

EXECUTIVE SUMMARY - ENFORCEMENT MATTER Page 1 of 2
DOCKET NO.: 2007-1527-AIR-E **TCEQ ID:** RN100637909 **CASE NO.:** 34655
RESPONDENT NAME: Shintech Incorporated

| | | |
|--|---|--|
| ORDER TYPE: | | |
| <input checked="" type="checkbox"/> 1660 AGREED ORDER | <input type="checkbox"/> FINDINGS AGREED ORDER | <input type="checkbox"/> FINDINGS ORDER FOLLOWING SOAH HEARING |
| <input type="checkbox"/> FINDINGS DEFAULT ORDER | <input type="checkbox"/> SHUTDOWN ORDER | <input type="checkbox"/> IMMINENT AND SUBSTANTIAL ENDANGERMENT ORDER |
| <input type="checkbox"/> AMENDED ORDER | <input type="checkbox"/> EMERGENCY ORDER | |
| CASE TYPE: | | |
| <input checked="" type="checkbox"/> AIR | <input type="checkbox"/> MULTI-MEDIA (check all that apply) | <input type="checkbox"/> INDUSTRIAL AND HAZARDOUS WASTE |
| <input type="checkbox"/> PUBLIC WATER SUPPLY | <input type="checkbox"/> PETROLEUM STORAGE TANKS | <input type="checkbox"/> OCCUPATIONAL CERTIFICATION |
| <input type="checkbox"/> WATER QUALITY | <input type="checkbox"/> SEWAGE SLUDGE | <input type="checkbox"/> UNDERGROUND INJECTION CONTROL |
| <input type="checkbox"/> MUNICIPAL SOLID WASTE | <input type="checkbox"/> RADIOACTIVE WASTE | <input type="checkbox"/> DRY CLEANER REGISTRATION |
| <p>SITE WHERE VIOLATION(S) OCCURRED: Shintech, 5618 E. Highway 332, Freeport, Brazoria County</p> <p>TYPE OF OPERATION: Resins manufacturing plant</p> <p>SMALL BUSINESS: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>OTHER SIGNIFICANT MATTERS: There are no complaints. There is no record of additional pending enforcement actions regarding this facility location.</p> <p>INTERESTED PARTIES: No one other than the ED and the Respondent has expressed an interest in this matter.</p> <p>COMMENTS RECEIVED: The <i>Texas Register</i> comment period expired on January 14, 2008. No comments were received.</p> <p>CONTACTS AND MAILING LIST: TCEQ Attorney/SEP Coordinator: None TCEQ Enforcement Coordinator: Ms. Cheryl Thompson, Enforcement Division, Enforcement Team 3, MC R-04, (817) 588-5886; Mr. Bryan Sinclair, Enforcement Division, MC 219, (512) 239-2171 Respondent: CT Corporation System, Registered Agent, Shintech Incorporated, 350 N. St. Paul Street, Dallas, Texas 75201 Mr. James L. Hodges, Site Manager, Shintech Incorporated, 5618 Highway 332 East, Freeport, Texas 77541 Respondent's Attorney: Not represented by counsel on this enforcement matter</p> | | |

VIOLATION SUMMARY CHART:

