EXECUTIVE SUMMARY - ENFORCEMENT MATTER

DOCKET NO.: 2007-2013-AIR-E **TCEQ ID:** RN100221761 **CASE NO.:** 35115

RESPONDENT NAME: Cabot Corporation

ORDER TYPE:		
X 1660 AGREED ORDER	__FINDINGS AGREED ORDER	__FINDINGS ORDER FOLLOWING SOAH HEARING
__FINDINGS DEFAULT ORDER	__SHUTDOWN ORDER	__IMMINENT AND SUBSTANTIAL ENDANGERMENT ORDER
__AMENDED ORDER	__EMERGENCY ORDER	
CASE TYPE:		
X AIR	__MULTI-MEDIA (check all that apply)	__INDUSTRIAL AND HAZARDOUS WASTE
__PUBLIC WATER SUPPLY	__PETROLEUM STORAGE TANKS	__OCCUPATIONAL CERTIFICATION
__WATER QUALITY	__SEWAGE SLUDGE	__UNDERGROUND INJECTION CONTROL
__MUNICIPAL SOLID WASTE	__RADIOACTIVE WASTE	__DRY CLEANER REGISTRATION

SITE WHERE VIOLATION(S) OCCURRED: Cabot Pampa Plant, approximately 0.5 mile southwest of the intersection of US Highway 60 West and Gray County Road 5, near Pampa, Gray County

TYPE OF OPERATION: Carbon black production plant

SMALL BUSINESS: ___ Yes __X__ No

OTHER SIGNIFICANT MATTERS: There are no complaints. There is no record of additional pending enforcement actions regarding this facility location.

INTERESTED PARTIES: No one other than the ED and the Respondent has expressed an interest in this matter.

COMMENTS RECEIVED: The *Texas Register* comment period expired on April 28, 2008. No comments were received.

CONTACTS AND MAILING LIST:

TCEQ Attorney/SEP Coordinator: None

TCEQ Enforcement Coordinator: Ms. Sidney Wheeler, Enforcement Division, Enforcement Team 4, MC 149, (512) 239-4969; Mr. Bryan Sinclair, Enforcement Division, MC 219, (512) 239-2171

Respondent: Mr. Thomas E. McElwain, Facility General Manager, Cabot Corporation, P.O. Box 5001, Pampa, Texas 79066

Respondent's Attorney: Not represented by counsel on this enforcement matter

VIOLATION SUMMARY CHART:

VIOLATION INFORMATION	PENALTY CONSIDERATIONS	CORRECTIVE ACTIONS TAKEN/REQUIRED
Type of Investigation: __ Complaint _X_ Routine __ Enforcement Follow-up __ Records Review **Date(s) of Complaints Relating to this Case:** None **Date of Investigation Relating to this Case:** October 15 and 16, 2007 **Date of NOV/NOE Relating to this Case:** November 30, 2007 (NOE) **Background Facts:** This was a routine investigation. **AIR** 1) Failed to document a daily notation of the flare in the flare operation log. Specifically, the Respondent failed to keep a flare operation log for GP Flare Nos. 3 and 4 (Emission Point Nos. 91 and 92) [30 TEX. ADMIN. CODE § 111.111(a)(4)(A)(ii); Federal Operating Permit No. O-1623, Special Terms and Conditions No. 1A; and TEX. HEALTH & SAFETY CODE § 382.085(b)]. 2) Failed to notify the Commission of a reportable emission event no later than 24 hours after the discovery of the event. Specifically, an emission event occurred on August 12, 2007 at 8:00 a.m. and was not reported to the TCEQ until August 13, 2007 at 2:37 p.m. [30 TEX. ADMIN. CODE § 101.201(a)(1)(B) and TEX. HEALTH & SAFETY CODE § 382.085(b)]. 3) Failed to maintain particulate matter ("PM10") emissions from the U-5 Main Unit Filter (EPN No. 95) at or below the maximum allowable emission rate. Specifically, lack of oversight lead to the damage of numerous bags of the baghouse and subsequent emission of approximately 11 pounds of PM10 over a 15-minute period. Since these emissions could have been foreseen and avoided by good design, operation and maintenance practices, the Respondent failed to meet the demonstrations for an affirmative defense	**Total Assessed:** $3,825 **Total Deferred:** $765 _X_ Expedited Settlement __Financial Inability to Pay **SEP Conditional Offset:** $0 **Total Paid to General Revenue:** $3,060 **Site Compliance History Classification** _X_ **High** __ **Average** __ **Poor** **Person Compliance History Classification** __ **High** _X_ **Average** __ **Poor** **Major Source:** _X_ Yes __ No **Applicable Penalty Policy:** September 2002	**Corrective Actions Taken:** The Executive Director recognizes that the Respondent has implemented the following corrective measures at the Plant: a. Implemented routine daily observations of all emission point sources for opacity and potential smoking flares and documents these observations in the shift foreman's logbook on October 18, 2007; b. Conducted training of proper emissions event reporting to operations personnel and shift foremen by November 5, 2007, in order to prevent the reoccurrence of same or similar events; and c. Modified the start-up checklist to assure that the Main Unit Filter quench valve is in the open position during start-up and implemented training for shift foremen by September 16, 2007, which will prevent operator error in the future.

