RESPONDENT'S EXHIBIT 2

FINAL DR

Exh 2

TIER II INSPECTI

Date:	February 22, 2011	**Date of**	
To:	Ed Bakowski	**Last In**	
From:	Joseph N. Kotas	**ID#:**	
Source:	Chicago Coke Company, Inc.	**R/D:** 1	
Address:	11400 S. Burley Ave.	**SIC#:**	3312
City/Zip:	Chicago, IL 60617		
Contact/Title:	Simon Beemsterboer Stephen Beemsterboer Allen Beemsterboer/ Owners	**Tel No.:**	(708) 460-2442 16109 South 108th Ave. Orland Park, IL 60467

Purpose of Inspection: Special Request

DESCRIPTION:

Chicago Coke Company, Inc. is the owner of the former LTV Steel coke plant in Chicago. The coke plant consists of sixty coke ovens, joined together in an arrangement known as a battery, and an accompanying by-products recovery plant.

The battery is a six (6) meter Krupp-Wilputte design with necessary apparatus used to manufacture metallurgical coke. Equipment on site includes: two movable "Larry cars" which charge the coal through ports on top of each oven; removable lids on top of each port, a coal silo for gravity feeding of Larry cars, standpipes which direct hot gases to a collecting main via goosenecks; two coke oven doors for each oven (one on the "pushing" side and one on the "quench" side); four (4) coke oven gas ("COG") flare stacks for emergency gas discharge, a charging emissions control system, a pushing emission control system, a quench tower, a mobile quench car and ancillary coal and coke processing equipment.

The coke battery is a "recovery" type battery in which gases created during the destructive distillation of coal are recovered. (Whereas a "non-recovery" battery is one in which gases are destroyed.) Recovered gases are routed to a by-products plant, which processes the gas for subsequent use as a fuel in the coke oven and boiler house.

During operation, about 70% of the clean coke oven gas produced is consumed by the coke battery via an underfire system. Waste gas exits through the combustion stack. The remaining 30% of the COG produced is sent to the boiler house to drive the steam turbines.

031 600 AMC
Chicago Coke Co. Inc.
Date of Inspection: May 07, 2004

DRAFT

Permit:

Permit No.	Type	Issued	Exp Date	Unit
96030032	Title V	06/15/00	06/15/05	Coke Plant
031100038	Construction	01/28/04	N/A	Transloading Facility
04010037	Construction	01/22/04	N/A	PROven System

Recent Timeline:

04/20/04	Permit Denial issued for Construction of PROven System for Coke Ovens.
04/19/04	Chicago Coke, via consultant URS, submits an extension for "the Minor Source 90 day IEPA review period for the Minor Modifcation of an Existing Major Source Construction Permit Application-PROven System.
04/16/04	Chicago Coke submits Annual Compliance Certification for 2003. Continuous compliance reported except for initial notification of 40 CFR 63 Subpart CCCCC applicability.
02/17/04	Notice of Adjustment of Construction Permit Application Fee issued by Permit Section. This document notes that a request for modifications to the coke oven was addressed by a separate construction permit.
01/28/04	Chicago Coke issued a construction permit for a new transloading facility to allow coal transport from rail to barge/boat (90%) and truck (10%)
01/14/04	Re-submittal for Minor Modification of PROven System Construction Permit Application. The application states "only the control equipment will be modified by the proposed project." There appears to be no mention of a Pad-up rebuild. "The modifications are intended to decrease leak rates of the ovens and allow smoother pressure transitions within the ovens during charging." Also, "Prior to restart of the coke ovens, Chicago Coke Co proposes to increase the effectiveness of the current pollution controls systems..."
01/06/04	Annual Compliance Certification for 2002 and ERMS reports for 2002 and 2003 submitted.
12/19/03	Notice of Additional Construction Permit Application Fees. $5000 due for transloading facility permit.
11/26/03	VN-A-2003-00356 issued for failure to submit compliance certification for 2002.

031 600 AMC
Chicago Coke Co. Inc.
Date of Inspection: May 07, 2004

DRAFT

10/17/03	Construction Permit Application received for a Minor Modification of a CAAPP Source. This application was for the transload system (which is independent of coke plant operations) and for PROven coke oven pressure control system. On the front page it also mentions: "Required start-up maintenance to the facility wil be performed starting in January of 2004 and first coking production is expected by early 2005. The restart will be a padup restart that will include the installation of an additional control for coke oven gas emissions."
07/14/03	Title V permit revised to reflect only a change of ownership. (LTV to Chicago Coke Co.)
June, 2003	Thyssen Krupp inspects coke battery. Provides cost estimates to Beemsterboer.
Dec 30, 2002	Beemsterboer becomes owner of the coke oven property.
12/06/02	Inspection by FOS pursuant to lack of ERMS report.
June, 2002	Coke oven battery inspection performed by Jim Richardson of LTV. Extensive damage discovered.
06/13/02	Inspection by FOS. Environmental Manager describes shutdown.
02/05/02	LTV shuts off all natural gas to ovens. "Cold idle" begins in winter.
12/29/01	LTV pushes last oven.
12/28/01	LTV goes on "hot idle."

*This timeline is based on file material from the Des Plaines field office and may not contain all relevant items.

Findings:

05/07/04 J.Kotas:

An inspection was conducted today at Chicago Coke Company, Inc. The inspection was prompted by a request from the IEPA to the USEPA in order to assist in making certain determinations regarding the coke plant.

Ed Wojciechowski, Iron and Steel Liaison and Kushal Som, Environmental Engineer from the Air and Radiation Division of USEPA Region Five and Joseph Kotas of Illinois EPA were the inspectors. Simon, Stephen and Allen Beemsterboer, current owners of the coke plant were joined by Keith Nay of URS Corporation.

031 600 AMC
Chicago Coke Co. Inc.
Date of Inspection: May 07, 2004

DRAFT

We began by convening to a conference room adjacent to a warehouse. Ed "Wojo" Wojciechowski generally led the proceedings. Wojo asked what measures were taken by LTV to bring down the battery.

Keith Nay explained that he had been the Plant Engineer for LTV at this plant for 18 years and had worked at another coke plant before that, so has considerable experience in the field. Keith Nay stated that although LTV was going through bankruptcy proceedings, he felt that this coke plant in Chicago would one day manufacture coke again. He stated that LTV pushed the last oven empty on Dec 29, 2001 and that the battery was left on "hot idle." Keith Nay stated that LTV had a German consultant make recommendations toward successfully cooling down the battery. (The brick in a coke battery is designed to stay hot, therefore any cooling can be potentially damaging.) Their German consultant, Thyssen Krupp, had stated that if they bring the plant down in a staged fashion there was a 50/50 chance it would not suffer irrevocable damage. They recommended a 10-day cool down period. This 10 days was extended to 30 days, according to Keith Nay , as they considered that a slower cool down would work better than the recommended ten days to prevent any potential damage. During the cool down period, plant operators were involved with purging materials from the by-products plant and doing other activities. Keith Nay stated that he himself had made specifications to the bankruptcy court that the clean-up of vessels and tanks in the plant be performed to a "RCRA Clean" level (which involved an "extra effort" over a "RCRA Empty:" level). RCRA Empty allows leaving up to an inch of waste in a vessel and may be sufficient for an acceptable level of environmental clean up, but he was concerned that leaving any of those materials in any tanks would cause a detrimental impact for the tanks' potentially future reuse. Keith Nay stated, "Each and every vessel and heat exchanger had been cleaned". He went on to say that torches were not used to cut holes in tanks because the torch would damage the potential re-use of the tank. A 10,000-psi water jet was used instead because this method would minimize damage. Keith Nay stated that he was "selfish" about the way he performed these activities because he had envisioned himself as the Plant Manager in the future. As such, he considered his own "5-10 year wish list" and accomplished items such as discarding all packing materials from the light oil scrubber. He said the shutdown provided "opportunities." Keith Nay stated that the bench beams (walk ways) were unbolted to allow for minimal buckling or constraining stress during cool down. The goosenecks topside of the battery were also unbolted to prevent any potential damage caused by a falling collecting main.

On February 5, 2002 all natural gas was shut off and the battery allowed to cool. (See inspection report June 13, 2002.)

An inspection was performed in June 2002 by Mr. Jim Richardson who was affiliated with LTV. He pulled out some "checkers" (bricks) and found extensive damage to the corbelling system (brickwork under the battery).

Steve B. then stated that the Beemsterboers knew there was extensive damage but were developing plans to operate the coke plant. They were thinking of hiring Michael Gratson, the former Plant Manager and other former employees. Beemsterboer stat

a decision to do a "pad-up rebuild" (completely new brick from the concrete pad up) because they think it is the "right thing to do right now" (based on current economics.)

The Beemsterboers and Wojo acknowledged that there is a shortage of coke in the United States at this time and coke is being imported from China. Steve added that emissions would be less with a pad-up re-build than if they were to try and run the coke battery after a merely applying a patch where needed. Steve stated that they could run the coke plant for a couple of years using ceramic welding and whatever immediate fixes may be necessary and get money out of the plant. They said it has the potential to produce $100 million per year. They felt they were taking a long-term approach to the battery.

Kushal Som asked for records related to some of their statements to which one of the Beemsterboers replied,"They're all in Springfield. " Apparently there are sworn testimonies, activity books, checklists, etc.

Wojo asked if any maintenance was performed on the plant during the intervening time period from Feb 2002 (cold idle) until the Dec 30, 2002 sale of the property. Keith Nay stated that the plant was winterized. Steam and water pipes were flushed and other activities performed. Simon stated that at no time was there a lapse in security at the front gate. Keith Nay stated that there was a general respect for the property by former LTV employees who had to leave the premises after the bankruptcy. He said that offers were made by steel companies willing to pay big money for spiral coolers laying dormant at the plant. He said that they turned down those offers because they felt that the plant would operate again.

Apparently, the Beemsterboer group acquired the property on December 30, 2002.

In June 2003, Thyssen Krupp performed an analysis of the damaged battery. They provided cost estimates. The cost estimates are roughly as follows: $88 million for a battery pad-up rebuild (of which $18 million is for new brick); $6 million for the PROven system (a pressure- and emission control system for which a construction permit was applied for) and $10-12 million for the by-products plant. Steven said these costs were "elective" and that the plant could (theoretically) be operated on a bare bones investment of about 35 million dollars total.

Simon B. stated that Chicago Coke looked at financing, acquiring necessary permits, bought the ATUs and contacted agencies related to the re-starting of the plant.

We returned to clarify the timeline. In February 2002 the battery went cold. Reserve Iron and Marine were interested in obtaining the property through the bankruptcy court. Steven B. stated that they had a face-to-face meeting with the permit section in November 2003. He summarized the content of the meeting with the permit section by saying that there did not appear to be any problems.

Wojo then asked further questions. "Did they plan to increase production over historical levels?" Keith Nay responded that they did not plan to increase production over historical levels. He said production capacity was determined by the design ca[illegible] which was 2,765 tons of coal charged per day.

031 600 AMC
Chicago Coke Co. Inc.
Date of Inspection: May 07, 2004

DRAFT

Wojo asked what the implications of being considered a "new source" would mean to the present owners. Stephen B said that the main implication was "Time." Stephen B elaborated. He said that if they don't get their order for brick in, then the possibility exists that "two or three other batteries will get built before this one." (The brick has to be specially fabricated and there are limited producers of coke oven brick.) This could cost them eight or nine months of delay. He added that there are two permits pending in Ohio.

