

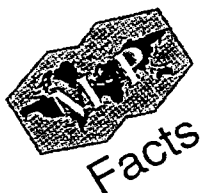


# *factline, DE.*

A Periodic Publication of Metachem Products LLC, New Castle, DE on Matters of Interest and Concern to the Company and its Associates. Volume 2000, Issue 1

- Metachem employs 107 people in Delaware with a yearly payroll of \$7 million dollars

- Metachem spends over \$25 million per year in the Delaware economy



- Metachem is a major customer of its next door neighbors, Oxychem from whom it buys chlorine, and Motiva from whom it buys benzene.

- Metachem has invested over \$10 million dollars in capital investments in the two years it has owned the business.

## SOME FACTS ABOUT METACHEM PRODUCTS LLC

- Metachem Products LLC ("MCP") was formed in late 1998, when it purchased the assets from Standard Chlorine of Delaware on December 2, 1998.
- The plant in New Castle, DE was built by Standard Chlorine in 1963, and has been expanded over the years to become the second largest producer of chlorobenzenes in the world.
- The chlorobenzene product line of MCP is the largest and most diversified of any producer in the world. Chlorobenzenes are MCP's only product line and are sold throughout the world.
- Chlorobenzenes are used in the manufacture of high-performance plastics, pharmaceuticals, insecticides and pesticides, and for certain disinfectants. Paradichlorobenzene is well known for its use in mothballs and sanitary disinfectants.
- Until its sale in 1998, Standard Chlorine was a privately held, family owned company. Prior to its sale it suffered severe financial difficulties.

### SOME FACTS ABOUT METACHEM PRODUCTS LLC (Continued)

- Since acquiring ownership of the assets, MCP has invested over \$10,000,000 in capital improvements into the business, to improve safety, environmental compliance, and to upgrade a manufacturing facility which had suffered serious deterioration under prior ownership. Included was an investment of over \$5,000,000 for a high technology manufacturing facility to produce a product manufactured by only a few other companies in the world - a product whose market offers new growth opportunities for the company.
- Admittedly, much more remains to be done, and more investment will be required for both plant improvements and environmental improvements. We are committed to make such investments, recognizing however, that for a company the size of MCP such investments represent a substantial capital commitment.

### METACHEM PRODUCTS LLC AND THE ENVIRONMENT

- During the latter years of ownership by Standard Chlorine ("SCD"), the relationship between the company and the Department of Natural Resources and Environmental Control ("DNREC") suffered, and SCD received several fines and executed certain Consent Decrees.
- We have been committed to running a safe and environmentally compliant manufacturing operation from the day we purchased the assets of SCD. Since acquiring ownership, the associates of MCP attained a safety record of more than one year without a lost time accident - the first time in the 37 years since the plant began operations! Our commitment to the environment is no less determined.
- The urgency to perform certain stack tests for air emissions became apparent to us when we encountered problems in obtaining permits for the new product plant.
- We have made a number of changes in operational areas within the last six months to prepare the company for sustained growth, and to create a more progressive environment

### AIR EMISSIONS AND STACK TESTING BY MCP

- Under the previous ownership satisfactory air emission tests on three permitted stacks had not been conducted for over three years after the required date. Earlier tests had produced unclear results. Since DNREC could offer no suggestions for changing the test procedure, the tests languished.
- When the new management became aware of the issue, Roy F. Weston, a nationally recognized environmental engineering firm was brought in to design the test procedures and conduct the tests.
- These tests showed the main plant stack discharge was well below permitted levels, but the other two stacks exceeded permit levels. We requested an emergency permit from DNREC to install a carbon filter unit on one, which was granted. We shut down the other unit until changes were made in the process and equipment. Those changes cost over \$300,000
- Preliminary tests just recently concluded by Roy F. Weston on the two problem stacks show discharges at extremely low (de minimis) levels. These results have been forwarded to DNREC which will then monitor the official tests by Weston before accepting them. This should then put MCP in compliance on air issues.
- Recognizing that much more remains to be done to ensure that MCP is in compliance with all environmental matters, we have employed the services of ENSR, a well known environmental consulting firm with prior experience with DNREC. Their work will include the development of an Environmental Management System, with self-auditing provisions, to assure continuing compliance with all regulations

#### WHY factline, DE. ?

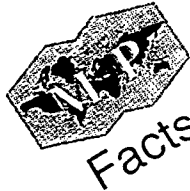
Many times, articles in the public media are either incomplete or incorrect in reporting all the facts. We believe our associates, their families, and their friends should know the facts so they can properly present the company's position. We want you to take pride in the company since you represent our most important asset. We also want our customers, suppliers, and neighbors to know the facts as, since their interests are just as important. New issues of *factline, DE.* will come out periodically.



