



west virginia department of environmental protection

Division of Air Quality
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Charleston, WV 25304
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Joe Manchin III, Governor
Randy C. Huffman, Cabinet Secretary
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CONSENT ORDER
ISSUED UNDER THE
AIR POLLUTION CONTROL ACT
WEST VIRGINIA CODE, CHAPTER 22, ARTICLE 5, SECTION 4

TO: Thistle Processing LLC
c/o: Richard Tinsman, Global Operations Manager
3190 Riverside Drive
Huntington, WV 25705

DATE: ~~August 30, 2010~~ *September 17, 2010*
FACILITY ID NO.: 011-00163
CO-R30-E-2010-18

INTRODUCTION

This Consent Order is issued by the Director of the Division of Air Quality (hereinafter "Director"), under the authority of West Virginia Code, Chapter 22, Article 5, Section 1 et seq. to Thistle Processing LLC (hereinafter "Company").

FINDINGS OF FACT

In support of this Order, the Director hereby finds the following:

1. Thistle Processing LLC owns and operates a nickel metal reclaiming facility, which includes a hot vapor degreaser utilizing trichloroethylene (TCE) as a solvent. The Company is located on the same site in Huntington, West Virginia as Special Metals Corporation's Huntington Alloys Corporation facility. Huntington Alloys Corporation is owned by Special Metals Corporation which, in turn, is owned by Precision Castparts Corp. Thistle Processing LLC is owned by Huntington Alloys Corporation.
2. On September 24, 2002, personnel from the DAQ conducted an inspection of the Company and determined the Company was in violation of 45CSR13 "Permits For

Construction, Modification, Relocation And Operation Of Stationary Sources Of Air Pollutants, Notification Requirements, Administrative Updates, Temporary Permits, General Permits, Permission To Commence Construction, And Procedures For Evaluation" (Rule 13) for not obtaining a permit for various tumble blasting operations. The Company and DAQ entered into Consent Order CO-R-13-E-2003-15 to resolve these Rule 13 violations by applying for and obtaining an After-the-Fact Rule 13 permit and the Company was assessed a penalty of five thousand dollars (\$5,000).

3. On June 23, 2003, the DAQ issued Rule 13 permit R13-2532 to the Company to operate a metals crushing, plasma cutting, tumble blasting, and hot vapor degreasing operation. The permit and permit application stated the hot TCE vapor degreasing operation (halogenated solvent degreaser) was subject to federal Maximum Achievable Control Technology (MACT) 40 CFR 63 Subpart T "National Emission Standards for Halogenated Solvent Cleaning" The Potential-To-Emit (PTE) TCE emission estimates were calculated using section § 63.465(e) of MACT Subpart T. The permit application used an incorrect Wi constant (the working mode uncontrolled emission rate) of 0.201 lb/ft²/hr. The correct constant is 0.229 lb/ft²/hr in the PTE calculation as described in section §63.465 (e) of MACT Subpart T.
4. On February 23, 2004, the DAQ issued modified Rule 13 permit R13-2532A to the Company to increase TCE emissions from the halogenated solvent degreaser. The permit limited the TCE emission rate to 2.17 lbs/hr and 9.5 tons/yr. The permit also limited TCE usage by the degreaser to 1,488 gallons/yr. The TCE emission estimates were calculated using section 63.465(e) of MACT Subpart T. The Company used a Wi constant (the working mode uncontrolled emission rate) of 0.2029 lb/ft²/hr instead of the correct constant of 0.229 lb/ft²/hr. If the Company had used the correct Wi constant with a Total Evaporative Area (TEA) of 10.68 ft², then the PTE for the halogenated solvent degreaser would have been 10.71 tons/year. This is independent of the use of the underestimated TEA (10.68 ft²) for the vapor degreaser submitted by the Company.
5. The Company has since stated the TEA should have been 28.1 ft² instead of 10.68 ft². The PTE from the degreaser when calculated using the correct TEA and Wi constant estimates TCE emissions of 28.2 tons per year.
6. The Company triggered 45CSR30 "Requirements For Operating Permits", also known as Title V, by becoming a major source of Hazardous Air Pollutants (HAPs). A major source of HAPs is one for which facility-wide emissions, including fugitives, are equal to or greater than 10 tpy of a single HAP or HAP compound category, or equal to or greater than 25 tpy of a aggregated HAPs or HAP compound categories.
7. In May of 2007, the federal Maximum Achievable Control Technology (MACT) 40 CFR 63 Subpart T "National Emission Standards for Halogenated Solvent Cleaning" was revised to include Facility-wide standards section § 63.471. Subpart T requires solvent

cleaning machines constructed after August 17, 2006 to comply with section § 63.471 by May 3, 2007 or immediately upon startup. This section applies to all solvent cleaning machines, except solvent cleaning machines used in the manufacture and maintenance of aerospace products. The Company recycles nickel metal turnings, which go into various applications such as medical devices and 80-90% of the nickel metal turnings are sold as raw material for aerospace industry.

