



State of Ohio Environmental Protection Agency

O.E.P.A.
S.E.D.O.

*GreenSky
MVC*

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MAILING ADDRESS:

P.O. Box 1049
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June 23, 2008

Mr. Hoy Frakes, President
Metallurg Vanadium Corporation
60790 Southgate Road
Cambridge, Ohio 43725

**RE: Metallurg Vanadium Corporation
OHD 042 319 244
Financial Assurance**

Dear Mr. White:

On June 3, 2008, the Ohio EPA completed a review of the financial assurance documentation on file for the Metallurg Vanadium Corporation (MVC) Cambridge, Ohio facility. I evaluated the facility for compliance with financial assurance and liability requirements as set forth in Ohio Administrative Code (OAC) rules 3745-55-42, 3745-55-43 and 3745-55-47.

To demonstrate compliance with financial assurance requirements, MVC maintains a Letter of Credit (LOC) No. SM217795W with Wachovia Bank issued on February 7, 2006, in the amount of \$637,439.52. On September 20, 2007, Ohio EPA received a notice of non-extension for the Standby LOC No. SM217795W which was scheduled to expire on June 20, 2008. In a June 23, 2008, conversation with a Wachovia Bank representative, I was informed that the LOC expired on June 20. Since the LOC has expired it must be replaced.

A Standby Trust Agreement (SBTA) was entered into January 15, 2003 between MVC and J.P. Morgan Trust Company. In addition, a few revisions must be made to the SBTA.

To demonstrate third-party liability coverage, MVC established insurance with American International Specialty. A Hazardous Waste Facility Certificate of Liability Insurance, Policy No. EA4178252, effective June 30, 2006 through June 30, 2007.

Upon review of the above **MVC is in violation of OAC rule 3745-55-43** because the LOC has expired and it has not been replaced. I also have some general concerns

Ted Strickland, Governor
Lee Fisher, Lieutenant Governor
Chris Korfeski, Director

regarding the facility's financial assurance SBTA and third-party liability coverage documentation.

GENERAL CONCERN:

Upon review of the facility's financial assurance file, MVC must update and revise their closure financial assurance and third-party liability coverage. The expired LOC must be replaced. However, Ohio EPA has not received alternate financial assurance to replace the LOC. *Financial assurance documentation should have been in effect by June 21, 2008 to prevent a lapse in coverage for closure financial assurance care at the facility.* The SBTA on file must be revised to reflect a schedule A, schedule B and exhibit A. Schedule I and Schedule II must be removed from the SBTA and schedule A and B and exhibit A must be incorporated into the SBTA.

To date, an updated signed duplicate original of the Certificate of Liability Insurance has not been submitted. The OAC rule 3745-55-47 (A)(1)(a) requires the owner or operator to submit a signed duplicate original of the certificate of insurance to the director. The MVC has not submitted documentation to note the liability policy is currently in effect.

To address the above violation and concerns, replace your LOC by June 21, 2008, revise your current SBTA by including Schedule A, Schedule B and Exhibit A (and remove schedule I and schedule II as they are not required) and submit a signed duplicate original of the certificate of liability insurance to me. Also, provide to the director a signed duplicate original of the insurance policy and all endorsements.

If you have any questions, or need further clarification of any matter mentioned in this letter, please do not hesitate to call me at (614) 644-2951. I will be happy to assist you in any way possible.

Sincerely,



Tina Jennings
Compliance Assurance Section
Division of Hazardous Waste Management

cc: Donna Goodman, SEDO ;
Kristina Durnell, RIS, DHWM
Shawn Sellers, ERAS, DHWM