in 30 TEX. ADMIN. CODE § 101.222 [30 TEX. ADMIN. CODE §§ 101.20(3) and 116.115(b)(2)(F); Permit No. 40088/PSD-TX-934, General Condition No. 8; and TEX. HEALTH & SAFETY CODE § 382.085(b)].		

Additional ID No(s).: GH003Q

Penalty Calculation Worksheet (PCW)

Policy Revision 2 (September 2002) — *PCW Revision November 6, 2007*

TCEQ

DATES					
Assigned	3-Dec-2007				
PCW	13-Dec-2007	Screening	13-Dec-2007	EPA Due	26-Aug-2008

RESPONDENT/FACILITY INFORMATION

Respondent	Cabot Corporation		
Reg. Ent. Ref. No.	RN100221761		
Facility/Site Region	1-Amarillo	Major/Minor Source	Major

CASE INFORMATION

Enf./Case ID No.	35115	No. of Violations	3
Docket No.	2007-2013-AIR-E	Order Type	1660
Media Program(s)	Air	Enf. Coordinator	Lindsey Jones
Multi-Media		EC's Team	Enforcement Team 4
Admin. Penalty $ Limit Minimum	$0	Maximum	$10,000

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties) — *Subtotal 1* $5,100

ADJUSTMENTS (+/-) TO SUBTOTAL 1

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

Compliance History — 0% Enhancement — *Subtotals 2, 3, & 7* $0

Notes: No adjustment due to average performer classification.

Culpability — No — 0% Enhancement — *Subtotal 4* $0

Notes: The Respondent does not meet the culpability criteria.

Good Faith Effort to Comply — 25% Reduction — *Subtotal 5* $1,275

	Before NOV	NOV to EDPRP/Settlement Offer
Extraordinary		
Ordinary	x	
N/A		(mark with x)

Notes: The Respondent returned to compliance by November 5, 2007.

0% Enhancement* — *Subtotal 6* $0

**Capped at the Total EB $ Amount*

Total EB Amounts	$444
Approx. Cost of Compliance	$5,200

SUM OF SUBTOTALS 1-7 — *Final Subtotal* $3,825

OTHER FACTORS AS JUSTICE MAY REQUIRE — 0% — *Adjustment* $0

Reduces or enhances the Final Subtotal by the indicated percentage.

Notes:

Final Penalty Amount $3,825

STATUTORY LIMIT ADJUSTMENT — *Final Assessed Penalty* $3,825

DEFERRAL — 20% Reduction — *Adjustment* -$765

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

Notes: Deferral offered for expedited settlement.