We went out and looked at the coke plant. (See photos.) According to Simon B, there was one employee on the grounds (John Banks) that was an electrician. He was not observed. There was no physical activity observed in operation throughout the plant. There was no loading or unloading activity of any kind observed. There did not appear to be anything unusual going on during the plant walkthrough. We observed the by-products plant. Most vessels were observed with covers opened and interiors clean. The light oil scrubber was observed open and free of packing material as stated by Keith Nay earlier. Spiral coolers in several areas were observed with open doors and clean. Many of the flanged connections to equipment were unbolted with the bolts and latching devices nearby, sometimes in garbage cans. Many of the bolts were heavily rusted.

There was standing water in several of the diked, secondary containment areas in the by-products plant. (Due to the nature of the materials processed in this area, there were requirements for stormwater detention and secondary containment.) The effect of this standing water on existing equipment was not determined. The water was colored green by an unknown colorant. One piece of equipment observed was heavily corroded (see photo). Some tanks were observed and it couldn't be determined whether they were empty or not.

In general, the disassembled equipment was left in an organized fashion. Covers removed from coolers were arranged in an orderly manner. Disconnected pipes were staged in segregated areas. More standing water was observed near the primary coolers.

The coke battery did not show obvious deficiencies. The doors were all intact. On the topside, the oven ports were topped with a fiber fax cerewool (an insulation material) and then by the ceramic lids. This arrangement would help protect the seal between the port and lid. Only one bolt was left on each gooseneck as stated earlier in earlier discussion. In the basement of the battery, linkages were disconnected and dampers closed. Bolts were removed from the buckstays, to allow for movement during thermal gradients during cool down. Dampers were closed to prevent air movement. We could not access the corbelling area where the brickwork under the battery was damaged. This could only be observed by dangerous entry inside the battery. The battery doors were in good condition (these had been replaced relatively recently.)

The quench tower and combustion stack were still standing. No major structural damage was evident nor was there evidence of vandalism or looting.

Impressions after the walkthrough: The coke plant has not operated in [illegible]. The condition of equipment for the most part seemed pretty good. The con

031 600 AMC
Chicago Coke Co. Inc.
Date of Inspection: May 07, 2004
DRAFT

water-cooling towers, exhausters, turbines and compressors in the plant was not determined. We did not positively determine that pipes, tanks and lines were empty; however there did not appear to be any liquid leaks, unattended sludges or organic odors.

Other Information:

In the time period 1994-95, LTV spent $34 million (per Keith Nay) on a project to rebrick all the "end flues." The end flues are the brick nearest to the doors which are subject to the most thermal stress due to the number of heating/cooling cycles they experience as they are closer to the doors which open on an almost daily basis during operation.

Following the end flue rebricking, LTV had an ongoing ceramic welding program in place. Ceramic welding involves filling cracks in each oven with a ceramic filler in a labor-intensive process.

Attachments:

1. Photos of coke plant. 18 photos/nine pages. (Separate file.)

031 600 AMC
Chicago Coke Co. Inc.
Date of Inspection: May 07, 2004

DRAFT

CONFIDENTIAL- INTERNAL AGENCY USE ONLY

Conclusions:

05/07/04 J.Kotas:

An inspection was conducted at the former LTV coke plant now owned by Chicago Coke Co. Inc. Three of the owners, Simon, Stephen and Allen Beemsterboer and a former LTV employee provided information.

The former LTV employee's (Keith Nay's) statements about the condition that the plant was left in were corroborated by the plant tour. He stated that certain activities were performed and we found that those activities were generally carried out- such as the level of cleanliness of the vessels, the removal of bolts, the removal of scrubber packing. (Note that many of these items did not represent the expenditure of much capital, save the environmental cleanup. The removal of bolts, the placing of insulation under the lids, the winterizing activities consisting of draining of water from pipes are do not seem extremely costly and could be performed by employees with little else to do.)

The Beemsterboer's questioned the permit denial, which has caused a scheduling problem with the ordering of brick for a pad-up rebuild. They stated that the denial has also caused a problem with a closing date on a property transfer with their potential buyer, ISG. They felt that they had acted in good faith with the IEPA and been on a track for a smooth transition with the existing LTV Title V permit but that the permit denial has caused a potentially expensive setback and perhaps could mean no sale to ISG.

JK/tl
Chicagocoke050704draft

cc: Ed Bakowski/Central File/BOA
BOA DesPlaines Regional File

TDL/Rev.- 05/15/03

RESPONDENT'S EXHIBIT 3

SALE AND PURCHASE AGREEMENT

THIS SALE AND PURCHASE AGREEMENT (" Agreement") is made and entered into as of the 15 day of Nov., 2002, by and between the LTV STEEL COMPANY, INC., a New Jersey corporation ("Seller") and CALUMET TRANSFER LLC, an Illinois limited liability company ("Purchaser").

WITNESSETH:

WHEREAS, Seller is the owner of certain real property located in the city of Chicago, Cook County, Illinois; and

WHEREAS, on December 29, 2000, Seller and forty-eight (48) of its affiliates commenced voluntary cases for reorganization under chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 101-1330 (the "Bankruptcy Code"), in the United States Bankruptcy Court for the Northern District of Ohio (the "Bankruptcy Court"); and

WHEREAS, subject to the terms and conditions set forth in this Agreement, Seller desires to sell to Purchaser, and Purchaser desires to purchase from Seller, such property.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and conditions set forth herein, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. SALE AND PURCHASE.

(a) On the terms and subject to the conditions set forth in this Agreement, Seller shall sell and convey to Purchaser and Purchaser agrees to purchase and acquire from Seller, at the Closing (as defined in Section 4 hereof), all right, title and interest of Seller in and to the real property designated in green on the map attached hereto as Exhibit "A", comprising approximately 100 acres, more or less, together with all improvements and appurtenances pertaining thereto,

situated in Chicago, Cook County, Illinois (the "Real Property"), sometimes referred to in certain recorded documents as the Coke Plant Parcel. Certain air credits ("Air Credits") associated with the operation of the boilers are specifically excluded from the Real Property and those Air Credits may be sold to Purchaser or a third party as a separate transaction, which may or may not take place before the Closing. Any sale of the Air Credits to a third party would not give that third party any rights whatsoever with respect to the operation of the boilers or the Real Property.

(b) The Real Property will be sold **"AS IS"** and **"WHERE IS"** by Seller to Purchaser pursuant to a quitclaim deed in substantially the form annexed hereto as Exhibit "B" (the "Deed").

2. PURCHASE PRICE. Purchaser shall pay to Seller as the purchase price for the Real Property the sum of Eight Hundred Fifty Thousand Dollars ($850,000) (the "Purchase Price"). The Purchase Price shall be payable as follows:

(a) Upon execution of this Agreement, Eighty-Five Thousand Dollars ($85,000) shall be deposited as earnest money (the "Earnest Money") in an account with US Title Agency, Inc., 1111 Chester Avenue, Suite 400, Cleveland, OH 44114 (the "Escrow Agent"). The interest earned on the Earnest Money (if any) shall be deemed to have been earned by Purchaser for income tax purposes, but shall be added to and become part of the Earnest Money; and

(b) At the Closing (as defined in Section 4 hereof), the Purchase Price less the amount of the Earnest Money, as adjusted by the prorations, if any, set forth herein shall be paid in immediately available United States funds by certified or cashier's check to the order of Seller or Escrow Agent, as Seller shall direct, or by wire transfer to an account designated by Seller.

3. CONDITIONS PRECEDENT TO CLOSING.

(a) The obligations of Seller set forth in this Agreement are subject to receipt by Seller, on or prior to the Closing of the Purchase Price, in accordance with the terms of this Agreement.

(b) The obligations of Purchaser set forth in this Agreement are subject to receipt by Purchaser, on or prior to the Closing of (i) the Deed, duly executed and acknowledged by Seller, (ii) delivery for recording of the Easement Agreement described in Section 24 hereof and (iii) the Title Commitment, in accordance with the terms of this Agreement.

(c) The obligations of each of Seller and Purchaser set forth in the Agreement are subject to (i) the Sale Motion (as defined in Section 33 hereof) becoming a final non-appealable sale order ("Sale Order"), and (ii) the execution and delivery of the Assignment And Assumption Agreement, as hereinafter described in Section 21, hereof.

(d) Seller and Purchaser shall each provide to the other at or prior to Closing such additional or further items, documents or instruments, and shall cooperate with each other in such manner, as either may reasonably request to accomplish the transactions contemplated in this Agreement.

4. CLOSING. Subject to the terms and conditions set forth herein, Seller shall deliver possession of the Real Property to Purchaser at the Closing. Closing of the transactions contemplated in this Agreement (the "Closing") shall occur at the offices of the Escrow Agent, on the date which is no more than ten (10) days after the Sale Order is final, but in no event shall the date be later than December 30, 2002, unless Seller and Purchaser shall have agreed in a mutually signed writing to a later date. Time shall be of the essence as to any date of performance hereunder.

5. TITLE COMMITMENT; OBJECTIONS TO TITLE.

(a) Seller, at its sole cost and expense, has delivered an existing title commitment Number 1401-007971925, effective June 17, 2002 to Purchaser issued by Chicago Title Insurance Company at the request of the Escrow Agent (the "Commitment") with respect to the Real Property (exclusive of mineral right(s). Purchaser has reviewed the Commitment and has no Title Objections, as defined below. Purchaser has the right, but not the obligation, within the first five (5) days after the effective date of this Agreement, at its sole cost and expense to order a new title commitment or an update of the Commitment (collectively "Commitment Update"). Purchaser shall give Seller written notice of any alleged title defect or encumbrance affecting the Real Property (a "Title Objection") not later than three (3) days after Purchaser's receipt of the Commitment Update, provided that only new and material defects or encumbrances shall be subject to such Title Objection. Failure to give such notice within such time shall constitute an irrevocable waiver by Purchaser of its right to make any Title Objection. Seller shall have four (4) days following its receipt of any Title Objection from Purchaser to remove or cure any defects or encumbrances set forth in such Title Objection or agree to at Closing, but shall not be obligated to do so. If, upon expiration of such four (4) day period, or upon written notice from Seller that Seller shall not cure or remove the defects or encumbrances set forth in the Title Objection, Purchaser may elect, by written notice given to Seller within three (3) business days after the expiration of such four (4) day period, or receipt of Seller's notification, either to proceed to Closing nevertheless, in which case such defects or encumbrances shall, upon such notice, be deemed irrevocably waived by Purchaser, or terminate this Agreement. In the event Purchaser elects to terminate this Agreement, the Earnest Money shall be returned to Purchaser and neither party shall have any further liability to the other hereunder or in respect to the transactions contemplated hereby. Failure of

Purchaser to give notice of termination within such three (3) day period shall be deemed an irrevocable election by Purchaser to waive the Title Objection and Purchaser shall proceed to Closing.

(b) Purchaser agrees that the following matters will not be the subject of a Title Objection:

(i) Printed standard general exceptions listed in Schedule B, Part I, of the form of owner's title insurance policy issued by Escrow Agent; and

(ii) Such imperfections of title as are not so substantial as to materially impair or interfere with the planned use of any portion of the Real Property by Purchaser.