8. On July 5, 2007, Precision Castparts Corp. purchased Caledonian Alloys, Inc. which owned Thistle Processing LLC. On August 1, 2007, the membership interests in Thistle Processing LLC were transferred to Huntington Alloys Corporation, a subsidiary of Special Metals Corporation. However, corporate direction, management, oversight and support of Thistle Processing LLC continued to be provided by Caledonian Alloys, Inc. Since Precision Castparts Corp. owns Special Metals Corporation and Special Metals Corporation owns Huntington Alloy Corporation, then Thistle Processing LLC came under the same common ownership and control as Huntington Alloy Corporation on July 5, 2007. As previously mentioned, Thistle Processing LLC is co-located on the same site with a major source for both Title V and Prevention of Significant Deterioration (PSD) permitting, which is also known as Major New Source Review.
9. On August 15, 2007, the Company started physical on-site construction and installation of the vapor degreaser and the vapor degreaser commenced operation on or about January 15, 2008.
10. On September 3, 2008, the DAQ issued permit R13-2532B to modify the TCE usage limits associated with the degreaser. The increased usage limits were associated with the previous modification of TCE air emissions. Permit R13-2532B superseded and replaced the original Permit R13-2532A, which superseded and replaced Permit R13-2532. The TCE usage limit was increased from 1,488 gallons per year to 6,732 gallons per year.
11. On August 13, 2009, personnel of the DAQ conducted an unannounced inspection of the Company. Mr. Don Berry, USA Casting Operations Manager, was not able to provide all of the records and information requested, so DAQ personnel stated they would return at a later date to allow Mr. Berry more time to produce the information and records. Also, Mike McRorie, Caledonian Alloys' US Compliance Manager, assured DAQ personnel that the information and records would prove compliance.
12. Mr. Don Berry stated during the August 13, 2009 inspection that a Title V application and Rule 13 application were being completed for an additional TCE vapor degreaser to be installed with the existing TCE vapor degreaser at a new location and under the new name Huntington Revert, LLC.

13. On October 22, 2009, personnel of the DAQ conducted an announced follow-up inspection of the Company. The Company was still unable to provide all the information and records requested.
14. On January 20, 2010, the halogenated solvent degreaser at the Company was shut down. The degreaser was rinsed on March 8, 2010 and the remaining TCE inventory and hazardous waste were removed on March 17, 2010.
15. On February 24, 2010 representatives for Precision Castparts Corp. and Thistle Processing LLC met with DAQ personnel and provided a presentation of potential TCE air emission violations indicating that the Company's actual TCE emissions were greater than major source thresholds in 2008 and 2009.
16. On April 19, 2010, the Company submitted a letter to DAQ estimating its actual TCE emissions at 52 tons in 2008 and 37 tons in 2009.
17. A letter dated May 3, 2010, from Special Metals states that the vapor degreaser was not subject to the facility-wide standards section § 63.471 of MACT Subpart T. Special Metals states it is not subject to these requirements, because of the exemption for solvent cleaning machines used in the manufacture and maintenance of aerospace products. The DAQ has determined the Company does not qualify for this exemption and the DAQ received information from the U.S. EPA agreeing with this determination.
18. West Virginia Code § 22-5-3 makes it unlawful for any person to (a) cause statutory air pollution; (b) violate any provision of the Air Pollution Control Act; (c) violate any rule promulgated pursuant to the Air Pollution Control Act; or (d) operate any facility subject to the permit requirements of the Secretary of the Department of Environmental Protection without a valid permit.
19. The Company is in violation of WV Code § 22-5-3 "Causing statutory pollution unlawful; article not to provide persons with additional legal remedies", § 22-5-12 "Operating permits required for stationary sources of air pollution" and 45CSR30 (Rule 30) "Requirements For Operating Permits", also known as Title V, for not submitting a timely and complete Title V permit application in accordance with section 4.1 of Rule 30.
20. The Company is in violation of Rule 13 permit R13-2532B for exceeding the TCE emission limit specified in section A.1, which limits the Company to 9.5 tons per year of TCE.
21. The Company is in violation of Rule 13 permit R13-2532B for exceeding the amount (pounds/day) of scrap allowed to be cut by the plasma cutter specified in section A.3, which limits the Company to fifteen hundred (1,500) pounds per day of scrap.