PAYABLE PENALTY $3,060

Screening Date 13-Dec-2007 **Docket No.** 2007-2013-AIR-E **PCW**

Respondent Cabot Corporation

Policy Revision 2 (September 2002)

Case ID No. 35115

PCW Revision November 6, 2007

Reg. Ent. Reference No. RN100221761

Media [Statute] Air

Enf. Coordinator Lindsey Jones

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	0	0%
Orders	Any agreed final enforcement orders containing a denial of liability (*number of orders meeting criteria*)	0	0%
	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 judgements 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%
		Please Enter Yes or No	
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) 0%

>> **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

No adjustment due to average performer classification.

Total Adjustment Percentage (Subtotals 2, 3, & 7) 0%

Screening Date 13-Dec-2007 **Docket No.** 2007-2013-AIR-E **PCW**

Respondent Cabot Corporation *Policy Revision 2 (September 2002)*

Case ID No. 35115 *PCW Revision November 6, 2007*

Reg. Ent. Reference No. RN100221761

Media [Statute] Air

Enf. Coordinator Lindsey Jones

Violation Number 1

Rule Cite(s) 30 Tex. Admin. Code § 111.111(a)(4)(A)(ii); Federal Operating Permit No. O-1623, Special Terms and Conditions No. 1A; and Tex. Health & Safety Code § 382.085(b)

Violation Description Failed to document a daily notation of the flare in the flare operation log. Specifically, the Respondent failed to keep a flare operation log for GP Flare Nos. 3 and 4 (EPN Nos. 91 and 92).

Base Penalty $10,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm: Major	Moderate	Minor
Actual			
Potential			

Percent 0%

>>Programmatic Matrix

Falsification	Major	Moderate	Minor
	x		

Percent 25%

Matrix Notes: The Respondent failed to meet 100% of the rule requirement.

Adjustment $7,500

$2,500

Violation Events

Number of Violation Events 1 | 1042 Number of violation days

mark only one with an x

daily	
monthly	
quarterly	
semiannual	
annual	
single event	x

Violation Base Penalty $2,500

One single event is recommended.

Economic Benefit (EB) for this violation

Estimated EB Amount $428

Statutory Limit Test

Violation Final Penalty Total $1,875

This violation Final Assessed Penalty (adjusted for limits) $1,875

Economic Benefit Worksheet

Respondent Cabot Corporation
Case ID No. 35115
Reg. Ent. Reference No. RN100221761
Media Air
Violation No. 1

Percent Interest	Years of Depreciation
5.0	15

Item Description (No commas or $)	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Delayed Costs							
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	$3,000	10-Dec-2004	18-Oct-2007	2.9	$428	n/a	$428
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)				0.0	$0	n/a	$0
Notes for DELAYED costs	Estimated cost to obtain and implement a recordkeeping system to document daily notations of the flares. Date required is the issuance date of the permit. Final date is the date of compliance.						
Avoided Costs	ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)						
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 $3,000

TOTAL $428

Screening Date 13-Dec-2007 **Docket No.** 2007-2013-AIR-E **PCW**

Respondent Cabot Corporation *Policy Revision 2 (September 2002)*

Case ID No. 35115 *PCW Revision November 6, 2007*

Reg. Ent. Reference No. RN100221761

Media [Statute] Air

Enf. Coordinator Lindsey Jones

Violation Number 2

Rule Cite(s) 30 Tex. Admin. Code § 101.201(a)(1)(B) and Tex. Health & Safety Code § 382.085(b)

Violation Description Failed to notify the Commission of a reportable emission event no later than 24 hours after the discovery of the event. Specifically, an emission event occurred on August 12, 2007 at 8:00 am and was not reported to the TCEQ until August 13, 2007 at 2:37 pm.

