, for the period encompassing April through June 2012, the Respondent reported that total hydrocarbons from Thermal Oil Heaters (Emission Sources 9-94 and 9A-94) were greater than 20 ppmv for 6.0 hours on June 1, 2012.

C. In the Respondent's 2012 Second Quarter Deviation report, for the period encompassing April through June 2012, the Respondent reported that total hydrocarbons from Thermal Oil Heaters (Emission Sources 9-94 and 9A-94) were greater than 20 ppmv for 3.0 hours on June 16, 2012.

D. In the Respondent's 2012 Second Quarter Deviation report, for the period encompassing April through June 2012, the Respondent reported that total hydrocarbons from Thermal Oil Heaters (Emission Sources 9-94 and 9A-94) were greater than 20 ppmv for 3.0 hours on June 17, 2012.

E. In the Respondent's 2012 Second Quarter Deviation report, for the period encompassing April through June 2012, the Respondent reported that total hydrocarbons from Thermal Oil Heaters (Emission Sources 9-94 and 9A-94) were greater than 20 ppmv for 3.0 hours on June 17, 2012.

F. In the Respondent's 2012 Third Quarter Deviation report, for the period encompassing July through September 2012, the Respondent reported that total hydrocarbons from Thermal Oil Heaters (Emission Sources 9-94 and 9A-94) were greater than 20 ppmv for 4.0 hours on July 15, 2012.

III

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

IV

Nonetheless, Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount of TWENTY THOUSAND EIGHTY AND NO/100 DOLLARS ($20,080.00), of which One Thousand Four Hundred Sixty-Six and 28/100 Dollars ($1,466.28) represents the Department's enforcement costs, in settlement of the claims set forth in this agreement. 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).

V

Respondent further agrees that the Department may consider the inspection report(s), the Notice of Potential Penalty, the Consolidated Compliance Order & Notice of Potential Penalty, the Amended Consolidated Compliance Order & Notice of Potential Penalty and this Settlement 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 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.

VI

This 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 agreement, except such review as may be required for interpretation of this agreement in any action by the Department to enforce this agreement.

VII

This settlement is being made in the interest of settling the state'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.

VIII

The Respondent has caused a public notice advertisement to be placed in the official journals of the parish governing authorities in Natchitoches and Allen Parishes, Louisiana, respectively. 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.

IX

Payment is to be made within ten (10) days from notice of the Secretary's signature. If payment is not received within that time, this Agreement is 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).

X

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

XI

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

MARTCO LIMITED PARTNERSHIP

BY: _____
(Signature)

_____
(Printed)

TITLE: _____

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

_____
NOTARY PUBLIC (ID #_____)

_____
(stamped or printed)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Peggy M. Hatch, Secretary

BY: _____
Cheryl Sonnier Nolan, 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 # _____)

_____
(stamped or printed)

Approved: _____
Peggy M. Hatch, Secretary