# factline, DE.

A Periodic Publication of Metachem Products LLC, New Castle, DE on Matters of Interest and Concern to the Company and its Associates. Volume 2000, Issue 2

Metachem is the second largest producer of chlorobenzenes in the world with the largest variety of products of any world producer. Its products are sold worldwide.



Chlorobenzenes are used in the manufacture of disinfectants and as a basic building block for agricultural and pharmaceutical products. Two chlorobenzenes serve as the basic building blocks for a new series of high performance plastics, replacing metals in many applications.

## The News Journal

DNREC steps up pressure

Metachem's pile left since 1993

Waste removal ordered

### WHAT ARE THE FACTS BEHIND THE RECENT HEADLINES IN THE LOCAL PAPER ABOUT METACHEM PRODUCTS LLC

Many times the headlines in newspapers, and the articles behind those headlines, do not accurately and fully present the facts concerning the subject covered in the article. This may be due to lack of space in the paper, bias on the part of the reporter, incomplete or inaccurate information from sources, deadline pressures limiting time to fully investigate and talk to all informed parties, or other possible explanations. For whatever reason, the headlines above and articles which followed presented an incomplete explanation surrounding the actions taken by DNREC and the position of Metachem Products ("MCP") regarding their subject matter. This issue of *factline DE* will more completely discuss the facts and the actions taken by MCP concerning the subject matter which gave rise to these articles.

#### STORAGE OF HAZARDOUS WASTE IN TANK "T-11"

- An anonymous letter submitted to DNREC in October 2000 suggested the agency investigate Tank T-11 at MCP's plant. DNREC was obligated to investigate the allegations made. The new management was unaware of any problems associated with the environmental regulations on that specific tank

(Continued Next Page)

### STORAGE OF HAZARDOUS WASTE IN TANK "T-11" (Continued)

- T-11 contained solidified residual material from distillation of chlorobenzenes, which if not further processed to convert that material into saleable product, would be classified as "K085" hazardous waste, requiring disposal within 90 days. The material was in the tank in 1992.
- In March 1992 DNREC issued a Notice of Violation ("NOV") to Standard Chlorine of Delaware ("SCD"), the previous owner, requiring disposal of K085 in five tank cars and three storage tanks. SCD submitted a plan, approved by DNREC, to dispose of the material in the tank cars and one tank by Oct. 1992, and the remaining two tanks by Oct. 1993. **For some reason tank T-11 was never listed along with the other three tanks as containing K085.**
- In September 1993 DNREC issued SCD an NOV requiring disposal of the K085 in three tank cars and three tanks which had not been disposed of as agreed in the prior NOV, within 30 days. In February 1995, DNREC and SCD agreed in a Consent Order entered in a Delaware court, to dispose of material still in 3 tanks, one tank each by the end of '95, '96, and '97. SCD failed to meet the first deadline, and a Stipulated Order was issued requiring that the material from the first tank be disposed by May '96 and the other two tanks by the previously stipulated dates. SCD met those deadlines, and DNREC requested the Delaware court to dismiss the Consent and Stipulation Orders in Feb. 1998.
- After receiving the letter in October 2000, DNREC immediately investigated the allegations, issued an Imminent Hazard Order to secure the tank within 72 hours, and submit a plan to dispose of the material in the tank within 15 days. The "Imminent Hazard" dealt with the structural integrity of the tank, not its contents.
- MCP had earlier employed the services of ENSR, an international environmental consulting organization recognized for its competency and integrity, to assist us in auditing all aspects of our environmental compliance. ENSR had previously worked with DNREC on behalf of other Delaware clients and had earned DNREC's respect. They immediately responded to the "Imminent Hazard" Order.
- An API licensed engineer inspected tank T-11, and certified the structural integrity of the tank to the satisfaction of DNREC within the required 72 hour period. A disposal plan was submitted within the 15 day period and is under study by DNREC at present. It will provide for the removal of tank insulation ( some of which contains asbestos ) and removal of the tank and its solid contents to a properly licensed hazardous disposal facility, all in compliance with state & federal regulations. Removal will be managed by ENSR and monitored by DNREC.
- Appropriate subcontractors are being selected by ENSR for demolition, laboratory analysis, transporter, asbestos disposal facility, solid and hazardous waste disposal. Bids are being submitted and a final Closure Plan is expected to be submitted within the 30 day period with the tank and its contents disposed of within the required 60 day period after approval of the plan.