| VIOLATION INFORMATION | PENALTY CONSIDERATIONS | CORRECTIVE ACTIONS TAKEN/REQUIRED |
|---|---|---|
| <p>Type of Investigation: <input type="checkbox"/> Complaint <input type="checkbox"/> Routine <input type="checkbox"/> Enforcement Follow-up <input checked="" type="checkbox"/> Records Review</p> <p>Date(s) of Complaints Relating to this Case: None</p> <p>Date of Investigation Relating to this Case: August 21, 2007</p> <p>Date of NOV/NOE Relating to this Case: August 29, 2007 (NOE)</p> <p>Background Facts: This was a routine record review. One violation was documented.</p> <p>AIR</p> <p>Failure to submit the semi-annual deviation report within 30 days of the end of the deviation reporting period. Specifically, the semi-annual deviation report for the period of May 25, 2006 through November 24, 2006 was not submitted until June 25, 2007 [30 TEX. ADMIN. CODE § 122.145(2)(C) and TEX. HEALTH & SAFETY CODE § 382.085(b)].</p> | <p>Total Assessed: \$2,475</p> <p>Total Deferred: \$495 <input checked="" type="checkbox"/> Expedited Settlement <input type="checkbox"/> Financial Inability to Pay</p> <p>SEP Conditional Offset: \$0</p> <p>Total Paid to General Revenue: \$1,980</p> <p>Site Compliance History Classification <input type="checkbox"/> High <input checked="" type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p>Person Compliance History Classification <input type="checkbox"/> High <input checked="" type="checkbox"/> Average <input type="checkbox"/> Poor</p> <p>Major Source: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Applicable Penalty Policy: September 2002</p> | <p>Corrective Actions Taken:</p> <p>The Executive Director recognizes that on June 25, 2007, the Respondent submitted a deviation report for the period of May 25, 2006 through November 24, 2006.</p> |

Additional ID No(s): AIR BL0051F



Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002)

PCW Revision September 19, 2007

TCEQ

| | | | | | | |
|--------------|----------|-------------|-----------|-------------|---------|-------------|
| DATES | Assigned | 4-Sep-2007 | Screening | 11-Sep-2007 | EPA Due | 18-May-2008 |
| | PCW | 21-Sep-2007 | | | | |

| | | | |
|--|-----------------------|--------------------|-------|
| RESPONDENT/FACILITY INFORMATION | | | |
| Respondent | Shintech Incorporated | | |
| Reg. Ent. Ref. No. | RN100637909 | | |
| Facility/Site Region | 12-Houston | Major/Minor Source | Major |

| | | | | |
|-------------------------|-----------------|-------------------|-------------------|----------|
| CASE INFORMATION | | | | |
| Enf./Case ID No. | 34655 | No. of Violations | 1 | |
| Docket No. | 2007-1527-AIR-E | Order Type | 1660 | |
| Media Program(s) | Air | Enf. Coordinator | Cheryl Thompson | |
| Multi-Media | | EC's Team | EnforcementTeam 3 | |
| Admin. Penalty \$ | Limit Minimum | \$0 | Maximum | \$10,000 |

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties) **Subtotal 1**

ADJUSTMENTS (+/-) TO SUBTOTAL 1

Subtotals 2-7 are obtained by multiplying the Total Base Penalty (Subtotal 1) by the indicated percentage.

Compliance History Enhancement **Subtotals 2, 3, & 7**

Notes

Culpability Enhancement **Subtotal 4**

Notes

Good Faith Effort to Comply Reduction **Subtotal 5**

| | | |
|---------------|-------------------------------------|------------------------------|
| | Before NOV | NOV to EDRP/Settlement Offer |
| Extraordinary | <input type="text"/> | <input type="text"/> |
| Ordinary | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| N/A | <input type="checkbox"/> | (mark with x) |

Notes

Total EB Amounts **Subtotal 6**
 Approx. Cost of Compliance *Capped at the Total EB \$ Amount

SUM OF SUBTOTALS 1-7 **Final Subtotal**

OTHER FACTORS AS JUSTICE MAY REQUIRE **Adjustment**

Reduces or enhances the Final Subtotal by the indicated percentage.

Notes

Final Penalty Amount

STATUTORY LIMIT ADJUSTMENT **Final Assessed Penalty**

DEFERRAL Reduction **Adjustment**

Reduces the Final Assessed Penalty by the indicted percentage. (Enter number only; e.g. 20 for 20% reduction.)