Base Penalty $10,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm: Major	Moderate	Minor
Actual			
Potential			

Percent 0%

>>Programmatic Matrix

Falsification	Major	Moderate	Minor
			x

Percent 1%

Matrix Notes: The Respondent failed to meet less than 30% of the rule requirement.

Adjustment $9,900

$100

Violation Events

Number of Violation Events 1 | 1 Number of violation days

mark only one with an x

daily	
monthly	
quarterly	
semiannual	
annual	
single event	x

Violation Base Penalty $100

One single event is recommended.

Economic Benefit (EB) for this violation

Estimated EB Amount $2

Statutory Limit Test

Violation Final Penalty Total $75

This violation Final Assessed Penalty (adjusted for limits) $75

Economic Benefit Worksheet

Respondent Cabot Corporation
Case ID No. 35115
Reg. Ent. Reference No. RN100221761
Media Air
Violation No. 2

Percent Interest	Years of Depreciation
5.0	15

Item Description (No commas or $)	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Delayed Costs							
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	$200	13-Aug-2007	5-Nov-2007	0.2	$2	n/a	$2
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)				0.0	$0	n/a	$0
Notes for DELAYED costs	Estimated cost to procure proper record keeping procedures designed to submit emission event reports on time. Date required is the due date for the report. Final date is the date that training on proper reporting was completed.						
Avoided Costs	ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)						
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: $2

Screening Date 13-Dec-2007 **Docket No.** 2007-2013-AIR-E **PCW**

Respondent Cabot Corporation *Policy Revision 2 (September 2002)*

Case ID No. 35115 *PCW Revision November 6, 2007*

Reg. Ent. Reference No. RN100221761

Media [Statute] Air

Enf. Coordinator Lindsey Jones

Violation Number 3

Rule Cite(s) 30 Tex. Admin. Code §§ 101.20(3) and 116.115(b)(2)(F); Permit No. 40088/PSD-TX-934, General Condition No. 8; and Tex. Health & Safety Code § 382.085(b)

Violation Description Failed to maintain particulate matter (PM10) emissions from the U-5 Main Unit Filter (EPN No. 95) at or below the maximum allowable emission rate. Specifically, lack of oversight lead to the damage of numerous bags of the baghouse and subsequent emission of approximately 11 pounds of PM10 over a 15-minute period. Since these emissions could have been foreseen and avoided by good design, operation and maintenance practices, the Respondent failed to meet the demonstrations for an affirmative defense in 30 Tex. Admin. Code § 101.222.

Base Penalty $10,000

>> Environmental, Property and Human Health Matrix

OR

Release	Harm: Major	Moderate	Minor
Actual			x
Potential			

Percent 25%

>>Programmatic Matrix

Falsification	Major	Moderate	Minor

Percent 0%

Matrix Notes: Human health or the environment was exposed to insignificant amounts of pollutants which did not exceed levels that are protective of human health or environmental receptors as a result of the violation.

Adjustment $7,500

$2,500

Violation Events

Number of Violation Events 1 | 1 Number of violation days

mark only one with an x

daily	
monthly	
quarterly	x
semiannual	
annual	
single event	

Violation Base Penalty $2,500

One quarterly event is recommended.

Economic Benefit (EB) for this violation

Estimated EB Amount $13

Statutory Limit Test

Violation Final Penalty Total $1,875

This violation Final Assessed Penalty (adjusted for limits) $1,875

Economic Benefit Worksheet

Respondent Cabot Corporation
Case ID No. 35115
Reg. Ent. Reference No. RN100221761
Media Air
Violation No. 3