## WASTE WATER FILTRATION SAND

- In late October, MCP called DNREC to advise them that a shipment of hazardous waste material had been delayed beyond the 90-day disposal period because of problems by the licensed hauler employed by MCP to transport the material to the licensed hazardous waste disposal site.
- The material in question was sand, used as a preliminary filtration medium before activated carbon filters in our waste water treatment system. DNREC advised that they had no listing of sand as a hazardous waste and immediately investigated.
- From July 1998 until present the material has been disposed of as a hazardous waste and was shipped to an incineration facility licensed to handle hazardous waste. While analyses show the sand contains such low levels of chlorobenzenes that it would not normally be characterized as "hazardous waste", it is by definition a hazardous waste and labelled as such because it had come in contact at one point in time with an aqueous stream from a washing step in the production of chlorobenzenes.
- It was subsequently discovered that DNREC advised SCD in 1993 that this material would be classified as a hazardous waste. The sand was accumulated on the premises in a pile at the rear of the plant until 1998, where it remains.
- During DNREC's investigation, we pointed out the presence of this pile. They subsequently issued an NOV for not disposing of this material within the 90-day period and required MCP to develop a plan within 15 days to dispose of the pile. That plan was submitted within the 15 day period. The sand, soil 6 inches below and 10 feet around will be removed and remaining soils tested to ensure no contamination. We have been advised by DNREC to proceed with this plan, and expect the project to be completed by Jan. 31, 2001.

## METACHEM'S POSITION ON THESE ISSUES

- MCP has been committed from the day it purchased the business in Dec. 1998 to operate a safe plant in compliance with all state & federal regulations governing those operations.
- We were unaware at the time we purchased the business, and up to the time we recently learned of their presence, the nature of these two situations. Their hazardous characterizations were not disclosed by the previous owners nor were they fully disclosed in the due diligence done prior to purchase.
- MCP is technically liable for sizeable daily fines for each issue arising from the day the regulations were first violated by SCD. This is a sizeable amount and we are in discussions with DNREC on this issue. We should not be held liable for SCD's violations!
- We are working cooperatively and openly with DNREC, with the help of ENSR, to move expeditiously to correct both situations, and will continue to operate in that manner in the future.



Dear Reader:

Over the last several months there have appeared in the Wilmington News Journal several prominent articles regarding Metachem Products. These articles covered alleged environmental violations by the Company. In almost all cases, the violations arose during the period before Metachem purchased the business, but as the current owner only our name was mentioned. In many cases the facts presented in the articles were inaccurate. We felt it important to set the record straight for the benefit of our employees, customers, and suppliers. We began publishing *factline, DE.* to keep those groups informed of the facts. However, either as a member of our local community or as a prominent citizen of Delaware, we thought you might also be interested in learning about our side of the story. We have sent you a copy of our most recent issue, as well as the earlier issues. If you do not wish to receive future issues, please call (302) 834-4536, Ext. 0 and advise our receptionist and your name will be removed from our mailing list. Metachem is committed to becoming an exemplary corporate citizen of Delaware and we would like to keep you informed periodically on how we are doing. Thank you for your interest.

***METACHEM PRODUCTS LLC.***



# factline, DE.

A Periodic Publication of Metachem Products LLC, New Castle, DE on Matters of Interest and Concern to the Company and its Associates. Volume 2001, Issue 1

**Chemical plant pays record fine**

**The News Journal**

**Pollution:**

**Suit sought overhaul of safeguards**

## WHAT IS THE TOTAL STORY BEHIND THESE RECENT HEADLINES IN OUR LOCAL PAPER ?

In our last issue of *factline DE*, we indicated that headlines and articles don't always accurately portray the facts. That was the case with The NEWS JOURNAL article of December 22nd, headlined "Chemical Plant Pays Record Fine". The article focused on the magnitude of the fine, the punitive nature of the settlement, and a long-standing history of violations by the company. Again, Metachem was portrayed as a villain when, in fact, we are the ones leading an effort to clean a facility and improve processes left to us by a previous owner.