22. The Company is in violation of MACT Subpart T, specifically, Reporting Requirements section §63.468 (f) for failure to submit the annual reports required by February 1, 2009 and February 1, 2010 and failure to submit the semi-annual exceedance reports.
23. The Company is in violation of MACT Subpart T, specifically, the facility-wide standards section § 63.471(b)(2) and associated reporting requirements for failing to provide an initial notification report, failing to submit an annual solvent emission report and for exceeding the "TCE only" twelve month rolling total emission limit of 15.5 tons listed in Table 1.
24. On May 27, 2010, the DAQ issued an Order of Compliance for the violations cited in this Order.

ORDER FOR COMPLIANCE

Now, therefore, in accordance with Chapter 22, Article 5, Section 1 et seq. of the West Virginia Code, it is hereby agreed between the parties, and ORDERED by the Director:

1. The Company shall not restart or operate the vapor degreaser with any halogenated solvent as defined by MACT Subpart T.
2. The Company shall submit administratively and technically complete permit applications for 45CSR13 (Rule 13) and 45CSR30 (Title V) to incorporate existing and/or future operations within sixty (60) days of the effective date of this Order. The Company shall be included in Huntington Alloys (ID# 011-00007) 45CSR30 Title V's permit, due to common ownership.
3. After submittal, the Company shall expeditiously correct any deficiencies and errors found in the pending Rule 13 and Title V permit application providing omitted or supplemental information identified to the Company by the Director or his authorized representative. The Company shall submit a written and certified mail response to any written Notice of Deficiency (NOD) issued by the Director or his authorized representative within fifteen (15) calendar days of receipt of the NOD. If the Company does not respond within fifteen (15) calendar days, then the Company may be subject to stipulated penalties.
4. This Order supersedes and replaces the requirements of the Order of Compliance dated May 27, 2010.
5. This Order resolves all previous violations cited in the Order of Compliance dated May 27, 2010 and in the Findings of Facts of this Order, including, but not limited to, any possible violations of PSD associated with the construction of the vapor degreaser.

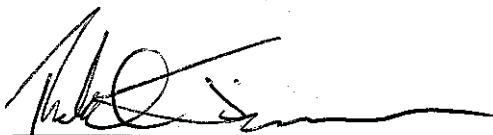
6. Thistle Processing LLC agrees to make quarterly payments totaling three hundred five thousand dollars (\$305,000) to the Air Pollution Education and Environment Fund. The first payment of seventy six thousand two hundred fifty dollars (\$76,250) shall be made within thirty (30) days after the effective date of this Order. The second payment of seventy six thousand two hundred fifty dollars (\$76,250) shall be made on or before January 8, 2011. The third payment seventy six thousand two hundred fifty dollars (\$76,250) shall be made on or before April 8, 2011. The fourth and final payment of seventy six thousand two hundred fifty dollars (\$76,250) shall be made on or before July 8, 2011. All payments shall be made by check payable to the Air Pollution Education and Environment Fund and shall be sent to the Division of Air Quality, Attention: John A. Benedict, Director, 601 57th Street, SE, Charleston, WV 25304. In addition, if Thistle Processing LLC fails to pay the foregoing amount timely or to complete any of the requirements contained in this Order to the satisfaction of the Director or within the time limits set forth herein, Thistle Processing LLC agrees to pay a stipulated penalty of one thousand dollars (\$1,000.00) to the Air Pollution Education and Environment Fund for each day that the action remains incomplete. The Director shall first notify Thistle Processing LLC in writing that Thistle Processing LLC is in violation of the terms of conditions of the Order, and the stipulated penalty shall be payable within thirty (30) days of Thistle Processing LLC's receipt of such notification. Payments made pursuant to this paragraph are not tax-deductible expenditures for purposes of state or federal law.