(c) In the event Purchaser wishes to obtain the Commitment Update or convert the Commitment into a title insurance policy, the premiums for such insurance or Commitment Update shall be at the Purchaser's sole cost and expense.

6. SURVEY. Seller does not have a survey of the Real Property and shall not be obligated to provide one to Purchaser. Purchaser acknowledges and agrees that Seller shall have no liability to Purchaser related to failing to provide a current survey of the Real Property. Seller shall make available for review by Purchaser all drawings and property maps that it has in its files with respect to the Real Property, with no representations or warranties of any kind that the information provided by Seller is complete or accurate.

7. DEFAULT; FAILURE TO CLOSE. If the transactions contemplated hereby do not close as a result of Purchaser's failure to perform its obligations under the terms of this Agreement, the sole and exclusive remedy of Seller shall be to terminate this Agreement and retain the Earnest Money as liquidated damages. Except as provided in Section 13 of this Agreement, if the transactions contemplated hereby do not close as a result of Seller's non-performance of its obligations under this Agreement, Purchaser shall be entitled, by written notice given to Seller, as its sole and exclusive remedy, either: (a) to terminate this Agreement and to a return of the Earnest Money in full and final satisfaction of all of Seller's obligations to Purchaser hereunder

and, upon such return, Purchaser shall have no other remedy against Seller in respect of such failure to perform; or (b) to the extent permitted at law or in equity, the right to specific performance against Seller, provided that if Purchaser seeks but does not obtain such specific performance, and the failure to close was due solely to Seller's non-performance of its obligations under this Agreement, the Earnest Money shall be returned to Purchaser.

8. PRORATION. Seller and Purchaser shall, as of the Closing, and on a basis consistent with the fiscal or calendar year (whichever is applicable) of the taxing authority for the billing period for any entity that renders bills, calculate or prorate between themselves, for the year in which the Closing occurs all real estate taxes, except for special assessments or bills arising from actions or petitions initiated by Purchaser which shall be Purchaser's sole responsibility. Purchaser shall be entitled to a credit against the Purchase Price, if and to the extent that such taxes have accrued for the year in which the Closing occurs, but remain unpaid as of the Closing. Any tax refund due on the Real Property for tax years on which Seller has filed an appeal shall be paid to the Seller. If the tax refund due Seller is credited against tax liabilities for the Real Property after the Closing, Purchaser shall immediately pay the amount of the tax refund credit to Seller, in cash. In the event that the tax bill(s) for the year in which closing occurs is less than the tax credit Purchaser was given at Closing, then Purchaser shall immediately pay to Seller, in cash, the difference between that credit at the adjusted tax amount.

9. EXPENSES OF SELLER. Seller shall pay the following expenses of this transaction:

(a) one-half (1/2) of the escrow fee;

(b) commissions due to Broker pursuant to Section 11 hereof;

(c) all other expenses incurred by Seller in the course of performing its obligations under this Agreement.

10. EXPENSES OF PURCHASER. Purchaser shall pay the following expenses of this transaction:

(a) all real estate transfer fees and transfer taxes;

(b) one-half (1/2) of the escrow fee;

(c) the fees for filing and recording the Deed, Easement Agreement and other documents;

(d) the cost of any Survey or Commitment Update and the cost of the premium for title insurance, if requested by Purchaser; and

(e) all other expenses incurred by Purchaser in the course of performing its obligations under this Agreement.

11. BROKER. In connection with this transaction, Seller represents and warrants to Purchaser that Colliers International ("Broker") was employed by Seller for the purpose of bringing about the sale hereby contemplated. Purchaser represents and warrants to Seller that no broker or agent was employed by Purchaser for the purpose of bringing about the sale hereby contemplated. Any commissions or fees due to Broker are the sole responsibility of Seller. Each party agrees to indemnify and save harmless the other party against any costs or charges for broker's commissions or finder's fees which might arise from its employment of a broker or agent other than Broker and in connection with this transaction.

12. INSPECTION OF ACQUIRED PROPERTY; CONFIDENTIALITY.

(a) Purchaser shall have the right to enter upon the Real Property, during normal business hours, for the purpose of inspecting and surveying the Real Property. Purchaser shall give Seller prior notice of the time, scope and manner of such inspection.

(b) Seller shall provide Purchaser with access to its records and data relative to the Real Property; however, Seller does not warrant or represent the accuracy, completeness or reliability of the records or data offered for review.

(c) Purchaser shall indemnify and hold Seller harmless from any and all liabilities, losses, costs and expenses (including court costs and reasonable attorneys' fees) incurred by Seller due to the death or injury of any person and damage to any property caused by or arising out of any inspection of the Real Property pursuant to this Section 12.

(d) Purchaser shall, upon request of Seller and at no cost, deliver to Seller split or companion samples resulting from any inspection or testing of the Real Property.

(e) Purchaser shall, except to the extent required by law, retain in strict confidence any information obtained in conjunction with any inspection of the Real Property. In the event that Purchaser reasonably concludes that applicable law requires Purchaser to report to any government or governmental agency any information obtained by an inspection of the Real Property, Purchaser shall so report only after providing Seller with prior written notice of its intent to do so and copies of any documents to be delivered to such government or governmental agency. The restrictions in this subparagraph shall not apply to information that is in the public domain at the time of disclosure or to information that was in Purchaser's possession prior to the execution of this Agreement, as evidenced by written records, unless provided by Seller to Purchaser pursuant to that Confidentiality Agreement dated September 26, 2002.

13. BANKRUPTCY MATTERS. Seller agrees that, as promptly as practicable after execution of this Agreement by the Parties, Seller shall file a motion (the "Sale Motion") with the Bankruptcy Court seeking approval of this Agreement and the transactions contemplated hereunder, including the sale of the Real Property to Purchaser free and clear of all liens, claims and encumbrances. Notwithstanding the foregoing and in order for the Seller to comply with its fiduciary duties under the Bankruptcy Code, Purchaser acknowledges that Seller may solicit additional offers and may accept any other offer for the Real Property upon terms and conditions that Seller in its sole discretion, deems higher or better than the terms and conditions of this Agreement (a "Higher or Better Offer"). Nothing herein shall preclude Purchaser from bidding at any such auction. Seller may submit such Higher or Better Offer to the Bankruptcy Court at the Sale Hearing and, effective upon the Bankruptcy Court's approval of such Higher or Better Offer, this Agreement shall terminate without further liability on the part of any Party to the other hereunder or in respect

of the transactions contemplated hereby; except that, if such termination occurs, Sellers shall cause the Escrow Agent to disburse the Earnest Money to Purchaser.

14. ASSUMPTION OF LIABILITIES. As additional consideration, as of the Closing, Purchaser assumes liability for all claims arising from the ownership, use, possession or condition of the Real Property, regardless of whether (i) such claim is brought against Purchaser or Seller, (ii) such claim arose from circumstances, events or actions before or after the Closing, or (iii) such circumstances, events, actions or claims are foreseeable or unforeseeable, known or unknown, contingent or otherwise (the "Assumed Liabilities"). Without limiting the foregoing, the Assumed Liabilities include, (1) all liability to any government or governmental agency relating to the environmental condition of the Real Property, (2) any liability for injury to any person, property or otherwise resulting from any pollution of the air, water or soil, and (3) any liabilities under any federal, state or local law or regulation, including but not limited to, the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C., Section 9601 et. seq., the Clean Air Act, as amended, 42 U.S.C. § 7401, et seq.; the Clean Water Act, 33 U.S.C. § 1251 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq.; the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601, et seq.; the Safe Drinking Water Act, 42 U.S.C. § 300f, et seq.; the Toxic Substances Control Act, 15 U.S.C. § 2601, et seq.; the Rivers and Harbors Act, 33 U.S.C. § 401, et seq.; the Hazardous Material Safety Act, 49 U.S.C. § 5101 et seq.; and the Endangered Species Act, 16 U.S.C. § 1531, et seq. and any amendments thereto together with any similar or analogous federal, state, provincial or local laws, common law, local rule, regulation (including, without limitation, any future change in judicial or administrative decisions interpreting or applying any of the laws, rules or regulations referred to herein) relating to emissions, discharges, releases or threatened releases of any regulated substance into ambient air, land, soil, subsoil, sediment, surface water or groundwater (collectively, the "Environmental Laws"); provided, however, Assumed Liabilities shall not include and Seller shall specifically retain (a) all claims and liabilities for the wrongful conduct of Seller, Seller's agents or employees

including but not limited to workers' compensation claims, except to the extent they constitute Assumed Liabilities under (1), (2) or (3) above, (b) any liability for franchise, income, payroll or other taxes relating to periods prior to the Closing, and (c) any liability for judgments against Seller rendered prior to the Closing.

15. DISCLAIMER OF WARRANTIES; LIMITATION OF LIABILITY. EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, PURCHASER ACKNOWLEDGES THAT THE CONVEYANCE OF THE REAL PROPERTY SHALL BE MADE BY SELLER WITHOUT REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, PURCHASER AGREES TO ACCEPT THE REAL PROPERTY "AS IS" AND "WHERE IS" WITHOUT RECOURSE AGAINST SELLER. WITHOUT LIMITING THE FOREGOING, AND EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, SELLER SHALL NOT BE LIABLE TO PURCHASER FOR ANY DAMAGE OR LOSS (INCLUDING, BUT NOT LIMITED TO LIABILITIES, COSTS AND EXPENSES) ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, WHETHER IN CONTRACT OR IN TORT, OR BY REASON OF ANY LOCAL, STATE OR FEDERAL LAWS OR REGULATIONS (INCLUDING BUT NOT LIMITED TO THE ENVIRONMENTAL LAWS. IN NO EVENT SHALL SELLER BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, EVEN IF SELLER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

16. NOTICES. All notices required under this Agreement to be given by either party to the other shall be in writing and shall be deemed to have been given or made (a) upon deposit, if sent by United States mail, with first class postage attached, (b) if sent by hand or overnight delivery, upon delivery thereof, and (c) if

sent by telex or fax, upon confirmation of receipt of such telex or fax, in each case addressed to the respective parties as follows:

If to Seller: LTV Steel Company, Inc.
5800 Lombardo Center, Suite 200
Rock Run South
Seven Hills, OH 44131
Attn: General Counsel
Fax: (216) 642-4595

with copy to: Colliers International
1100 Superior Avenue East, Suite 800
Cleveland OH 44114
Attention: Managing Director, Corporate Services
Fax: (216) 861-4672

If to Purchaser: Calumet Transfer LLC;
c/o Beemsterboer Slag Corp
16807 South Park Avenue
P.O. Box 280
South Holland, IL 60473
Attention: S. P. Beemsterboer
Fax: (708) 339-7065

with copy to: Sheldon L. Lebold
16061 S. 94th Ave., Orland Hills, IL 60477 Fax: (708)349-6628

17. BINDING EFFECT; ASSIGNMENT. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns, provided, however, this Agreement may not be assigned by Purchaser without the prior written consent of Seller, which consent shall not be unreasonably denied or delayed, provided that any such assignment shall not relieve Purchaser of its obligations under this Agreement.