DNREC believed that Metachem wants to cooperate and comply with the state to meet environmental regulations and address the shortcomings of an earlier era. At the same time DNREC also recognizes that such a history could not be corrected overnight. The agreement has the objectives of protecting the environment and immediately correcting any imminent problems. It provides for a multifaceted program to identify and correct any violations, identify any potential non-compliance issues, institute rigorous internal audit and compliance procedures, undertake periodic audits by licensed outside auditors, and institute additional programs to strengthen safety and process procedures. We've established a rigorous time schedule for these various studies with penalties if the schedules are not met. DNREC will work in concert with Metachem to establish realistic time frames to address and correct problems. One unique feature of this agreement is that it recognizes both the authority and responsibility of DNREC to protect the environment, while it also allows Metachem to conduct audits, identify areas requiring attention, and develop corrective action plans over a mutually agreed period of time.

The impact of this agreement is enormous. We've saved over 100 jobs in Delaware at a time when the economy is weakening. We will continue to contribute more than \$25,000,000 / year into the local economy and we ensure our progress towards a clean and environmentally responsible operation. It is a "win-win" situation for the State of Delaware, Metachem Products, and the residents of the area.

## WHAT ARE THE MAJOR ELEMENTS OF THE AGREEMENT ?

The agreement calls for a total corrective action program with several individual components:

- Environmental Compliance Audit

Metachem ("MCP") will select a third party auditor, to be approved by DNREC to conduct a complete Environmental Compliance Audit. This will include an identification of all equipment, tanks, storage areas, etc. on a site plan. Also included are process details, permitted emission units, inventory of raw materials, feed stocks, generated wastes, a tank assessment using accredited standards. MCP will submit an Action Plan ("AP") within 60 days following completion of the audit. After approval, MCP will implement the AP, with penalties if not completed within the approved schedule. MCP will report monthly to DNREC on progress.

- Environmental Management System

Within one year, MCP will select an Auditor, approved by DNREC, and begin to conduct an Environmental Management Systems Assessment ("EMSA") to determine what procedures and programs would be required for MCP to implement an Environmental Management System which would conform to ISO 14001 specifications. An implementation Plan will be developed and approved by DNREC, which MCP will have 3 years to complete. An independent auditor will audit the program for conformance to ISO 14001 and every two years thereafter.

- Chemical Process & Safety Audit

After 180 days, MCP will undertake a Chemical Process Audit with a Facilitator, and a Safety / Prevention Audit with a Safety Auditor, both approved by DNREC. Audits to be completed within 90 days. MCP will submit a Work Plan based on the audit, and after approval by DNREC will have 90 days to complete the Work Plan, after which the auditors will certify completion.

- Miscellaneous Provisions

- DNREC Waiver of Enforcement

In a significant provision of this agreement DNREC has waived all rights to enforce penalties for any violations either known by it up to the time of the agreement, or discovered as part of the audits and programs previously described. In turn, MCP has agreed to the various programs and activities described herein.

- Wastewater Treatment Facility

Within 90 days MCP will conduct a baseline evaluation of Volatile Organic Chemicals ("VOC") from a wastewater blast tank, and repeat it 3 years later. If a reduction of 81% has not been obtained by the second test, MCP will have one year to obtain such reduction unless it can show it is not technically feasible or cost prohibitive.

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• Recovery of Accumulated Feed Stock

A substantial inventory of a feedstock produced during manufacture of other products, existed at the time the company was purchased. MCP is required to recover 100% of the feedstock it produces each year plus 15% each year of the beginning inventory after the first year. Any amount of the total required that is not recovered must be disposed of in accordance with state and federal law.

• Computerized Maintenance Tracking

Within six months MCP is required to expand its computerized maintenance tracking system to include all maintenance deadlines required under any state issued permit.

• Facility Wide Assessment

After completion of the following Environmental Audit AP, MCP will undertake a Facility Assessment Plan to identify and gather information on potential releases of hazardous substances, evaluate potential areas of environmental concern ("AOC"), and determine the need for any further action and interim measures at the Facility.

• Penalties

DNREC assessed MCP fines totalling \$475,000, to be paid over three years for past violations by it or Standard Chlorine (Primary Penalty) and \$1,000,000 (Secondary Penalty) to be paid after 7 years if MCP has not spent that on environmental activities or investments not required under the Order or permits.