Notes

PAYABLE PENALTY

Screening Date 11-Sep-2007

Docket No. 2007-1527-AIR-E

PCW

Respondent Shintech Incorporated

Policy Revision 2 (September 2002)

Case ID No. 34655

PCW Revision September 19, 2007

Reg. Ent. Reference No. RN100637909

Media [Statute] Air

Enf. Coordinator Cheryl Thompson

Compliance History Worksheet

>> Compliance History Site Enhancement (Subtotal 2)

| Component | Number of... | Enter Number Here | Adjust. |
|-------------------------------|--|-------------------|---------|
| NOVs | Written NOVs with same or similar violations as those in the current enforcement action (number of NOVs meeting criteria) | 0 | 0% |
| | Other written NOVs | 2 | 4% |
| Orders | Any agreed final enforcement orders containing a denial of liability (number of orders meeting criteria) | 1 | 20% |
| | Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission | 0 | 0% |
| Judgments and Consent Decrees | Any non-adjudicated final court judgments or consent decrees containing a denial of liability of this state or the federal government (number of judgments or consent decrees meeting criteria) | 0 | 0% |
| | Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government | 0 | 0% |
| Convictions | Any criminal convictions of this state or the federal government (number of counts) | 0 | 0% |
| Emissions | Chronic excessive emissions events (number of events) | 0 | 0% |
| Audits | Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (number of audits for which notices were submitted) | 0 | 0% |
| | Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (number of audits for which violations were disclosed) | 0 | 0% |
| <i>Please Enter Yes or No</i> | | | |
| Other | Environmental management systems in place for one year or more | No | 0% |
| | Voluntary on-site compliance assessments conducted by the executive director under a special assistance program | No | 0% |
| | Participation in a voluntary pollution reduction program | No | 0% |
| | Early compliance with, or offer of a product that meets future state or federal government environmental requirements | No | 0% |

Adjustment Percentage (Subtotal 2) 24%

>> Repeat Violator (Subtotal 3)

No

Adjustment Percentage (Subtotal 3) 0%

>> Compliance History Person Classification (Subtotal 7)

Average Performer

Adjustment Percentage (Subtotal 7) 0%

>> Compliance History Summary

Compliance
History
Notes

The Respondent received two previous NOV's for non-similar violations and one Agreed Order with denial language.

Total Adjustment Percentage (Subtotals 2, 3, & 7) 24%

| | | |
|--|---|------------|
| Screening Date 11-Sep-2007 | Docket No. 2007-1527-AIR-E | PCW |
| Respondent Shintech Incorporated | <i>Policy Revision 2 (September 2002)</i> | |
| Case ID No. 34655 | <i>PCW Revision September 19, 2007</i> | |
| Reg. Ent. Reference No. RN100637909 | | |
| Media [Statute] Air | | |
| Enf. Coordinator Cheryl Thompson | | |
| Violation Number | 1 | |
| Rule Cite(s) | 30 Tex. Admin. Code § 122.145(2)(C) and Tex. Health & Safety Code § 382.085(b) | |
| Violation Description | Failed to submit the semi-annual deviation report within 30 days of the end of the deviation reporting period. Specifically, the semi-annual deviation report for the period of May 25, 2006 through November 24, 2006 was not submitted until June 25, 2007. | |
| Base Penalty | | \$10,000 |

>> Environmental, Property and Human Health Matrix

| | | | | | |
|-----------|----------------------|----------------------|----------------------|--|----------------------|
| OR | Harm | | | | |
| | Release | Major | Moderate | | Minor |
| | Actual | <input type="text"/> | <input type="text"/> | | <input type="text"/> |
| Potential | <input type="text"/> | <input type="text"/> | <input type="text"/> | Percent <input type="text" value="0%"/> | |

>> Programmatic Matrix

| | | | | |
|---------------------|---|-------|----------------------|---|
| | Harm | | | |
| | Falsification | Major | Moderate | |
| | <input type="text"/> | x | <input type="text"/> | <input type="text"/> |
| | | | | Percent <input type="text" value="25%"/> |
| Matrix Notes | 100% of the rule requirement was not met. | | | |

Adjustment

Violation Events

Number of Violation Events Number of violation days

| | | |
|--------------------------------|--------------|----------------------|
| <i>mark only one with an x</i> | daily | <input type="text"/> |
| | monthly | <input type="text"/> |
| | quarterly | <input type="text"/> |
| | semiannual | <input type="text"/> |
| | annual | <input type="text"/> |
| | single event | x |

Violation Base Penalty

One single event is recommended.