Percent Interest	Years of Depreciation
5.0	15

Item Description (No commas or $)	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Onetime Costs	EB Amount
Delayed Costs							
Equipment				0.0	$0	$0	$0
Buildings				0.0	$0	$0	$0
Other (as needed)	$2,000	12-Aug-2007	16-Sep-2007	0.1	$1	$13	$13
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)				0.0	$0	n/a	$0
Notes for DELAYED costs	Estimated cost of additional oversight and proper management practices designed to ensure proper operation of the Main Unit Filter. Date required is the date of the emission event. Final date is the date of compliance.						
Avoided Costs	ANNUALIZE [1] avoided costs before entering item (except for one-time avoided costs)						
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 $2,000

TOTAL $13

Compliance History

Customer/Respondent/Owner-Operator:	CN600124911	Cabot Corporation	Classification: AVERAGE	Rating: 2.43
Regulated Entity:	RN100221761	CABOT PAMPA PLANT	Classification: HIGH	Site Rating: 0.00

ID Number(s):		
	AIR OPERATING PERMITS	ACCOUNT NUMBER GH0003Q
	AIR OPERATING PERMITS	PERMIT 1623
	WASTEWATER	PERMIT WQ0001442000
	INDUSTRIAL AND HAZARDOUS WASTE GENERATION	EPA ID TXD981612088
	INDUSTRIAL AND HAZARDOUS WASTE GENERATION	SOLID WASTE REGISTRATION # (SWR) 37604
	AIR NEW SOURCE PERMITS	PERMIT 2554
	AIR NEW SOURCE PERMITS	PERMIT 4715
	AIR NEW SOURCE PERMITS	PERMIT 40088
	AIR NEW SOURCE PERMITS	PERMIT 41116
	AIR NEW SOURCE PERMITS	PERMIT 43483
	AIR NEW SOURCE PERMITS	ACCOUNT NUMBER GH0003Q
	AIR NEW SOURCE PERMITS	PERMIT 52623
	AIR NEW SOURCE PERMITS	PERMIT 49161
	AIR NEW SOURCE PERMITS	AFS NUM 4817900001
	AIR NEW SOURCE PERMITS	EPA ID PSDTX934
	AIR NEW SOURCE PERMITS	PERMIT 52568
	STORMWATER	PERMIT TXR05O170
	ON SITE SEWAGE FACILITY	PERMIT 0900144

Location:	0.5 miles southwest of the intersection of US Highway 60 West and Gray County Road 5 near Pampa	Rating Date: September 01 07 Repeat Violator: NO
TCEQ Region:	REGION 01 - AMARILLO	
Date Compliance History Prepared:	December 18, 2007	
Agency Decision Requiring Compliance History:	Enforcement	
Compliance Period:	December 13, 2002 to December 13, 2007	

TCEQ Staff Member to Contact for Additional Information Regarding this Compliance History

Name: Lindsey Jones Phone: 512-239-4930

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.

N/A

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 01/30/2003 (23405)
2 02/12/2003 (23909)
3 02/21/2003 (25419)
4 04/17/2003 (31648)
5 04/17/2003 (29778)
6 05/23/2003 (60490)

7	06/18/2003	(114350)
8	10/30/2003	(253616)
9	07/19/2004	(282996)
10	10/07/2004	(275018)
11	02/10/2005	(348518)
12	08/25/2005	(407136)
13	09/19/2005	(432365)
14	09/19/2005	(432369)
15	10/07/2005	(433796)
16	01/23/2006	(452711)
17	01/26/2006	(452533)
18	05/04/2006	(462958)
19	01/30/2007	(538023)
20	06/05/2007	(540574)
21	11/27/2007	(609582)
22	11/30/2007	(598709)

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

N/A

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	§	**BEFORE THE**
ENFORCEMENT ACTION	§	
CONCERNING	§	**TEXAS COMMISSION ON**
CABOT CORPORATION	§	
RN100221761	§	**ENVIRONMENTAL QUALITY**

AGREED ORDER
DOCKET NO. 2007-2013-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 Cabot Corporation ("the Respondent") 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 the Respondent appear before the Commission and together stipulate that:

1. The Respondent owns and operates a carbon black production plant located approximately 0.5 mile southwest of the intersection of US Highway 60 West and Gray County Road 5, near Pampa, Gray 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 the Respondent agree that the Commission has jurisdiction to enter this Agreed Order, and that the Respondent is subject to the Commission's jurisdiction.