**METACHEM'S REACTION TO THE AGREEMENT**

Metachem recognized, above all else, that we needed to operate a safe and environmentally compliant facility. We had to convince DNREC that we were not the same company as before and that we needed cooperation, not punishment, to be able to accomplish the improvements both we and the state wanted. DNREC accepted our intent and showed their cooperation in some very significant ways. The penalty, while large, was orders of magnitude less than it could have been. Over 2/3 of the fine will be used to improve our plant and processes. That's a good thing and we'll probably spend even more money than called for. DNREC recognized that most of the problems had a history that predated Metachem and that's why they gave us an amnesty going forward and allowed substantial time to correct problems.

We think the agreement is challenging but fair. We want to get on with our business and build a successful company. This agreement creates a foundation that allows us to do that. Our goal is to build pride in what we do and who we are.

**METACHEM - SAFER, CLEANER, BETTER**

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# factline, DE.

A Periodic Publication of Metachem Products LLC, New Castle, DE on Matters of Interest and Concern to the Company and its Associates. Volume 2001, Issue 2

**Excessive benzene released**

SUNDAY FEBRUARY 2001

**The News Journal**

**Metachem's recycling triggers EPA concern**

**Metachem violated its permit**

## ENVIRONMENTAL UPDATE

The "hazardous" filtration sand discussed in our Vol. 2000, Issue 2, which had been stored on the premises between 1993 and 1998, has been safely removed and disposed of by the Jan. 31, 2000, date we had committed to in that issue. We also removed six inches of soil beneath it. Test results show there was no contamination in the sand or the soil below.



The "T-11" tank referred to in our Vol. 2000, Issue 2 has been removed well before the deadline imposed by DNREC. The insulation, containing some asbestos, was removed under tightly controlled conditions. The tank was cut in sections, the material sliced with water jets, and the entire tank and contents secured in sealed containers awaiting shipment to a licensed disposal site.

## NEW HEADLINES

### NEW UNSUPPORTED ALLEGATIONS

Two major articles about Metachem appeared in the Wilmington News Journal over the past two weeks. These articles were very alarmist about alleged conditions in our plant. Fortunately the facts do not support the allegations. The articles used many speculative terms: "...might contain toxic compounds"; "...process could be retaining ... cancer causing compounds..."; "...EPA is not sure it is happening..."; "... process could increase the toxicity..." It went on to describe the "potential for release" and then admitted "the system was unlikely to produce significant contamination".

### WHAT ARE THE FACTS CONCERNING BENZENE EMISSIONS ?

(News Journal Article - February 3, 2001)

- News Article - Required emission tests on 3 stacks were delayed 3 years.
- Facts - SCD ran stack tests using DNREC prescribed test procedures on the main stack. Test results were meaningless because air flows were too low to be accurately measured by the procedure. DNREC and SCD could not resolve a proper test procedure. When MCP management became aware of the issue in the Fall of 1999, it immediately employed Roy F. Weston, a nationally recognized environmental consulting firm to run the tests. Their first test in late '99 produced no meaningful emission level data, but did

(Continued)

disclose excessive benzene emissions. MCP immediately shutdown the unit, and re-designed and installed a new absorber unit. Upon restarting the unit, using a modified test procedure, preliminary stack tests showed benzene levels to be less than 1% of permit levels. These results were later confirmed in the official test observed by DNREC. At the same time, tests were run by Weston on the other two stacks. The main stack emissions were substantially below permit levels. The para flake stack exceeded limits. This unit was immediately shut down for two weeks and portable, regenerable carbon absorption units installed; tests show these units are reducing paraDCB discharge by 99+% ever since installation.

- News Article - "...after the company altered a waste recycling process without state approval..."
  - Facts - Standard Chlorine ("SCD"), the previous owner to Metachem ("MCP") shortly after starting up the de-halogenation unit made changes to improve the operation, but failed to notify DNREC of the changes. When MCP shutdown the unit as explained above, it notified DNREC of the changes made, but did not request a permit change. The changes resulted in huge emission reductions
- News Article - "Company in late 1999 had released benzene at a rate possibly 24 times higher than its permit allowed."
  - Facts - The stack test made in late 1999, by Roy F. Weston, produced data which was dismissed by Weston as flawed and meaningless. This was also recognized by DNREC. The date reported by the News Journal was based on calculations, not measurements, and the calculations may have been flawed.
    - We take annual blood samples of our associates to assure that no individual's health has been affected by exposure to benzene or any other chemical at work. All results to date show no adverse health effects.
    - As part of the company's industrial hygiene program, associates are required periodically to wear air sampling devices for 8 hours on the job. These samples are analyzed for benzene as well as other chemicals, and the results compared to OSHA established Personal Exposure Limits (PEL) and Short Term Exposure Limits (SEL). All results to date and during the period in question, are significantly below those limits.
    - If our associates were not exposed to high levels of benzene during the period of noncompliance it is reasonable to believe benzene levels beyond MCP's property line posed no threat to the community.