18. CONDEMNATION. Seller has no knowledge of any condemnation or eminent domain proceedings pending against the Real Property as of the date hereof. In the event that the Real Property or a material part thereof shall have been taken by eminent domain or shall be in the process of being so taken on or prior to the Closing, Purchaser shall have the option, exercisable within ten (10) days of notice from Seller of such proceeding, of (i) terminating this Agreement and, in such event, the parties shall have no further liability,

hereunder or otherwise, to each other, except that the Earnest Money shall be returned to Purchaser, or (ii) closing under this Agreement and accepting the proceeds of such taking.

19. ENTIRE AGREEMENT. This Agreement represents the entire and complete agreement of the parties with respect to the subject matter hereof. There are no present or prior understandings, commitments, representations or contracts between the parties hereto with reference to the subject matter hereof, other than as set forth herein.

20. GOVERNING LAW. This Agreement shall be construed and enforced in accordance with the laws of the State of Illinois.

21. ASSUMPTION AND ASSIGNMENT. The Real Property is benefited by certain easements and other agreements, which the parties hereto agree should be assigned to Purchaser (the "Assigned Agreements") identified on Attachment 1 to Exhibit "C". At the Closing the parties hereto will execute an Assumption and Assignment Agreement substantially in the form attached hereto as Exhibit "C", whereby Seller shall assign to Purchaser and Purchaser shall assume from Seller the Assigned Agreements. The parties hereto agree that if other agreements are discovered prior to the Closing that should appropriately be assigned to Purchaser, such agreements will be added to the list of Assigned Agreements.

22. SURVIVAL OF PROVISIONS. Notwithstanding anything to the contrary herein, the terms and conditions contained in Sections 5(a), 6, 7, 8, 9, 10, 11, 12(c) (d) and (e), 13, 14, 15, 16, 17, 18, 19, 20, 21, 23 and 24 hereof shall survive Closing or any earlier termination of this Agreement.

23. INSURANCE RIGHTS. Pursuant to the terms and subject to the conditions of this Agreement, the Seller does hereby, effective as of Closing, assign, transfer, convey and deliver to Purchaser, and Purchaser

shall at Closing acquire from Seller, a joint interest with the Seller in and to all rights to coverage under the general liability insurance policies and reinsurance policies that the Seller and/or its predecessors and affiliates acquired prior to the Closing (the "Pre-Closing Policies") with respect to the Real Property that is acquired and/or assumed by Purchaser pursuant to this Agreement or any document delivered pursuant thereto. For the avoidance of doubt, the Seller does not hereby assign, transfer, convey and/or deliver any joint interest in any rights to coverage under the Pre-Closing Policies that do not relate specifically to the Real Property.

Pursuant to the terms and subject to the conditions of this Agreement, Purchaser does hereby, effective as of Closing, assign, transfer, convey and deliver to the Seller the right to any and all proceeds and/or any and all amounts collected or recovered by such Purchaser after the Closing from the Pre-Closing Policies' insurers and/or reinsurers (or any assignee or successor thereto) with respect to the Pre-Closing Policies.

Effective as of the Closing, Purchaser agrees that the Sellers will be solely responsible for the prosecution of claims with respect to the Pre-Closing Policies, and Purchaser shall not independently seek to prosecute claims with respect to the Pre-Closing Policies without the prior written consent of the Seller. In no event shall Sellers have any liability to Purchaser as the result of the manner in which Seller undertakes or fails to undertake the prosecution of claims. Purchaser hereby acknowledges and agrees to provide reasonable assistance to the Seller, at the Seller's expense, that the Seller might reasonably request in connection with the Seller's prosecution of claims with respect to the Pre-Closing Policies. Notwithstanding the foregoing, Purchaser shall not be required to insure any expense unless Seller has advanced the amount thereof to Purchaser. Any expenses which Purchaser may incur concerning the prosecution of claims with respect to the Pre-Closing Policies which are incurred other than as a result of Seller's request for assistance shall be borne by Purchaser. The parties hereto hereby acknowledge that the Seller might need access to certain non-public information regarding the Real Property and might need to provide such non-public information regarding the Real Property to the Pre-Closing Policies' insurers and/or reinsurers. Purchaser shall not unreasonably

withhold such information or restrict the ability of Seller to provide such information to the Pre-Closing Policies' insurers and/or reinsurers. For the avoidance of doubt, the parties hereto hereby acknowledge that the Seller's access to and provision of such non-public information to the Pre-Closing Policies' insurers and/or reinsurers for the purpose of the prosecution of claims with respect to the Pre-Closing Policies will not violate any obligations of confidentiality, which Seller may have to Purchaser. Purchaser will execute any releases relating to the Pre-Closing Policies that are reasonably required by a Pre-Closing Policies' insurer and/or reinsurer in order for the Seller to prosecute and/or settle any claims with respect to the Pre-Closing Policies, provided that no such release contains any affirmative obligation for Purchaser or otherwise adversely affects Purchaser's use of the Real Property.

24. UTILITY EASEMENTS: At or prior to Closing, Seller shall grant certain utility easements for existing utility lines (the "Easement Agreement") over, under and across other lands owned by seller, located to the east of the Real Property. The Easement Agreement is attached hereto as Exhibit D-1 and will be assigned to Purchaser at Closing, pursuant to Section 21 hereof.

IN WITNESS WHEREOF, the parties have hereunto caused this Agreement to be executed in duplicate original counterparts on the day and year first written above.

SELLER:

LTV STEEL COMPANY, INC.

By: Glenn J Mora
Print Name: Glenn J MORAD
Title: CEO

PURCHASER:

CALUMET TRANSFER L.L.C.

By: Alan C. Bramstedt
Print Name: Alan C. Bramstedt
Title: Manager

EXHIBIT B

Assumed Agreements

WATERLINE EASEMENT from South Chicago Property Management Company, LTD to LTV Steel Company, Inc. dated April 27, 1998, recorded May 12, 1998 as Document 98390562.	$0.00
ALTERNATIVE ACCESS EASEMENT from South Chicago Property Management Company, LTD to LTV Steel Company, Inc. dated June 29, 1998, recorded on July 17, 1998 as Document 98620506.	$0.00
SIGN EASEMENT from South Chicago Property Management Company, LTD to LTV Steel Company, Inc. dated June 29, 1998, recorded on July 17, 1998 as Document 98620507.	$0.00
POWERLINE EASEMENT from South Chicago Property Management Company, LTD to LTV Steel Company, Inc. dated June 29, 1998, recorded on July 17, 1998 as Document 98620508.	$0.00
CORRIDOR EASEMENT from South Chicago Property Management Company, LTD to LTV Steel Company, Inc. dated June 29, 1998, recorded on July 17, 1998 as Document 98620505.	$0.00
NITROGEN LINE EASEMENT from South Chicago Property Management Company, LTD to LTV Steel Company, Inc. dated June 29, 1998, recorded on July 17, 1998 as Document 98620510.	$0.00
PUMPHOUSE EASEMENT from South Chicago Property Management Company, LTD to LTV Steel Company, Inc. dated June 29, 1998, recorded on July 17, 1998 as Document 98620509.	$0.00
UTILITY EASEMENTS that LTV Steel Company, Inc. shall, prior to Closing, place on other lands that it owns located east of the Chicago Coke Property and east of the Railroad right-of-way for an existing powerline, telecommunications line, water line and a nitrogen pipeline.	$0.00

ASSUMED AGREEMENTS

AGREEMENT	CURE AMOUNT
RR GRADE CROSSING EASEMENT reserved in the deed from Defense Plant Corporation to South Chicago & Southern Railroad Company dated June 2, 1945.	$0.00
PERMIT FOR 54-INCH PIPELINE IN THE CALUMET RIVER from the Department of the Army Corps of Engineers dated December 21, 1973.	$0.00
WATER INTAKE PERMIT No. 2000-113 issued on October 1, 1999 by the State of Illinois, Department of Natural Resources, Office of Water Resources.	$0.00
NPDES PERMIT No. 110002593 issued March 10, 1997 by Illinois EPA, Division of Water Pollution Control. (Expired, renewal application pending.)	$0.00
WATER DISCHARGE AUTHORITY No. 10208-3.1, renewed as DA No. 10208-4, issued by Metropolitan Water Reclamation District of Greater Chicago Industrial Waste Enforcement/Pretreatment Section. (Expires 9/30/02, renewal application pending.)	$0.00
VARIOUS AGREEMENTS WITH COMMONWEALTH EDISON (Electric Service Station Agreement dated March 31, 1994; Electric Service Station Agreement dated April 10, 1986; Electric Service Contract dated July 17, 1969; Easement Agreement dated April 25, 1956) with respect to ownership of equipment within the Substation located at the southwest corner of the property and power lines that cross the property.	$0.00
PIPELINE EASEMENT from LTV Steel Company, Inc. to Union Carbide Industrial Gases, Inc. (nka Praxair) dated December 1, 1990.	$0.00
LEAD TRACK EASEMENT from South Chicago Property Management Company, LTD to LTV Steel Company, Inc. dated April 27, 1998, recorded May 12, 1998 as Document 98390563.	$0.00
POWERLINE EASEMENT from South Chicago Property Management Company, LTD to LTV Steel Company, Inc., dated April 27, 1998, recorded May 12, 1998 as Document 98390560.	$0.00
FENCE MAINTENANCE EASEMENT from South Chicago Property Management Company, LTD to LTV Steel Company, Inc. dated April 27, 1998, recorded May 132, 1998 as Document 98390561.	$0.00

RESPONDENT'S EXHIBIT 4

County of Cook)
State of Illinois)

AFFIDAVIT OF MICHAEL A. GRATSON

1. My name is Michael A. Gratson. I currently reside at 196 Wexford Road, in Valparaiso, Indiana. I had worked for LTV Steel Company for 28 years, the last 10 years as Plant Manager of the Chicago Coke Plant.

2. When LTV filed for Chapter 11 bankruptcy, the decision was made to hot-idle the facility pending its sale.

3. Corporate personnel were given the assignment of soliciting bids for the purchase of the plant. Corporate personnel contacted operating companies that might have an interest in each plant, such as Koppers Industries, Shenango, Inc., and others. All of the major integrated producers, such as U.S. Steel, Bethlehem and Ispat Island sent teams of managers to review these assets first-hand.

4. The Chicago facility was placed in hot-idle on December 29, 2001. During the hot-idle, the coke oven battery was maintained at a minimum temperature, using natural gas, to prevent contraction of the refractory materials and facilitate prompt coke production upon restart.

5. All during this time, plans were being developed for continued operation in hot-idle, then the transition to cold-idle, and to perform these duties in such a fashion that the plant could be restarted at a later date. A shutdown team of LTV, URS and Clean Harbors personnel isolated, purged and cleaned each operating piece of equipment in the plant. All of this was performed in a non-destructive manner, using high-pressure water blasting equipment to open and clean equipment, rather than torches, without performing any demolition work during this period whatsoever.

6. The decision by the bankruptcy trustee, to terminate natural gas firing to the coke oven battery, was done to conserve natural gas costs. Long-term use of the coke oven battery will require the replacement of the refractory brick. A battery is constructed primarily of silica brick, which must be maintained hot to maintain its structural integrity. Other than the pad-up rebuild of the battery, the rest of the plant will be able to be reused.

FURTHER AFFIANT SAYETH NOT.

Michael A. Gratson

Michael A. Gratson

Subscribed and sworn to before
me this 3 day of May, 2004.