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount

Violation Final Penalty Total

This violation Final Assessed Penalty (adjusted for limits)

Economic Benefit Worksheet

Respondent Shintech Incorporated
Case ID No. 34655
Reg. Ent. Reference No. RN100637909
Media Air
Violation No. 1

| Percent Interest | Years of Depreciation |
|------------------|-----------------------|
| 5.0 | 15 |

| Item Description | Item Cost | Date Required | Final Date | Yrs | Interest Saved | Onetime Costs | EB Amount |
|------------------|-----------|---------------|------------|-----|----------------|---------------|-----------|
| No commas or \$ | | | | | | | |

Delayed Costs

| Item Description | Item Cost | Date Required | Final Date | Yrs | Interest Saved | Onetime Costs | EB Amount |
|--------------------------|-----------|---------------|-------------|-----|----------------|---------------|-----------|
| Equipment | | | | 0.0 | \$0 | \$0 | \$0 |
| Buildings | | | | 0.0 | \$0 | \$0 | \$0 |
| Other (as needed) | | | | 0.0 | \$0 | \$0 | \$0 |
| Engineering/construction | | | | 0.0 | \$0 | \$0 | \$0 |
| Land | | | | 0.0 | \$0 | n/a | \$0 |
| Record Keeping System | | | | 0.0 | \$0 | n/a | \$0 |
| Training/Sampling | | | | 0.0 | \$0 | n/a | \$0 |
| Remediation/Disposal | | | | 0.0 | \$0 | n/a | \$0 |
| Permit Costs | | | | 0.0 | \$0 | n/a | \$0 |
| Other (as needed) | \$200 | 24-Dec-2006 | 25-Jun-2007 | 0.5 | \$5 | n/a | \$5 |

Notes for DELAYED costs

Estimated cost to prepare and submit the semi-annual deviation report. Date required is the date the deviation report was due. Final date is the date of compliance.

Avoided Costs

ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)

| Item Description | Item Cost | Date Required | Final Date | Yrs | Interest Saved | Onetime Costs | EB Amount |
|-------------------------------|-----------|---------------|------------|-----|----------------|---------------|-----------|
| Disposal | | | | 0.0 | \$0 | \$0 | \$0 |
| Personnel | | | | 0.0 | \$0 | \$0 | \$0 |
| Inspection/Reporting/Sampling | | | | 0.0 | \$0 | \$0 | \$0 |
| Supplies/equipment | | | | 0.0 | \$0 | \$0 | \$0 |
| Financial Assurance [2] | | | | 0.0 | \$0 | \$0 | \$0 |
| ONE-TIME avoided costs [3] | | | | 0.0 | \$0 | \$0 | \$0 |
| Other (as needed) | | | | 0.0 | \$0 | \$0 | \$0 |