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**METACHEM - SAFER, CLEANER**

## THE FACTS CONCERNING METACHEM'S RECYCLING PROCESS

(News Journal Article - February 11, 2001)

In 1996 SCD started up a de-halogenation operation using proprietary technology to convert certain by-products of its chlorobenzene processes into saleable products. These by-products are classified as hazardous, and if not converted into saleable products, would require disposal as a hazardous waste. In addition to these by-products, small amounts of toxic chemicals are produced, which are removed and disposed of under strict disposal regulations. These toxic materials are completely removed by double distilling the by-product before de-halogenation. The effectiveness of this double-distilling procedure in removing these toxic materials was thoroughly tested, and the data carefully reviewed by DNREC before granting approval of the de-halogenation process. This is a classic case of converting a by-product material that would otherwise require disposal as a hazardous waste into a commercially useful product.

News Article - "One test detected dioxin between the first and second distillation in 1996 but was never followed up."

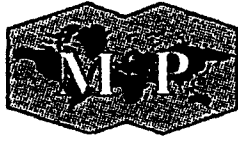
- Facts - Before de-halogenation, the by-product stream is first distilled to remove the small amount of toxic heavy residues. In the second distillation step, a saleable product is distilled off, and the pure by-product removed and sent to de-halogenation. No test ever found dioxin in the material going to the second distillation, and this was clearly stated to the reporter, who chose rather to sensationalize the "could be" or "might be". The process is carried out in a carefully controlled manner, and when operated properly presents minimal risk. We believe we operate this unit properly. Any speculation to the contrary is unwarranted.

As we have stated in earlier *factline DE* issues, there may have been past practices that were not up to acceptable standards. That's not the way we want to operate, and we certainly don't want to put anybody at risk.

It's very hard to turn a difficult situation around in a short period of time, but we've got over 100 associates here determined to do just that. We don't expect people to just take our word on this. Actions speak louder than words.. The actions we have taken to date, some of it covered in "MCP Facts" on the first page, as well as the improvements we made as covered above, should give you some idea of our commitment. And more improvements are on the way.

We thank you for taking time to allow us to tell our side of the story.

**METACHEM - SAFER, CLEANER, BETTER**



# factline, DE.

A Periodic Publication of Metachem Products LLC, New Castle, DE on Matters of Interest and Concern to the Company and its Associates. Volume 2001, Issue 4

**Plant needs permit**  
Metachem made changes illegally

**The News Journal**  
5/13/01

**Metachem: State may not be able to punish, but EPA could**

**Metachem boiler ordered closed**

## ENVIRONMENTAL UPDATE

• On 5/16/01 MCP received a Return to Compliance letter from DNREC that our cleanup of the sandpile left behind by Standard Chlorine had been completed to their satisfaction.

Cost: to MCP: \$86,000

• MCP has submitted its final report to DNREC on the demolition of tank T-11 and the disposal of the waste material which it contained. This tank was neither reported to DNREC nor addressed by Standard Chlorine and was left behind for MCP to cleanup. A letter of Return to Compliance from DNREC is expected soon.

Cost to MCP: \$380,000



**Facts**

MCP submitted to DNREC, on time, ENSR's proposed plan for the environmental audit required under the Consent Decree. DNREC has approved the plan, and the audit will commence on 6/11/01 for a period of two weeks. The final report, with recommendations is due no later than 10/25/01.

On 4/30/01 MCP submitted to DNREC the name of EQE International to conduct the Process Safety audit required under the Consent Decree

## NEW HEADLINES

### MORE INCORRECT INFORMATION

It seems that every time an article about Metachem appears in the News Journal we find it necessary to issue a *factline* to correct the misstatements and set the record straight. We had hoped that the *factline* would become a periodic report to all interested parties of the progress we are making in addressing and correcting the many problems we inherited when the company was purchased from Standard Chlorine. In fact we are proud to report on recent accomplishments (see "Facts" to the left of this page) and provide details of a major program we are initiating to substantially improve our facility). However, let's first address the misstatements in the News Journal articles of May 13th.