Notary Public

OFFICIAL SEAL
CONSTANCE V KNOLL
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 03/21/08

RESPONDENT'S EXHIBIT 5

County of (COOK).

State of (ILLINOIS)

AFFIDAVIT OF KEITH G. NAY

1. My name is Keith G. Nay. I currently reside 260 Primrose Circle, in Chesterton, Indiana. I worked for LTV Steel for 28 years, the last 18 years as Plant Engineer of the Chicago Coke Plant. Currently employed by URS Corp. and providing consulting services to the facility.

2. In December of 2001, the Chicago facility was put into holt-idle mode. As no buyers for the facility were found, the facility was placed in cold-idle status in February of 2002. I participated in the activities for idling the facility, including working with contractors such as URS and Clean Harbors to clean almost 200 tanks, vessels, heat exchangers and sumps, along with associated piping and lines, pads and containment areas. This work was done with efforts to minimize the impact to the equipment, so that it could be readily reused. None of the restart equipment at the facility was demolished or removed. Certain materials, that can be used when operations resume, remain at the facility for use by the new owner.

3. Cessation of natural gas firing to the coke oven battery necessitates and routinely causes replacement of some of the refractory brick in the coke oven battery. Replacement of brick in this fashion is known as a pad-up rebuild. Pad-up rebuilds are customary and routine activities that occur over the life of a coke oven battery. Pad-up rebuilds can provide reductions in actual emissions, especially for fugitive emissions. This is particularly true when compared with the emissions that would occur from operating the current coke oven battery without conducting a pad-up rebuild at this time. The re-bricking of the coke oven battery will have to occur when the coke oven battery is out of service. Other portions of the facility have been determined to be available for restart with minimal work needed.

4. The facility has maintained full-time security, as well as a full-time electrical supervisor, who continuously inspects and maintains systems throughout the plant.

5. Cost for this pad-up rebuild of the coke oven battery and installation of the PROven control system are estimated at $88 million. This includes approximately $18 million for the cost of the brick and $6 million for the PrOven System. Costs for replacement of a coke oven battery would be approximately $600 million. Construction of a new coke oven battery, byproducts plant and auxiliary equipment would approximate $1.2 billion.

FURTHER AFFIANT SAYETH NOT.

Keith G. Nay

Subscribed and sworn to before
me this 3 day of May, 2004.

Notary Public

OFFICIAL SEAL
ANN T HORVATH
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 10/28/

RESPONDENT'S EXHIBIT 6

CHICAGO COKE COMPANY, INC.

OFFICE: 16807 SOUTH PARK AVENUE, SOUTH HOLLAND, IL 60473
PHONE: (773) 785-6000
FAX: (708) 339-7065

May 3, 2004

VIA HAND DELIVERY

Mr. Donald E. Sutton
Manager, Air Permits Section
Illinois Environmental Protection Agency
1021 North Grand Avenue East
Post Office Box 19276
Springfield, Illinois 62794-9276

RE: Follow-up to Construction Permit Application
for Chicago Coke Company
Source ID No. 031600 AMC

Dear Mr. Sutton:

This letter is written to follow up on our meeting of April 26, 2004, wherein we discussed the Illinois Environmental Protection Agency's ("Illinois EPA") questions and concerns regarding the construction permit application that was filed for the PROven System. The Illinois EPA initially denied the construction permit application, due to the expiration of the Illinois EPA's review period and your staff apparently being unaware that our consultants had issued an extension of that review period on our behalf.

As we discussed at the meeting, it is unfortunate that the permit denial was issued, for several reasons. First, we have always been ready to provide any information needed by Illinois EPA to process the permit application. In fact, we met with some of your staff members as early as last Fall to discuss this project and did not receive any indication that Illinois EPA had any questions about this project until January. We, in turn, provided additional information in February to answer those questions. Then, again, we did not have any indication of further concerns on your staff's part until just before the permit denial was issued in late April. As you will see from the enclosed documentation, even the issues that have just now been raised regarding the permit application are easily answered. Unfortunately, the Illinois EPA's denial of our permit application has thrust this entire project into jeopardy. As we discussed at our meeting, a transaction was scheduled to close last Thursday with a company that would resume operations at this facility. The transaction was postponed, due solely to the concerns raised by the Illinois EPA's denial of the permit application. We only have a few days left to save this transaction and this facility.

Therefore, I would again ask that you consider the information in this submittal to supplement the construction permit application that was previously filed, for which we granted an extension of the Illinois EPA's review period. If you decide not to proceed in that fashion, I request that this submittal be deemed a reapplication, incorporating all of the information in the previous construction permit application. Again, I cannot overstate how important it is that you act upon this submittal within the next few days.

The discussion below answers the concerns raised in the Illinois EPA's permit denial. Several attachments are included to provide additional information and documentation of the points made in this letter.

I. GENERAL INFORMATION DESCRIBING THE COKE PLANT

This item requests a description of the principal pieces of equipment at the coke plant, including the coke oven battery, coal preparation, coke quenching and handling, and coke byproduct recovery facility. Details regarding this equipment are found in the facility's Clean Air Act Permit Program ("CAAPP") permit application and CAAPP permit. We have included, as Attachment 1, some information from the CAAPP permit application regarding these units. First, we have included a process flow diagram for the coke plant, which depicts the items of equipment referenced by Illinois EPA. Next, Attachment 1 contains process descriptions for the coke oven battery, including coal charging, coke pushing and coke quenching. The various methods of emission control during these processes are also discussed. The process description also contains information regarding the byproducts plant, utilities and material handling operations. Finally, Attachment 1 includes a listing of all of the significant emission units and control equipment at the facility.

II. PLANT SHUTDOWN AND MAINTENANCE FOR RESTART

Illinois EPA has requested information regarding the activities prior to shutdown, including draining equipment, disconnecting equipment, sealing or covering equipment, and other protective measures to prevent physical deterioration of equipment, with an explanation of the significance of these activities related to future operability of the plant. First, some background is in order to describe how and why the shutdown occurred. The facility and site were previously owned and operated by LTV Steel, Inc. ("LTV"). LTV filed for Chapter 11 bankruptcy in December 2000.[1] As a result of this filing, LTV's assets, including the coke facility, were controlled by the bankruptcy court. An asset protection plan was approved to idle

[1] Affidavit of William L. West, Attachment 2, at paragraph 2.

and sell LTV's facilities, including the site at issue.[2] As part of this plan, the facility was to be placed in hot-idle mode.[3]

In December 2001, the subject coke facility discontinued coke production and was put into hot-idle mode.[4] We have included, as Attachment 5, the narrative portion of the facility's plan for the hot-idle mode, which was prepared for the facility by Thyssen Krupp Encoke in November of 1999. This plan describes the extensive measures that were taken to purposely idle the plant in such a way that would minimize the effort and costs associated with restart of the facility.[5]

Illinois EPA has requested information regarding the activities undertaken to maintain equipment in anticipation for future operation. After the hot-idle plan was instituted, the facility maintained documentation that the hot-idle plan was being followed properly. A sample of this documentation is included as Attachment 6. The first document in Attachment 6 is a checksheet for the coke oven battery. This checksheet was required to be completed on every shift, i.e., three times per day. The checksheet lists the activities to be conducted, such as exercising certain pieces of equipment, or monitoring readings on certain pieces of equipment. The checksheet also lists the personnel that conducted the activities and their indication that the activities were completed. The second document in Attachment 6 is a weekly report summarizing all of the documentation in the checksheets for the prior week. As you can see, the documentation monitored activities conducted not only with the coke oven battery, but also with the byproducts plant, utilities and material handling. The entirety of these records is voluminous, spanning the entire period of the hot-idle mode.

As the time period for sale of the property stretched out, the facility was placed into cold idle-mode on February 5, 2002.[6] Attachment 7 contains a list of activities that were undertaken for the cold shutdown of the coke oven battery, utilities, byproducts plant, material handling, and other general items. Attachment 7 also contains the procedure that was followed for the cold shutdown of the coke oven battery. The facility, along with URS and Clean Harbors, carefully

[2] Affidavit of William L. West, Attachment 2, at paragraph 3.

[3] Affidavit of William L. West, Attachment 2, at paragraph 4; Affidavit of Michael A. Gratson, Attachment 3, at paragraph 2.

[4] Affidavit of Keith G. Nay, Attachment 4, at paragraph 2.

[5] Affidavit of William L. West, Attachment 2, at paragraph 5; Affidavit of Michael A. Gratson, Attachment 3, at paragraph 5.

[6] Affidavit of Keith G. Nay, Attachment 4, at paragraph 2.

cleaned almost 200 tanks, vessels, heat exchangers and sumps, along with associated piping and lines, pads and containment areas.[7]

Thyssen Krupp Encoke ("TKE") conducted an inspection of the facility in May of 2003. (See discussion at page 7 as well.) The purpose of the inspection was to determine the condition of the facility with respect to resuming long-term operations. A report of this inspection, with respect to the tasks needed for the coke oven battery, is included as Attachment 8. Page 2 of this report states that the plant was properly "mothballed" when it was idled and "extensive effort was made to protect the structure, equipment and the piping." The report also stated on page 2 that "except for the refractory, a majority of the rest of the facility can be refurbished and reused." This report documents that the facility followed the cold-idle procedures and did everything it could to maintain the facility's ability for resumed operation.

The inspection report notes on page 5 that the cold shutdown of the coke oven battery requires replacement of the refractory in the coke oven. Termination of natural gas to the coke facility was a bankruptcy trustee decision, precipitated by the desire to conserve natural gas costs.[8] This type of repair and startup is referred to in the industry as a padup rebuild.[9] The other portions of the facility will require only minimal repairs and maintenance to resume operations.[10]

III. INTENT FOR RESTART

Illinois EPA has requested information regarding the intent of LTV and successor owners regarding the permanency of the facility shutdown and any plans to reopen the facility. First, the facility would never have gone through the extensive hot-idle procedures had it intended to permanently cease operations. During the hot-idle mode, the coke oven battery was maintained at a minimum temperature, using natural gas, to prevent contraction of the refractory materials and facilitate prompt coke production once the facility was sold.[11] The facility spent significant resources conducting the shift-by-shift activities that were documented in the checksheets, as well as the weekly reports summarizing the same, examples of which are contained in Attachment 6. These steps were developed as part of specific idling plans prepared for the facility. These actions would only be needed if the plant were intended to be restarted. The

[7] Affidavit of Michael A. Gratson, Attachment 3, at paragraph 5; Affidavit of Keith G. Nay, Attachment 4, at paragraph 2.

[8] Affidavit of Michael A. Gratson, Attachment 3, at paragraph 6.

[9] Affidavit of Keith G. Nay, Attachment 4, at paragraph 3.

[10] Affidavit of Keith G. Nay, Attachment 4, at paragraph 3.

[11] Affidavit of Michael A. Gratson, Attachment 3, at paragraph 4.

commitment of time, effort and money to follow these procedures demonstrates the intent of the facility to be restarted at some time in the future.

The Illinois EPA Bureau of Air was notified of the hot-idle mode, by LTV, in a letter dated January 11, 2002. A copy of that letter is included as Attachment 9. LTV notified the Metropolitan Water Reclamation District of Greater Chicago ("MWRDGC") of the hot-idle status in a letter dated December 28, 2001, which is included in Attachment 10. LTV's letter stated that it intended that operations would restart no earlier than March of 2002. MWRDGC's response acknowledging LTV's letter is also included in Attachment 10. These communications clearly demonstrate an intent to keep the facility viable for future operations.