Notes for AVOIDED costs

Approx. Cost of Compliance

\$200

TOTAL

\$5

Compliance History

| | | | |
|---|--|------------------------------|----------------------|
| Customer/Respondent/Owner-Operator: | CN600128425 Shintech Incorporated | Classification: Average | Rating: 7.83 |
| Regulated Entity: | RN100637909 SHINTECH | Classification: Average | Site Rating: 20.29 |
| ID Number(s): | AIR NEW SOURCE PERMITS | ACCOUNT NUMBER | BL0051F |
| | AIR NEW SOURCE PERMITS | PERMIT | 9347 |
| | AIR NEW SOURCE PERMITS | PERMIT | 8299 |
| | AIR NEW SOURCE PERMITS | EPA ID | PSDTX285M5 |
| | AIR NEW SOURCE PERMITS | EPA ID | PSDTX285M2 |
| | AIR NEW SOURCE PERMITS | EPA ID | PSDTX285M3 |
| | AIR NEW SOURCE PERMITS | EPA ID | PSDTX285M4 |
| | AIR NEW SOURCE PERMITS | AFS NUM | 4803900012 |
| | AIR NEW SOURCE PERMITS | EPA ID | PSDTX285M1 |
| | AIR OPERATING PERMITS | PERMIT | 1361 |
| | PUBLIC WATER SYSTEM/SUPPLY | REGISTRATION | 0200598 |
| Location: | 5618 E HIGHWAY 332, FREEPORT, TX, 77541 | Rating Date: September 01 07 | Repeat Violator: NO |
| TCEQ Region: | REGION 12 - HOUSTON | | |
| Date Compliance History Prepared: | September 18, 2007 | | |
| Agency Decision Requiring Compliance History: | Enforcement | | |
| Compliance Period: | September 18, 2002 to September 18, 2007 | | |
| TCEQ Staff Member to Contact for Additional Information Regarding this Compliance History | | | |
| Name: | <u>Cheryl Thompson</u> | Phone: | <u>(817)588-5886</u> |

Site Compliance History Components

- | | |
|--|-----|
| 1. Has the site been in existence and/or operation for the full five year compliance period? | Yes |
| 2. Has there been a (known) change in ownership of the site during the compliance period? | No |
| 3. If Yes, who is the current owner? | N/A |
| 4. If Yes, who was/were the prior owner(s)? | N/A |
| 5. When did the change(s) in ownership occur? | N/A |

Components (Multimedia) for the Site :

- A. Final Enforcement Orders, court judgements, and consent decrees of the state of Texas and the federal government.

| | |
|---|---|
| <p style="text-align: center;">Effective Date: 05/25/2007</p> <p>Classification: Moderate</p> <p>Citation: 30 TAC Chapter 122, SubChapter B 122.143(4) 30 TAC Chapter 122, SubChapter B 122.146(1)</p> <p style="padding-left: 40px;">30 TAC Chapter 122, SubChapter B 122.146(2) 5C THC Chapter 382, SubChapter D 382.085(b)</p> <p>Rqmt Prov: O-1361, General Terms and Conditions OP Description: Failure to submit permit compliance certifications for FOP 1361 for certification periods May 25, 2004 to May 24, 2005 and May 25, 2005 to May 24, 2006</p> <p>Classification: Moderate</p> <p>Citation: 30 TAC Chapter 122, SubChapter B 122.143(4) 30 TAC Chapter 122, SubChapter B 122.145(2)(A)</p> <p style="padding-left: 40px;">30 TAC Chapter 122, SubChapter B 122.145(2)(B) 30 TAC Chapter 122, SubChapter B 122.145(2)(C) 5C THC Chapter 382, SubChapter D 382.085(b)</p> <p>Rqmt Prov: O-1361, General Terms and Conditions OP Description: Failure to submit deviation reports for FOP 1361 for semiannual reporting periods November 26, 2004 to May 24, 2005 and November 26, 2005 to May 24, 2006.</p> <p>Classification: Moderate</p> <p>Citation: 30 TAC Chapter 101, SubChapter A 101.20(2) 30 TAC Chapter 122, SubChapter B 122.143(4)</p> | <p style="text-align: center;">ADMINORDER 2006-1718-AIR-E</p> |
|---|---|

Rqmt Prov: O-1361, Special Condition 1A OP
Description: Failure to submit quarterly reports, as required by Subpart F-National Emission Standards for Vinyl Chloride, for the first three quarters of 2005.

B. Any criminal convictions of the state of Texas and the federal government.

N/A

C. Chronic excessive emissions events.

N/A

D. The approval dates of investigations. (CCEDS Inv. Track. No.)

| | | |
|---|------------|----------|
| 1 | 08/12/2005 | (403520) |
| 2 | 03/24/2006 | (436809) |
| 3 | 05/16/2006 | (462100) |
| 4 | 06/29/2006 | (484243) |
| 5 | 08/29/2006 | (479996) |
| 6 | 12/14/2006 | (518286) |
| 7 | 08/28/2007 | (572966) |

E. Written notices of violations (NOV). (CCEDS Inv. Track. No.)

Date 08/12/2005 (403520)

Self Report? NO

Classification: Moderate

Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)
5C THC Chapter 382, SubChapter A 382.085(b)

Rqmt Prov: PERMIT 9347 and PSD-TX-285M5, SC #1

Description: Failure to prevent an avoidable emissions event.