4. The Respondent received notice of the violations alleged in Section II ("Allegations") on or about December 5, 2007.

5. The occurrence of any violation is in dispute and the entry of this Agreed Order shall not constitute an admission by the Respondent of any violation alleged in Section II ("Allegations"), nor of any statute or rule.

6. An administrative penalty in the amount of Three Thousand Eight Hundred Twenty-Five Dollars ($3,825) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent has paid Three Thousand Sixty Dollars ($3,060) of the

administrative penalty and Seven Hundred Sixty-Five Dollars ($765) is deferred contingent upon the Respondent'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 the Respondent fails to timely and satisfactorily comply with all requirements of this Agreed Order, the Executive Director may require the Respondent 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 the Respondent 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 the Respondent has implemented the following corrective measures at the Plant:

   a. Implemented routine daily observations of all emission point sources for opacity and potential smoking flares and documents these observations in the shift foreman's logbook on October 18, 2007;

   b. Conducted training of proper emissions event reporting to operations personnel and shift foremen by November 5, 2007, in order to prevent the reoccurrence of same or similar events; and

   c. Modified the start-up checklist to assure that the Main Unit Filter quench valve is in the open position during start-up and implemented training for shift foremen by September 16, 2007, which will prevent operator error in the future.

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 the Respondent 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, the Respondent is alleged to have:

1. Failed to document a daily notation of the flare in the flare operation log, in violation of 30 TEX. ADMIN. CODE § 111.111(a)(4)(A)(ii); Federal Operating Permit No. O-1623, Special Terms and Conditions No. 1A; and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on October 15 and 16, 2007. Specifically, the Respondent failed to keep a flare operation log for GP Flare Nos. 3 and 4 (Emission Point Nos. 91 and 92).

2. Failed to notify the Commission of a reportable emission event no later than 24 hours after the discovery of the event, in violation of 30 TEX. ADMIN. CODE § 101.201(a)(1)(B) and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on October 15 and 16, 2007. Specifically, an emission event occurred on August 12, 2007 at 8:00 a.m. and was not reported to the TCEQ until August 13, 2007 at 2:37 p.m.

3. Failed to maintain particulate matter ("PM10") emissions from the U-5 Main Unit Filter (EPN No. 95) at or below the maximum allowable emission rate, in violation of 30 TEX. ADMIN. CODE §§ 101.20(3) and 116.115(b)(2)(F); Permit No. 40088/PSD-TX-934, General Condition No. 8; and TEX. HEALTH & SAFETY CODE § 382.085(b), as documented during an investigation conducted on October 15 and 16, 2007. Specifically, lack of oversight lead to the damage of numerous bags of the baghouse and subsequent emission of approximately 11 pounds of PM10 over a 15-minute period. Since these emissions could have been foreseen and avoided by good design, operation and maintenance practices, the Respondent failed to meet the demonstrations for an affirmative defense in 30 TEX. ADMIN. CODE § 101.222.

III. DENIALS

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

IV. ORDERING PROVISIONS

1. It is, therefore, ordered by the TCEQ that the Respondent pay an administrative penalty as set forth in Section I, Paragraph 6 above. The payment of this administrative penalty and the Respondent'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: Cabot Corporation, Docket No. 2007-2013-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 the Respondent. The Respondent 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 the Respondent 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 the Respondent, or three days after the date on which the Commission mails notice of the Order to the Respondent, 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

John Sadler
For the Executive Director

3/26/2008
Date

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.

Thomas E. McElwain
Signature

2/5/08
Date

Thomas E. McElwain
Name (Printed or typed)
Authorized Representative of
Cabot Corporation

Facility General Manager
Title

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.