The facility also expended great effort in methodically conducting the cold shutdown procedures. If there were no intent to restart the facility, the equipment would not have been handled as it was in an effort to preserve it for future use. For example, relevant portions of the cold shutdown work were performed with high-pressure water, in lieu of torches, so that the equipment would not be damaged and could be readily used when operations resumed.[12] The facility could have demolished the equipment and sold it or removed it for disposal. However, the facility went to great lengths to preserve the equipment for future operations.

No demolition of any buildings or process facilities that are needed for resumed operations has been conducted.[13] Therefore, all necessary equipment remains in place for use when operations resume. In fact, containers of certain materials needed to operate equipment remain on-site for use and are properly stored on spill-containment pallets in the drum storage shed.[14] In addition, full-time security has been maintained at the facility, along with a full-time electrical supervisor to continuously inspect and maintain systems throughout the plant.[15] Further, the facility has maintained winterizing activities. These activities include freeze protection on the potable water pump station, through the use of electric heaters, as well as draining of all water lines in facilities without heat.[16] All of these actions show that all possible efforts were undertaken to allow the facility to resume operations in the future with the minimal amount of activity necessary.

---

[12] Affidavit of Keith G. Nay, Attachment 4, at paragraph 2; Affidavit of Michael A. Gratson, Attachment 3, at paragraph 5.

[13] Affidavit of Keith G. Nay, Attachment 4, at paragraph 2.

[14] Affidavit of Keith G. Nay, Attachment 4, at paragraph 2.

[15] Affidavit of Keith G. Nay, Attachment 4, at paragraph 4.

[16] Affidavit of William L. West, Attachment 2, at paragraph 6.

On June 27, 2002, LTV applied to MWRDGC for renewal of its Discharge Authorization ("DA"). This request is included as Attachment 11. This request notes that cold-idle activities were still being conducted. Furthermore, the facility was requesting that discharge limits be maintained for full operation of the plant. Also included in Attachment 11 is MWRDGC's issuance of the DA renewal, dated September 4, 2002, wherein MWRDGC acknowledged the facility's intent to resume full-scale operations. These communications demonstrate a clear intent to preserve the facility's ability to resume operation.

The facility also maintained its CAAPP permit. LTV paid the annual permit fee until the time that the facility was sold.[17] On April 3, 2002, LTV notified Illinois EPA that it was pursuing the sale of the facility. LTV stated, however, that it "intends to preserve the full operating flexibility contained in the existing Title V permit." According to a recommendation from Jim Ross, LTV filed a minor modification application for its CAAPP permit, to reduce the permit fee pending sale of the facility. A copy of this submittal is included as Attachment 12. Importantly, the letter accompanying the request stated as follows:

> LTV also understands that such a reduction of the fee, however, does not prohibit it or a subsequent owner from resuming operations under permits which remain in effect so long as an additional air emission fee, corresponding to the increase in emissions from the resumed operations, is paid. Further in this connection, it is LTV Steel's understanding that operations may be resumed, upon the payment of whatever emission fee is required, without triggering regulations related to new source review or the prevention of significant deterioration. Stated otherwise, it is LTV Steel's understanding that in the event operations are resumed, the currently permitted sources will be treated as existing sources.
>
> LTV Steel submits this fee reduction request based on the understandings set forth in the preceding paragraph which, in turn, are based on information provided by Mr. Ross during telephone conversations with Mr. Rich Zavoda of LTV Steel on March 26 and April 2, 2002. In the event IL EPA, in considering LTV Steel's request for a fee reduction, determines that LTV Steel's understandings are incorrect, LTV Steel asks that it be informed of that determination so that it may withdraw its request if it wishes.

This submittal demonstrates LTV Steel's clear intent to preserve the full permitted capacity of its operations. The submittal further shows LTV Steel's agreement with Illinois EPA that the temporary reduction in permit fee would not affect the facility's ability to resume full operations, without implications of New Source Review.

[17] Affidavit of William L. West, Attachment 2, at paragraph 7.

On December 30, 2002, the facility was sold to Calumet Transfer Company, LLC ("Calumet Transfer").[18] Chicago Coke Company, Inc. ("Chicago Coke") is designated to operate the facility on Calumet Transfer's behalf.[19] Chicago Coke immediately began plans to restart the facility and add a separate trans-loading operation at the site.[20] These plans included developing financing, negotiating tax packages, developing local political and community support, preparing applications for building and environmental permits, and determining facility maintenance and repair needs.[21] While Chicago Coke always intended to resume full operations at the facility, and could have done so without a pad-up rebuild, it deemed the cold-idle condition an opportune time to conduct maintenance and repair activities consistent with its intent for long-term operations.[22] Chicago Coke retained TKE to conduct an inspection of the facility for the specific purpose of determining the condition of the facility with respect to resuming long-term operations.[23] A report of this inspection, conducted in May, 2003, is included as Attachment 8.

On July 14, 2003, Illinois EPA issued a letter to Chicago Coke stating that the facility's CAAPP permit had been changed to reflect the change in ownership to Chicago Coke. This letter is included as Attachment 14. On October 17, 2003, Chicago Coke formally notified the Illinois EPA that it intended to restart the coke plant and filed the current construction permit application. Chicago Coke continued to pay the annual permit fee.[24] As part of its restart plans, in early April, 2003, Chicago Coke purchased, at additional expense, the facility's allotment trading units ("ATUs") for purposes of the Emission Reduction Marketing System ("ERMS") program.[25] Chicago Coke would not have purchased the facility's ERMS ATUs unless it intended to resume full operations at the plant. Further, LTV could have sold the ERMS ATUs before the sale of the facility. LTV would have had no use for the ERMS ATUs if the facility was permanently shut down. The fact that LTV did not sell the ERMS ATUs or VOM emission reduction credits, even under the pressure to generate revenue during the bankruptcy proceeding, is but another demonstration of intent to restart the facility.

---

[18] Affidavit of Simon A. Beemsterboer, Attachment 13, at paragraph 3.

[19] Affidavit of Simon A. Beemsterboer, Attachment 13, at paragraph 3.

[20] Affidavit of Simon A. Beemsterboer, Attachment 13, at paragraph 4.

[21] Affidavit of Simon A. Beemsterboer, Attachment 13, at paragraph 4.

[22] Affidavit of Simon A. Beemsterboer, Attachment 13, at paragraph 5.

[23] Affidavit of Simon A. Beemsterboer, Attachment 13, at paragraph 5.

[24] Affidavit of Simon A. Beemsterboer, Attachment 13, at paragraph 6.

[25] Affidavit of William L. West, Attachment 2, at paragraph 7; Affidavit of Simon A. Beemsterboer, Attachment 13, at paragraph 6.

On January 10, 2003, LTV notified Illinois EPA that the facility was sold to Calumet Transfer and submitted the required documentation for transfer of the NPDES permit. This letter is included in Attachment 15. On December 15, 2003, Chicago Coke applied to MWRDGC for a determination that restart of the facility, and replacement of the refractory in the coke oven, would still qualify the facility as an existing source for purposes of the federal pretreatment regulations. This request is included in Attachment 15. The application contains a detailed discussion of the facility, as well as the activities that would be conducted to resume operations. In particular, Table 2 includes the actions needed for the coke oven battery and Table 3 includes the actions needed for the byproduct plant. MWRDGC issued its determination, that the facility would be considered an existing source, on February 9, 2004. This determination is also included in Attachment 15.

Illinois EPA has requested information on the activities that will be needed to restart the plant. As stated above, Tables 2 and 3 of the application in Attachment 15 contain an itemization of the activities that were initially determined to be needed to restart the coke oven battery and the byproducts plant. Evaluations and minor modifications to the activities are ongoing and are subject to contractual negotiations. Costs associated with these activities and installation of the PROven System, are estimated at $88MM.[26]

IV. FACILITY RESTART AND PADUP REBUILD DO NOT REQUIRE PERMITTING AS A NEW SOURCE OR A MODIFICATION

The following discussion supports the conclusion that the Chicago Coke cold-idled coke battery is an existing source, and that the padup rebuild, as proposed by Chicago Coke, does not constitute a new source or a major modification requiring a construction permit and evaluation of New Source Review.

The clearest guidance pertaining to this issue can be found in the definitions themselves for the applicable National Emission Standards for Hazardous Air Pollutants ("NESHAP") for Coke Oven Batteries. 40 C.F.R. Part 63, Subparts L and CCCCC. This NESHAP defines a "cold-idle coke oven battery" as "an existing coke oven battery that has been shut down, but is not dismantled." 40 C.F.R. § 63.301. (Emphasis added.) Further, "padup rebuild" is defined as:

> a coke oven battery that is a complete reconstruction of an existing coke oven battery on the same site and pad without an increase in the design capacity of the coke plant as of November 15, 1990, and the capacity of any coke oven battery subject to a construction permit on November 15, 1990, which commenced operation before October 27, 1993. The Administrator may determine that a project is a padup rebuild if it effectively constitutes a replacement of the battery above the pad, even if some portion of the brickwork above the pad is retained.

[26] Affidavit of Keith G. Nay, Attachment 4, at paragraph 5.

40 C.F.R. § 63.301.

As stated on page 3 of the TKE Report in Attachment 8, the pad-up rebuild will occur on the existing deck slab. While the current plans are to slightly change the specifications of the rebuilt coke oven battery, as compared to the existing battery, neither the battery footprint, the coal throughput, or the amount of coke to be produced will change. Thus, under these regulations, Chicago Coke's facility would be considered an existing facility as the regulation specifically applies existing facility requirements to cold-idle coke oven batteries and padup rebuild. This regulation is applicable specifically to coke operations and was written by regulators who appreciate the issues associated with coke operations. USEPA, in writing this regulation, had a clear choice between regulating these types of sources as existing or new facilities and chose to both define and regulate them as existing facilities.[27]

USEPA has a well-established policy regarding restart of facilities that dates back to 1978. According to that policy, reactivation of a "permanently shutdown facility" is treated as a new source for purposes of Prevention of Significant Deterioration ("PSD") review. September 6, 1978, Memo from Director of the Division of Stationary Source Enforcement to Stephen A. Dvorkin. USEPA provided in relevant part as follows:

> A source, which had been shut down, would be a new source for PSD purposes upon reopening if the shutdown was permanent. Conversely, it would not be a new source if the shutdown was not permanent. Whether a shutdown was permanent depends upon the intention of the owner or operator at the time of the shutdown as determined from all the facts and circumstances, including the cause of the shutdown and the handling of the shutdown by the State.

September 6, 1978, Memo from Director of the Division of Stationary Source Enforcement to Stephen A. Dvorkin. (Emphasis added.)