Date 05/18/2006 (462100)

Self Report? NO

Classification: Moderate

Citation: 30 TAC Chapter 101, SubChapter A 101.20(2)
40 CFR Chapter 61, SubChapter C, PT 61, SubPT.V 61.246(c)

Description: Shintech failed to maintain records of connector monitoring in VOC service.

Self Report? NO

Classification: Minor

Citation: 30 TAC Chapter 116, SubChapter B 116.115(c)

Rqmt Prov: PERMIT NSR Permit #9347, SC 12K

Description: Shintech failed to record dates of repair and method of compliance on leak records.

F. Environmental audits.

N/A

G. Type of environmental management systems (EMSs).

N/A

H. Voluntary on-site compliance assessment dates.

N/A

I. Participation in a voluntary pollution reduction program.

N/A

J. Early compliance.

N/A

Sites Outside of Texas

N/A

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



IN THE MATTER OF AN
ENFORCEMENT ACTION
CONCERNING
SHINTECH INCORPORATED
RN100637909

§ BEFORE THE
§
§ TEXAS COMMISSION ON
§
§ ENVIRONMENTAL QUALITY

AGREED ORDER
DOCKET NO. 2007-1527-AIR-E

I. JURISDICTION AND STIPULATIONS

At its _____ agenda, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding Shintech Incorporated ("Shintech") under the authority of TEX. HEALTH & SAFETY CODE ch. 382 and TEX. WATER CODE ch. 7. The Executive Director of the TCEQ, through the Enforcement Division, and Shintech appear before the Commission and together stipulate that:

1. Shintech owns and operates a resins manufacturing plant at 5618 East Highway 332, Freeport, Brazoria County, Texas (the "Plant").
2. The Plant consists of one or more sources as defined in TEX. HEALTH & SAFETY CODE § 382.003(12).
3. The Commission and Shintech agree that the Commission has jurisdiction to enter this Agreed Order, and that Shintech is subject to the Commission's jurisdiction.
4. Shintech received notice of the violations alleged in Section II ("Allegations") on or about September 2, 2007.
5. The occurrence of any violation is in dispute and the entry of this Agreed Order shall not constitute an admission by Shintech of any violation alleged in Section II ("Allegations"), nor of any statute or rule.
6. An administrative penalty in the amount of Two Thousand Four Hundred Seventy-Five Dollars (\$2,475) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). Shintech has paid One Thousand Nine Hundred Eighty Dollars (\$1,980) of the administrative penalty and Four Hundred Ninety-Five Dollars (\$495) is deferred contingent upon

Shintech's timely and satisfactory compliance with all the terms of this Agreed Order. The deferred amount will be waived upon full compliance with the terms of this Agreed Order. If Shintech fails to timely and satisfactorily comply with all requirements of this Agreed Order, the Executive Director may require Shintech to pay all or part of the deferred penalty.

7. Any notice and procedures, which might otherwise be authorized or required in this action, are waived in the interest of a more timely resolution of the matter.
8. The Executive Director of the TCEQ and Shintech have agreed on a settlement of the matters alleged in this enforcement action, subject to the approval of the Commission.
9. The Executive Director recognizes that on June 25, 2007, Shintech submitted a deviation report for the period of May 25, 2006 through November 24, 2006.
10. The Executive Director may, without further notice or hearing, refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings if the Executive Director determines that Shintech has not complied with one or more of the terms or conditions in this Agreed Order.
11. This Agreed Order shall terminate five years from its effective date or upon compliance with all the terms and conditions set forth in this Agreed Order, whichever is later.
12. The provisions of this Agreed Order are deemed severable and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Agreed Order unenforceable, the remaining provisions shall be valid and enforceable.

