



State of Ohio Environmental Protection Agency

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JUL 03 2007

Reserve Environmental Services, Inc.
OHD 980 793 384
Financial Assurance
Notice of Violation

RECEIVED
OHIO EPA

JUL 03 2007

DIV. OF HAZARDOUS
WASTE MGT.

Yogi Chokshi, Vice President
Reserve Environmental Services, Inc.
4633 Middle Road
Ashtabula, Ohio 44004

Dear Mr. Chockshi:

On June 27, 2007, I completed a review of the financial assurance documentation on file for the Reserve Environmental Services, Inc. (Reserve), Ashtabula, Ohio facility referenced above. I evaluated the facility for compliance with financial assurance and liability requirements set forth in the Ohio Administrative Code (OAC) rules 3745-66-42 through 3745-66-47.

I also evaluated the facility for compliance with the financial assurance related requirements set forth in the October 28, 2004 Modified Consent Order (Consent Order), State of Ohio v. Reserve Environmental Services, Inc. Case No. 93-CV-563.

To demonstrate compliance with the financial assurance requirements for closure/post-closure care for the facility, RES uses Letter of Credit (LOC) No. S91/90343 issued by Key Bank in the amount of \$852,000.

To demonstrate liability coverage, RES uses a Hazardous Waste Facility Certificate of Liability Insurance, Policy No. PEC000311402, through Greenwich Insurance Company. The policy was effective until May 26, 2004.

The most recent cost estimates for closure, post-closure and corrective actions on file were dated February 27, 2006:

- Site A (Old) Pond 1, closure \$1,978,950, post-closure \$3,394,950, for a total of \$1,323,165;
- Site A, Lagoons 3-7, closure \$319,590, post-closure \$1,003,575 for a total of \$5,373,900;
- Site C, closure \$1,002,325 post-closure \$1,293,770 for a total of 2,296,095;
- Site D, closure \$645,395, post-closure \$348,000, corrective actions \$3,808,720 for a total of \$4,802,115;
- and Site E, closure \$72,599, post-closure \$108,000 for a total of \$180,599.
- Total of all activities subject to financial assurance: \$13,975,874.

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

These cost estimates have not been updated since your February and June 2004 submissions.

As a result of the review of the financial assurance documentation on file, Ohio EPA finds that RES is in violation of the following rules and in contempt of the following requirements of the consent order:

¹⁵⁴ **OAC rules 3745-66-42(B), 3745-66-44(B) and paragraphs 14, 19, 27 and 35 of the October 28, 2003 Consent Order.**

Reserve must immediately submit the closure and post closure cost estimates updated for inflation.

¹⁵³ **OAC rule 3745-66-43, 3745-66-45 and paragraphs 40 of the October 28, 2003 Consent Order.**

OAC rule 3745-66-43(F) and 3745-66-45(F) require that the combination of financial assurance mechanisms must provide for an amount at least equal to the current closure and post-closure cost estimates. The most recent cost estimates of \$13,975,874 and RES's LOC totaling \$852,000, leaves RES's financial assurance underfunded by \$13,123,874. Paragraph 41 requires that by March 1st of each year that RES will submit to Ohio EPA documentation of financial responsibility or, in the alternative, if RES is unable to obtain financial assurance RES will update their inability to pay documentation.

RES must immediately submit financial assurance to cover their updated cost estimates or update their inability to pay documentation as soon as possible.

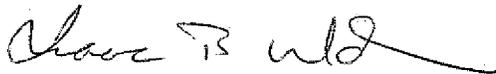
OAC rule 3745-66-47 and paragraphs 41 of the October 28, 2003 Consent Order.

OAC rule 3745-66-47 requires that RES maintain third party liability coverage. Paragraph 41 requires that by March 1st of each year that RES will submit to Ohio EPA documentation of third party liability coverage or, in the alternative, if RES is unable to obtain third party liability coverage RES will update their inability to pay documentation.

RES must immediately submit documentation of 3rd party liability coverage or update their inability to pay documentation as soon as possible.

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) 644-3067. I will be happy to assist you in any way possible.

Sincerely,



Isaac B. Wilder
Compliance Assurance Section
Division of Hazardous Waste Management

cc: Tammy McConnell, RIS, DHWM
Dan Martin, AGO, EES
Jim Kavalec, CAS, DHWM
Frank Zingales, NEDO, DHWM