OTHER PROVISIONS

1. The Company hereby waives its right to appeal this Order under the provisions of Chapter 22, Article 5, Section 1 of the Code of West Virginia. Under this Order, the Company agrees to take all actions required by the terms and conditions of this Order and consents to and will not contest the Director's jurisdiction regarding this Order. However, the Company does not admit to any factual and legal determinations made by the Director and reserves all rights and defenses available regarding liability or responsibility in any proceedings regarding the Company other than proceedings, administrative or civil, to enforce this Order.
2. The Director reserves the right to take further action if compliance with the terms and conditions of this Order does not adequately address the violations noted herein and reserves all rights and defenses which he or she may have pursuant to any legal authority, as well as the right to raise, as a basis for supporting such legal authority or defenses, facts other than those contained in the Findings of Fact.
3. If any event occurs which causes delay in the achievement of the requirements of this Order, the Company shall have the burden of proving that the delay was caused by circumstances beyond its reasonable control which could not have been overcome by due diligence (i.e., force majeure). Force majeure shall not include delays caused or

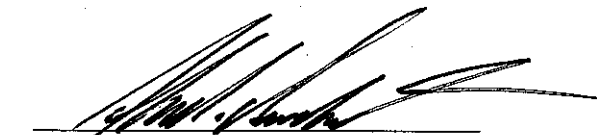
contributed to by the lack of sufficient funding. Within three (3) working days after the Company becomes aware of such a delay, notification shall be provided to the Director and the Company shall, within ten (10) working days of initial notification, submit a detailed written explanation of the anticipated length and cause of the delay, the measures taken and/or to be taken to prevent or minimize the delay, and a timetable by which the Company intends to implement these measures. If the Director agrees that the delay has been or will be caused by circumstances beyond the reasonable control of the Company (i.e., force majeure), the time for performance hereunder shall be extended for a period of time equal to the delay resulting from such circumstances. A force majeure amendment granted by the Director shall be considered a binding extension of this Order and of the requirements herein. The determination of the Director shall be final and not subject to appeal.

4. Compliance with the terms and conditions of this Order shall not in any way be construed as relieving the Company of the obligation to comply with any applicable law, permit, other order, or any other requirement otherwise applicable. Violations of the terms and conditions of this Order may subject the Company to additional penalties and injunctive relief in accordance with the applicable law.
5. The provisions of this Order are severable and should a court or board of competent jurisdiction declare any provisions to be invalid or unenforceable, all other provisions shall remain in full force and effect.
6. This Order is binding on the Company, its successors and assigns.
7. This Order shall become effective immediately upon signing by both parties.
8. This Order shall terminate upon the Company's written notification of full compliance with the "Order for Compliance" and written verification of compliance by WVDEP.



Thistle Processing LLC
Richard Tinsman
Global Operations Manager

Sept 17, 2010
Date



John A. Benedict, Director
Division of Air Quality

August 30, 2010
Date

Adkins, Theresa A

From: Adkins, Sandra K
Sent: Thursday, September 30, 2010 10:07 AM
To: Adkins, Theresa A
Subject: Thistle Processing LLC/Consent Order Fee

This is the receipt for payment received from:

Caledonian Alloys Inc, check no 002215, dated September 27, 2010, \$76,250.00
Thistle Processing LLC CO-R30-E2010-18 id no 011-00007

FIMS Deposit D1686230 September 30, 2010

Adkins, Theresa A

From: Adkins, Sandra K
Sent: Thursday, January 06, 2011 12:08 PM
To: Adkins, Theresa A
Subject: Thistle Processing/Consent Order

This is the receipt for payment received from:

Caledonian Alloys Inc, check no 002524, dated January 4, 2011, \$76,250.00
CO-R30-E-2010-18 id no 011-00007

FIMS Deposit D1714321 January 6, 2011

Adkins, Theresa A

From: Adkins, Sandra K
Sent: Wednesday, April 06, 2011 10:36 AM
To: Adkins, Theresa A
Subject: Thistle Processing/Consent Order Payment

This is the receipt for payment received from:

Caledonian Alloys Inc, check no 002907, dated April 5, 2011, \$76,250.00
Thistle Processing CO-R30-E-2010-18

FIMS Deposit D1742012 April 6, 2011

Adkins, Theresa A

From: Adkins, Sandra K
Sent: Monday, July 11, 2011 11:27 AM
To: Adkins, Theresa A
Subject: Thistle Processing LLC/Consent Order

This is the receipt for payment received from:

Caledonian Alloys Inc, CK 080349, dated July 7, 2011, \$76,500.00
Thistle Processing LLC CO-R30-2010-18 id no 011-00163

FIMS Deposit D1771338 July 11, 2011