II. ALLEGATIONS

As owner and operator of the Plant, Shintech is alleged to have failed to submit the semi-annual deviation report within 30 days of the end of the deviation reporting period, in violation of 30 TEX. ADMIN. CODE § 122.145(2)(C) and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during a record review conducted on August 21, 2007. Specifically, the semi-annual deviation report for the period of May 25, 2006 through November 24, 2006 was not submitted until June 25, 2007.

III. DENIALS

Shintech generally denies each allegation in Section II ("Allegations").

IV. ORDERING PROVISIONS

1. It is, therefore, ordered by the TCEQ that Shintech pay an administrative penalty as set forth in Section I, Paragraph 6 above. The payment of this administrative penalty and Shintech's compliance with all the terms and conditions set forth in this Agreed Order resolve only the allegations in Section II. The Commission shall not be constrained in any manner from requiring corrective action or penalties for violations, which are not raised here. Administrative penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: Shintech Incorporated, Docket No. 2007-1527-AIR-E" to:

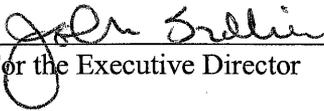
Financial Administration Division, Revenues Section
Attention: Cashier's Office, MC 214
Texas Commission on Environmental Quality
P.O. Box 13088
Austin, Texas 78711-3088

2. The provisions of this Agreed Order shall apply to and be binding upon Shintech. Shintech is ordered to give notice of the Agreed Order to personnel who maintain day-to-day control over the Plant operations referenced in this Agreed Order.
3. This Agreed Order, issued by the Commission, shall not be admissible against Shintech in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Agreed Order; or (2) pursue violations of a statute within the Commission's jurisdiction, or of a rule adopted or an order or permit issued by the Commission under such a statute.
4. This agreement may be executed in multiple counterparts, which together shall constitute a single original instrument. Any executed signature page to this Agreement may be transmitted by facsimile transmission to the other parties, which shall constitute an original signature for all purposes.
5. Under 30 TEX. ADMIN. CODE § 70.10(b), the effective date is the date of hand-delivery of the Order to Shintech, or three days after the date on which the Commission mails notice of the Order to Shintech, whichever is earlier. The Chief Clerk shall provide a copy of this Agreed Order to each of the parties.

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission



For the Executive Director

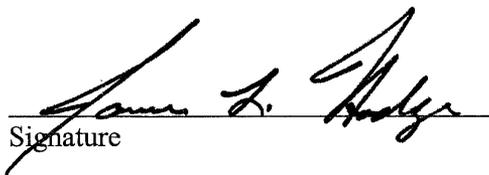
Date 12/20/2007

I, the undersigned, have read and understand the attached Agreed Order. I am authorized to agree to the attached Agreed Order on behalf of the entity indicated below my signature, and I do agree to the terms and conditions specified therein. I further acknowledge that the TCEQ, in accepting payment for the penalty amount, is materially relying on such representation.

I also understand that failure to comply with the Ordering Provisions, if any, in this order and/or failure to timely pay the penalty amount, may result in:

- A negative impact on compliance history;
- Greater scrutiny of any permit applications submitted;
- Referral of this case to the Attorney General's Office for contempt, injunctive relief, additional penalties, and/or attorney fees, or to a collection agency;
- Increased penalties in any future enforcement actions;
- Automatic referral to the Attorney General's Office of any future enforcement actions; and
- TCEQ seeking other relief as authorized by law.

In addition, any falsification of any compliance documents may result in criminal prosecution.



Signature

Date 11/15/07

Name (Printed or typed)
Authorized Representative of
Shintech Incorporated

Title
SITE MGR

Instructions: Send the original, signed Agreed Order with penalty payment to the Financial Administration Division, Revenues Section at the address in Section IV, Paragraph 1 of this Agreed Order.

1000

1000