Over the years, USEPA has restated this same position and developed a set of factors to use when making a determination as to when a source was "permanently shutdown." In an

[27] Illinois EPA has requested information as to compliance with the MACT rule for coke oven pushing, quenching and battery stacks at 40 C.F.R. Part 63, Subpart CCCCC. This new standard was issued in 2001 and was not in effect at the time of the shutdown. Chicago Coke submitted its initial notification of applicability to this rule. The compliance demonstration date for an existing facility is not required until 2006. However, the levels of actual emissions prior to idling are expected to meet the new regulatory levels. Work practice standards to minimize emissions have been in place prior to the idling of the plant and will continue after the restart at the degree required by the regulation. Illinois EPA has also requested information as to whether the coke oven battery would constitute an existing battery or a new reconstructed battery for purposes of Subpart CCCCC. According to the rule, an affected existing source is a source which commenced construction or reconstruction before July 3, 2001. The coke plant was constructed before July 3, 2001, so it is an existing source. Furthermore, according to the other applicable NESHAP standard, Subpart L, pad-up restarts are defined as existing facilities.

October 9, 1979 letter from the Region VII Chief Air Support Branch, to Shell Engineering and Associates, USEPA clarifies that the interpretation of temporary and permanent shutdown is based on PSD regulations related to the definition of temporary emissions and the use of creditable offsets. This discussion "establish[ed] EPA policy that temporary emissions and temporary shutdowns are considered to be of two-year duration or less." The USEPA letter also goes on to say "the owner or operator may rebut the presumption of permanent shutdown by demonstrating that the source was never intended to be a permanent shutdown. This could include such things as procedures which were taken to maintain the source in operating condition, maintaining an emissions inventory in the state inventory file, or actively pursuing the repair or reconstruction of the source." Also making the same points is the guidance "Order Partially Granting and Partially Denying Petition for Objection to Permit, In the Matter of Monroe Electric Generating Plant, Entergy Louisiana, Inc. Proposed Operating Permit, Petition No. 6-99-2 (USEPA 1999).

In general, USEPA considers the owner/operators' intention at the time of shutdown based on all facts and circumstances. To determine the intent of the owner/operator, USEPA considers:

- Intent of owner to restart and reason for the shutdown;
- Status of operating permit;
- Status of emissions in state inventories, emission credits, and allowances;
- Time frame between idle and restart;
- Ongoing maintenance and inspections during shutdown;
- Whether dismantling has occurred;
- Type of modification made during start-up if any; and
- Costs associated with the restart activities.

Id.

1. **Intent to Restart and Reason for the Shutdown**

As demonstrated above, it was LTV's intent at the time of, and during the shutdown, and it has always been Chicago Coke's intent, to restart operations at the coke plant. The facility would never have gone through the extensive hot-idle procedures had it intended to permanently cease operations.[28] The facility spent significant resources conducting the shift-by-shift activities that were documented in the checksheets, as well as the weekly reports summarizing the same, examples of which are contained in Attachment 6. These steps were developed as part of specific idling plans prepared for the facility. These actions would only be needed if the plant

[28]See hot-idle procedures at Attachment 5; Affidavit of William L. West, Attachment 2, at paragraph 5; Affidavit of Michael A. Gratson, Attachment 3, at paragraph 5.

were intended to be restarted. The commitment of time, effort and money to follow these procedures demonstrates the intent of the facility to be restarted at some time in the future.

LTV was forced by an outside influence to place the plant in cold-idle mode due to its pending bankruptcy. It was in LTV's interest, however, to preserve the value of its assets by taking steps to ensure the plant could be efficiently restarted and thus it took appropriate steps to do so. The facility expended great effort in methodically conducting the cold shutdown procedures.[29] If there were no intent to restart the facility, the equipment would not have been handled as it was in an effort to preserve it for future use. The facility could have demolished the equipment and sold it or removed it for disposal. However, the facility went to great lengths to preserve the equipment for future operations.

Also, as stated above, upon acquisition, Chicago Coke immediately began plans to restart the facility. This effort included the commissioning of the TKE investigation and report (included as Attachment 8) outlining the activities that would be needed to restart the facility (See also Attachment 15). Both LTV and Chicago Coke have been diligent in communicating with the entities regulating the facility, maintaining permits and submitting appropriate fees and reports. (See Attachments 9, 10, 11, 12, 14, 15 and 16.) This signals a clear intent to restart the facility, whose cold-idle status was destined not by the intent of the owners/operators of the facility, but by a bankruptcy proceeding.

2. Status of Current Operating Permits

USEPA also considers the status of current operating permits in determining whether a shutdown is permanent or temporary. As demonstrated above and in Attachments 9, 10, 11, 12, 14 and 15, LTV and Chicago Coke have continually sought to preserve the facility's CAAPP permit and MWRDGC Discharge Authorization. Neither Chicago Coke, nor LTV before it, has requested that the permits be discontinued. These permits have been in full force and effect during the hot-idle mode, cold-idle mode and the facility's current plans for restart. As shown in Attachments 11 and 15, MWRDGC recognized the facility's intent to restart at full operation and even determined that upon restart, the facility would be regulated as an existing source. While the CAAPP permit fee was reduced during the term of the cold-idle status, LTV made it clear in the reduction request at Attachment 12 that the reduction was premised on the understanding that when the facility would resume operations, full permitted capacity, without applicability of New Source Review, would apply with payment of the full permit fee, and Chicago Coke has indicated its intent to pay the full permit fees.

Illinois EPA has requested information regarding reports and notifications required under the Clean Air Act for operation of the facility. Cover letters for the following submittals are included as Attachment 16:

[29] Affidavit of Keith G. Nay, Attachment 4, at paragraph 2; Affidavit of Michael A. Gratson, Attachment 3, at paragraph 5.

- Annual emission report for 2003;
- Annual compliance certification for 2003;
- Annual seasonal ERMS report for 2003; and
- Initial notification of applicability for NESHAP.

LTV and Chicago Coke have been diligent in filing all required reports, notifications, certifications and payment of permit fees during the hot-idle mode and cold-idle mode. If Illinois EPA would like to review additional reports from that time period, the reports can be found in the Illinois EPA's file or reports may be retrieved from company files on request. Clearly, the facility has maintained its permits and fulfilled its obligations for submittals under those permits.

3. **Status of Emissions in State Emissions Inventory, Emission Credits and Allowances**

Third, USEPA also looks at the status of current emissions inventory emission credits and allowances. As part of its restart plans, Chicago Coke purchased, at additional expense, the facility's ATUs for purposes of the ERMS program.[10] Chicago Coke would not have purchased the facility's ERMS ATUs unless it intended to resume full operations at the plant. Further, LTV could have sold the ERMS ATUs before the sale of the facility. LTV would have had no use for the ERMS ATUs if the facility was permanently shut down. The fact that LTV did not sell the ERMS ATUs or VOM emission reduction credits, even under the pressure to generate revenue during the bankruptcy proceeding, is but another demonstration of intent to restart the facility. It is also our understanding that the potential emissions from the facility are still incorporated into the state emissions inventory and have never been, nor were they planned to be, removed during the idle status of the facility.

4. **Time Frame Between Idle of Operations and Restart**

As mentioned above, USEPA has typically presumed, absent evidence to the contrary from the facility, that a shutdown is permanent if it lasts more than two years. The Chicago Coke coking operations were placed in hot-idle mode in December 2001 and cold-idle mode in February 2002. Thus, the facility was shut down less than two years to the time of our restart notification (October 17, 2003).

[10] Affidavit of William L. West, Attachment 2, at paragraph 7; Affidavit of Simon A. Beemsterboer, Attachment 13, at paragraph 6.

Illinois EPA has requested information as to why the facility shutdown should not be considered to be permanent when it extended past March of 2002 or 2004. The March 2002 date has no special significance, other than a reference LTV made to MWRDGC as to its expectations regarding hot-idle status (See Attachment 10). However, the intervening decision by the bankruptcy court to put the facility in cold-idle status in February of 2002 changed the facility's expectations as to the timeline for restart. As to the March 2004 date, again, the federal guidance provides a presumption of permanent shutdown after two years; however, evidence to the contrary, like that contained herein, may be used to rebut and/or overcome the presumption.

Illinois EPA has asked for further information about the impact of the cessation of natural gas firing to the coke oven battery. It is true that the reason that the refractory now must be largely replaced is that the natural gas was no longer allowed to be fired to the coke oven battery. However, the damage to the brickwork was not unusual for this type of operation.[31] As shown by the MACT rule discussion above, pad-up rebuilds are normal and necessary procedures for coke oven batteries. Nevertheless, the facility took great care to minimize this consequence through the hot-idling and cold-idling procedures outlined in Attachments 5 and 7.

Further, as shown by the careful documentation of the facility in Attachment 6 and the TKE study in 2003 (Attachment 8), the facility was largely successful in maintaining its operability during the idling process. Page 2 of this report states that the plant was properly "mothballed" when it was idled and "extensive effort was made to protect the structure, equipment and the piping." The report also stated on page 2 that "except for the refractory, a majority of the rest of the facility can be refurbished and reused." This report documents that the facility followed the cold-idle procedures and did everything it could to maintain the facility's ability for resumed operation. The extensive actions taken by the facility in the idling process would not have occurred but for the plant's intent for restarting operations.

As we discussed at our meeting last week, operations could be resumed at the facility without a pad-up rebuild. However, this type of startup would be based on repairs that would not be consistent with long-term plans to operate the facility. Long-term maintenance costs would be increased by such an approach and additional production interruptions would have to occur to re-repair the ovens over time. Consequently, the most efficient approach is to commence the pad-up rebuild now. We note, however, that if the facility did choose to commence operations without a pad-up rebuild at this time, the facility could resume operations with comparatively minimal effort and expense, which would presumably allay Illinois EPA's concerns about the permitting implications of the overall restart effort. It seems inappropriate to discourage the implementation of means to insure the most efficient operation of a facility, both from a production and an environmental standpoint. The timing of actual restart operations depend upon issuance by Illinois EPA of the construction permit for the PROven System. But for the

[31] Affidavit of Keith G. Nay, Attachment 4, at paragraph 3.

Illinois EPA's recent request for information regarding restart activities, we could have already started restart activities.

5. Ongoing Maintenance and Inspections During Shutdown

After the hot-idle plan was instituted, the facility maintained documentation that the hot-idle plan was being followed properly. A sample of this documentation is included as Attachment 6, which includes a sample checksheet for the coke oven battery. This checksheet was required to be completed on every shift, i.e., three times per day. The checksheet lists the activities to be conducted, such as exercising certain pieces of equipment, or monitoring readings on certain pieces of equipment. The checksheet also lists the personnel that conducted the activities and their indication that the activities were completed. The second document in Attachment 6 is a weekly report summarizing all of the documentation in the checksheets for the prior week. The documentation monitored activities conducted not only with the coke oven battery, but also with the byproducts plant, utilities and material handling.

Attachment 7 contains a list of activities that were undertaken for the cold shutdown of the coke oven battery, utilities, byproducts plant, material handling, and other general items. Attachment 7 also contains the procedure that was followed for the cold shutdown of the coke oven battery. The facility, along with URS and Clean Harbors, carefully cleaned almost 200 tanks, vessels, heat exchangers and sumps, along with associated piping and lines, pads and containment areas.[32]

TKE conducted an inspection of the facility in May of 2003. The purpose of the inspection was to determine the condition of the facility with respect to resuming long-term operations. A report of this inspection, with respect to the tasks needed for the coke oven battery, is included as Attachment 8. This report documents that the facility followed the cold-idle procedures and did everything it could to maintain the facility's ability for resumed operation.

