



State of Ohio Environmental Protection Agency

**Southeast District Office**

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Logan, Ohio 43138

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

August 21, 2007

Re: Belmont County  
American Energy Corporation  
Facility ID # 0607000229  
Notice of Violation

Fred Blumling  
American Energy Corporation  
43521 Mayhugh Hill Rd.  
Beallesville, OH 43716

Dear Mr. Blumling:

On July 26, 2007, Ohio EPA, Division of Air Pollution Control, Southeast District Office performed an inspection of American Energy Corporation's Century Mine, a coal preparation facility located at 43521 Mayhugh Hill Road in Beallesville, Ohio. The inspection was conducted to determine the facility's compliance with state and federal air pollution rules and regulations, as well as to investigate a complaint of sulfur odors and coal dust reported to Ohio EPA on July 18, 2007. American Energy Corporation was represented by you and Adam Hartley, and Ohio EPA was represented by myself and Russell Flagg.

At the time of Ohio EPA's inspection, the plant was operating at just under 1700 TPH, and all emissions units at the facility were operational. This facility is permitted under permit-to-install (PTI) # 06-06463, issued on June 7, 2001 for emissions units F001, F002, F003 and F004. An application for modification of this PTI was received on October 2, 2006 but a modified permit has not been issued to date. Permit-to-operate (PTO) applications for these units were not received until October 10, 2006 as indicated in Violation # 4 in Ohio EPA's Notice of Violation dated October 13, 2006. To date, no PTOs have been issued for this facility.

Based on the inspection, file review, and reports submitted by American Energy Corporation, the following violations have been documented:

- (1) **Visible Particulate Emissions**  
**Ohio Administrative Code (OAC) rule 3745-17-07(B)(6) and Part II.A.1 of PTI #06-06463 (emissions unit F002)**

Except as provided in paragraphs (B)(7) to (B)(11) of this rule, there shall be no visible particulate emissions from any material storage pile except for a period of time not to exceed thirteen minutes during any sixty-minute observation period, as determined in accordance with paragraph (B)(4) of rule 3745-17-03 of the Administrative Code.

During the inspection, Ohio EPA performed a Method 22 evaluation of the clean coal storage pile in accordance with the "Appendix on Test Methods" in 40 CFR Part 60 ("Standards of Performance for New Stationary Sources"). Visible particulate emissions

due to wind erosion were observed for 13 minutes and 8 seconds during the 60-minute observation period. Therefore, emissions unit F002 was in violation of the no visible emission standard in OAC rule 3745-17-07(B)(6) and Part II.A.1 for emissions unit F002 in PTI #06-06463.

American Energy Corporation has been working since at least October of 2006 to address coal dust problems with the clean coal pile. The company's most recent compliance plan was received on June 13, 2007, and during the inspection, Ohio EPA verified that most of the proposed dust control strategies had been implemented. The visible emissions violation was documented below the first stacker, and you indicated that better pile management would prevent these localized emissions. To address this problem, the draft modified PTI #06-08208 for emissions unit F002 will be amended to include these additional control measures as enforceable conditions of the permit; however, the modified permit cannot be issued draft until compliance with the reduced visible emission limit is confirmed. As we discussed, unless alternate "Best Available Technology" (BAT) limits are proposed by AEC and accepted by Ohio EPA, the applicable limit on the coal storage piles will be one minute of visible emissions per hour instead of the current limit of 13 minutes per hour. In the event that the current strategy is not effective in attaining compliance with the visible emissions limit, Ohio EPA will begin the process of recommending denial of the modified permit application. AEC must continue to implement all proposed control measures sufficient to limit visible emissions from the clean coal storage pile to 1 minute per hour. The company's records must continue to document compliance with the monitoring and recordkeeping requirements for this unit and any deviations from the visible emissions standard must be documented and addressed.

(2) ***PTI Requirement***

***OAC rule 3745-31-02(A)(1)***

Except as provided in rule 3745-31-03 of the Administrative Code, no person shall cause, permit, or allow the installation of a new source of air pollutants, or cause, permit, or allow the modification of an air contaminant source, without first obtaining a permit-to-install from the director.

In August of 2006, Ohio EPA became aware that the Century Mine has been operating at a rate that is ~200 tons per hour higher than the operating rate specified in the PTI. Until October 2, 2006, American Energy Corporation had not applied for a modified permit or requested increased emissions limits. The particulate emissions limits for emissions units F001, F002, and F004 are currently based on an operating rate of 1500 tons per hour, but the plant is operating at almost 1700 tons per hour so the particulate emissions limits for these units specified in the PTI may be exceeded. This violation will be resolved upon final issuance of PTI #06-08208; no additional action to address this violation is required at this time.

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### Complaint Investigation Findings:

The complaint received on July 18, 2007 alleged that strong sulfur odors had been coming from the Century Mine for 3-4 days prior to the date the complaint was reported to Ohio EPA. During the investigation, the daily inspection logs for emissions unit F002 were reviewed, and Ohio EPA noted that hot spots were discovered in the raw coal pile on July 14 and 17, and that these hot spots had been addressed. Three additional hot spot incidents were logged in July. As was detailed in Ohio EPA's October 13, 2006 Notice of Violation, these fires represent open burning which is prohibited by OAC rule 3745-19-04. Because American Energy Corporation is conducting the required storage pile inspections at the agreed frequencies, and appears to be documenting the implementation of corrective measures when fires are discovered, no further action is required at this time. However, due to the ongoing odor issues and the product loss experienced by the company, American Energy Corporation is encouraged to investigate alternative means of preventing hot spots/fires in the coal storage piles and identifying hot spots/fires that do occur.

Copies of the checklists completed as part of the inspection are enclosed.

Each of these violations can carry a maximum fine of \$25,000.00 per offense per day as provided by the Ohio Revised Code 3704.06. Acceptance by the Ohio EPA of a schedule for compliance does not constitute a waiver of the Ohio EPA's authority to seek civil penalties as provided in section 3704.06 of the Ohio Revised Code. The determination to pursue or decline to pursue such penalties in this case will be made by the Ohio EPA at a later date.

Should you have any questions, feel free to contact me at (740) 380-5245 or via email at [kim.reinbold@epa.state.oh.us](mailto:kim.reinbold@epa.state.oh.us).

Sincerely,



Kimbra L. Reinbold  
Division of Air Pollution Control  
Southeast District Office

KLR/mlm

Enclosure

cc: Tom Kalman, DAPC/CO  
Lisa Holscher, USEPA  
Bruce Weinberg, DAPC/SEDO