The President of Metachem has met with the editors of the paper, written "Letters to the Editor" and talked to the author of the articles, requesting that they not connect Metachem with violations that occurred before Metachem bought the business from Standard Chlorine. This error was flagrantly repeated in the two articles of May 13th.

(continued)

**The Boiler Article**

(cont)

**Article** - "Delaware ordered Metachem to stop using a ... boiler to reprocess waste chemicals."

**Artic**

**Fact** - The "boiler" is in fact a heat exchanger, termed a reboiler, used to evaporate saleable products from waste. This is a common and acceptable practice. Evaporated product is purified in distillation columns and sold. The waste is sent to storage for proper disposal. In fact, the waste stream removed is in addition to that required in our permits. It is not recycled in the process as the article would have you believe.

**Fact**

**The Permit Article**

**Article** - "... a controversial recycling process at a Delaware City chemical plant operated illegally for up to four years and needs a new operating permit. The EPA also is investigating Metachem Products for possible violations of federal air pollution laws during that time..."

**Facts** -

- During the period in question, Metachem operated the process approximately one year. The balance of the time, it was operated by Standard Chlorine or not operated at all.
- The new management of Metachem learned in late 1999 that DNREC was very upset that stack tests which they had ordered Standard Chlorine to run had not yet been conducted. Metachem immediately arranged to have the tests run. When the stack test for the recycling unit was completed it was apparent the unit was not in compliance. The unit was immediately shutdown and modifications were made. A \$300,000 process revision was designed and installed. In the opinion of Metachem's Environmental Manager at the time no permit modification was required since the changes did not entail the use of a control device. This position was conveyed to DNREC who disagreed and felt a permit revision was necessary. This issue is still under review. The point is that these changes, termed "illegal" in the article, resulted in drastically reduced emissions which have tested to be 200 times below permitted levels.

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**Article** - "The Department reminded Metachem of its obligation to test the hydrogenation process during a 6/3/97 meeting, on a 9/27/98 inspection and a 10/7/98 telephone conversation."

**Facts** - Metachem was not so advised simply because Metachem did not even exist on those dates. It was Standard Chlorine that was notified, and Standard Chlorine never told the new owners of DNREC's request. When DNREC did tell Metachem they wanted the test

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(continued) run, we immediately initiated procedures to conduct the tests,

- The speculation of possible criminal action by EPA against Metachem is irresponsible and unjustified.

**Article** - "The March 2000 Metachem memo to EPA estimated the process was releasing...a potential of 93,000 pounds per year of benzene."

**Fact** - In the March letter to the EPA, the Metachem Environmental Manager, in submitting a semi-annual report to the EPA, also advised of a planned change to the process, which was to be made. He based his calculations on test data which was most likely flawed, and erroneous assumptions of operating conditions. This resulted in estimated discharge rates far in excess of those that actually occurred. The erroneous discharge rates calculated were recognized as probably inaccurate by DNREC, who took no action since the operation had been shut down. In the news article of 2/11/01, the reporter indicated both MCP and DNREC regarded the calculations as inaccurate. The news article of 5/13/01 fails to acknowledge this inaccuracy and re-emphasized the 93,000 lbs./yr. figure. Our principal concerns are the safety of our people and the environment. We reported that time weighted personnel monitors during the four year period showed no employee was exposed to benzene levels even close to the OSHA Time Weighted Exposure Limit. The News Journal did not report that fact.

### **A SIGNIFICANT INVESTMENT AND IMPROVEMENT AT METACHEM**

Metachem plans to make significant improvements at its Delaware City plant during the second half of this year. We plan a \$3,000,000 investment in new distillation column packing, DCS instrumentation, a new column, and other supportive improvements which will result in the following operational improvements:

- Natural gas consumption will be reduced by at least 30% per unit of production. This also means a reduction in combustion gases from a natural gas fired boiler.
- Double processing of certain process streams will be eliminated, and a "once-through" process stream for product purification established.
- The elimination of redistillation for certain product streams reduces operating time for distillation per unit of production, resulting in a reduction of even the current small levels of fugitive emissions.
- A reduction in the hazardous waste generated which requires special disposal and destruction under environmental regulations.

Permit applications will be submitted to DNREC for approval at the earliest opportunity, to provide the significant environmental improvements these changes will produce.

**METACHEM - SAFER, CLEANER, BETTER**