Full-time security has been maintained at the facility, along with a full-time electrical supervisor to continuously inspect and maintain systems throughout the plant.[33] Further, the facility has maintained winterizing activities. These activities include freeze protection on the potable water pump station, through the use of electric heaters, as well as draining of all water lines in facilities without heat.[34] Accordingly, both LTV and Chicago Coke have acted diligently to maintain and inspect the facility with a view toward resumed operation.

[32] Affidavit of Michael A. Gratson, Attachment 3, at paragraph 5; Affidavit of Keith G. Nay, Attachment 4, at paragraph 2.

[33] Affidavit of William L. West, Attachment 2, at paragraph 6; Affidavit of Keith G. Nay, Attachment 4, at paragraph 4.

[34] Affidavit of William L. West, Attachment 2, at paragraph 6.

6. **Whether Dismantling Has Occurred**

No demolition of any buildings or process facilities that will be used in resumed operations has been conducted.[35] Therefore, all necessary equipment remains in place for use when operations resume.

7. **Type of Modification Made During Startup, if Any**

It has always been the intent to restart the facility at the same capacity as existed prior to idling. As stated on page 3 of the IKE Report in Attachment 8, the pad-up rebuild will be conducted on the existing deck slab. While the current plans are to slightly change the specifications of the rebuilt coke oven battery, as compared to the existing battery, neither the battery footprint, the coal throughput, or the amount of coke to be produced will change.

We note that in July of 2003, USEPA issued a determination to Illinois EPA regarding the PPG Industries glass manufacturing facility in Mount Zion, Illinois. A copy of this determination is included as Attachment 17. In that determination, USEPA concluded that rebricking the glass furnace would not be subject to PSD. USEPA stated that replacing the refractory brick would not result in an emissions increase either for annual or short-term emissions, due to there being no change in the footprint or capacity of the furnace. The same principle applies here as well as there will be no change to furnace footprint or capacity. Therefore, replacement of the refractory brick does not trigger New Source Review applicability.

Illinois EPA has requested information addressing the annual capacity of the plant with respect to any potential increase in capacity as compared to historical capacity in 1980. Current operational and production limits of 2800 tons of coal charged to the coke ovens per day are included in the facility's CAAPP permit at Condition 7.1.5(c). Chicago Coke has no intention of changing or exceeding this limit.[36] Again, as stated in the preceding paragraph, the pad-up rebuild will constitute the same coke oven battery as has always existed at the facility.

Potential emissions from the coke oven battery are detailed in the instant construction permit application at Exhibit 220-C, Battery Process Emission Information. These potential emissions, and the corresponding throughputs, are not restricted by any applicable regulation (except as specifically noted for PM and PM10 emissions from the underfire stack). The

---

[35] Affidavit of Keith G. Nay, Attachment 4, at paragraph 2; Affidavit of Michael A. Gratson, Attachment 3, at paragraph 5.

[36] Affidavit of Simon A. Beemsterboer, Attachment 13, at paragraph 7.

potential emissions and corresponding throughputs are consistent with the emissions represented in the facility's 1980 construction permit. Therefore, the pad-up rebuild and the restart of the facility will result in no increase in capacity of the facility, particularly as compared to historical capacity in 1980.

Illinois EPA has requested information addressing the change in emissions that would accompany the restart of the facility. As discussed above, there will be no change in the maximum throughput of the coke oven battery after the pad-up rebuild. There will be no change in potential to emit ("PTE"). There will also be no change to the potential or actual point source emissions rates, either in pounds of emissions per hour or ton of coal processed.[37] The same emission factors used prior to idling will be used after the restart. Actual fugitive emissions are likely to decrease as is usual for a pad-up rebuild.[38] The subject permit application for the PROven System, although expected to further reduce the emissions from the coke oven battery, did not even request additional reductions of allowable emissions. It is also our understanding that all current and future applicable requirements can be met with or without the PROven System.

Accordingly, the proposed restart of coke operations will not meet the definition of a major modification to the existing operation. The repair and maintenance activities required for the pad-up rebuild will not increase production or lead to a significant net increase in emissions. In fact, emissions from the coke batteries will remain unchanged. Throughputs through the coke batteries will remain the same as before the facility was put into cold-idle, and as originally permitted in the 1980 construction permit and the CAAPP permit. No modification to the current CAAPP permit production or emission limits is required or requested. Upon renewal, the CAAPP will incorporate newly applicable requirements, e.g. MACT standards, which will change some emission-related conditions. However, none of these changes will be the result of a physical modification or change in the method of operation. Accordingly, as with the PPG determination, the contemplated activities at the facility will not implicate New Source Review.

Chicago Coke is seeking to establish a new transloading material handling operations area at the site. This operation is unrelated to the coke plant operations. A minor modification

[37] Illinois EPA has requested information regarding the emissions from the pushing operation, particularly as to compliance with applicable limits in the CAAPP permit or any proposed changes thereto. As demonstrated by the compliance certifications filed for the facility (See Attachment 16), the emissions from the pushing operation have been in compliance with the CAAPP permit requirements. The restart of the facility will not modify these emission rates, except to possibly reduce them, as discussed further above.

[38] Affidavit of Keith G. Nay, Attachment 4, at paragraph 3.

permit was recently issued (January 28, 2004) by the IEPA for this operation. The only regulated pollutant that will be affected by this change in material handling is Particulate Matter ("PM"), and this project only results in a potential to emit increase of 6.8 tons per year of particulate matter less than 10 microns in diameter ("PM_{10}") and a potential increase of 16.9 tons per year of PM.

8. **Costs Associated with Restart Activities**

The costs associated with repair and maintenance have sometimes been used by USEPA in determining whether to consider an activity to be a modification or a routine maintenance. USEPA has also recently clarified its interpretations relate to costs in recent rule promulgation. 68 FR 61248. The final estimate for the costs of the pad-up rebuild and the installation of the PROven System is approximately $88MM.[39] A large portion of these costs is for actual cost of brick, approximately $18 MM. [40] While these costs are significant, they are not large as compared to the costs associated with the construction of a new coke oven battery (approximately $600MM) or new coke battery with a products recovery facility (>$1.2 billion).[41] The repair costs easily meet the 20% criteria of USEPA new NSR reform guidelines.

More importantly, however, is the fact that these relative costs are expected and assumed with cold-idle padup rebuild. Large costs are often associated with required routine maintenance at large and complex facilities. A good example of this is refinery turnarounds. In those cases, certain important maintenance activities cannot be done while the refinery is in active service. The refinery turnarounds are scheduled and necessary. Once the refinery is idled, the repairs and maintenance are conducted on several systems. These operations can costs millions of dollars and require months to complete, yet they have never required major modification or new source permits, as long as they do not result in increased production or emissions.

In the case of the instant facility, the repairs associated with the pad-up rebuild and maintenance pertinent to the restart cannot be performed while the coke oven battery is in service.[42] It is, therefore, a very opportune time to conduct this type of service to the coke oven battery now, while the battery is idled, as opposed to shutting the battery down in the future to

[39] Affidavit of Keith G. Nay, Attachment 4, at paragraph 5.

[40] Affidavit of Keith G. Nay, Attachment 4, at paragraph 5.

[41] Affidavit of Keith G. Nay, Attachment 4, at paragraph 5.

[42] Affidavit of Keith G. Nay, Attachment 4, at paragraph 3.

conduct the pad-up rebuild. These repairs with the pad-up rebuild, while not increasing production throughput or the maximum emission rate, will result in actual emissions reductions as compared to the emissions that would occur with restarting the facility without the pad-up rebuild.[43]

Moreover, all of LTV's other facilities that had been idled during the asset protection plan, including those that had been cold-idled, have resumed production, without New Source Review permits, including the Indiana Harbor Works, the Cleveland-East Works, the Hennepin Works and the Warren Coke plant.[44] Idling can be contrasted with permanent shutdowns where the production equipment is dismantled, demolished or abandoned. LTV's Tin Mill at the Aliquippa Works is an example of a permanent shutdown as all equipment at Alquippa was either removed from the facility or demolished at the site and disposed.[45]

V. CONCLUSION

It is our determination that NSR is not required by Illinois EPA for Chicago Coke to resume its coke plant operations, even with the pad-up rebuild. As a final discussion point to this determination, Chicago Coke would like to point out that no resulting additional controls or reduction in pollutants would be accomplished by the NSR process in this case. There would be no net increase of emissions compared to emissions prior to shutdown. As a result, there would be no net increase in ambient impacts from emissions to the areas surrounding the facility. The review would show that no additional controls therefore would be required.

Controls used at sources at the Chicago Coke facility prior to cold-idle were representative of highest level of controls currently used at coke facilities. A brief review of USEPA's RACT BACT LAER Clearinghouse showed that the current controls were equivalent to BACT and LAER proposed for new or modified sources. (Technology Transfer Network Clean Air Technology Center RACT/BACT/LAER Clearinghouse http//cfpub.epa.gov/rblc/ accessed 2/5/04). The coke operations, on restart, will be subject to the applicable NESHAP requirements for coke ovens (40 CFR 60 Subparts L and CCCCC), which have the most restrictive emission limits to date for these types of operations. Therefore, even if emissions control review was required under NSR, the resulting analysis would show that the current or NESHAP-required controls meet or exceed the review requirements.

Chicago Coke has applied for a construction permit for the installation of an improved emissions control system for the coke ovens. See, October 17, 2003, Construction Permit Application. While that permit application also requested a change in emission factors, we are

[43] Affidavit of Keith G. Nay, Attachment 4, at paragraph 3.

[44] Affidavit of William L. West, Attachment 2, at paragraph 8.

[45] Affidavit of William L. West, Attachment 2, at paragraph 8.

willing to withdraw that request at this time in order to expedite the Illinois EPA's consideration of the more important issue at hand, i.e., our ability to resume operations at this facility. We will be happy to recommence discussions on the emission factor issue at a later date, such as when the CAAPP permit renewal is being processed.

We would appreciate your diligent review and approval of this submittal. The restart of operations at this facility will have a very positive economic impact on Chicago and Illinois, including the generation of additional tax revenue. Approximately 200 high-paying jobs will be reinstituted by resuming operations. In addition, the pad-up rebuild will result in more than 500 skilled construction jobs. The area surrounding the facility will also enjoy a redevelopment as money is spent in the local area. As we have discussed, the timing of your consideration of this request is critical. We must have a determination from you in just a few days. I am ready and willing to provide any information I can at your earliest convenience. Please contact me as soon as possible if I can help in any way in that regard. I thank you again for your assistance to us in this project.

Sincerely,

Simon A. Beemsterboer

Simon A. Beemsterboer
President, Chicago Coke Company, Inc.

Attachments
pc: Mr. Bruce E. Dumdei, PhD
Mr. Keith G. Nay
Mr. William L. West
Mr. Michael A. Gratson
Mr. Alan Beemsterboer
Mr. Steve Beemsterboer
Mr. Larry Szuhay
Mr. Von L. Baum
Mr. Keith A. Nagel

AGREEMENT

WHEREAS, on April 10, 2003, LTV STEEL COMPANY, INC. ("LTV STEEL") and CALUMET TRANSFER LLC ("CALUMET"), agreed to the transfer of the Title V Air Permit (ID No. 031600AMC) for the CHICAGO COKE PLANT, located at 11600 South burley Avenue, Chicago, Illinois 60617 to CALUMET or its nominee;

WHEREAS, LTV STEEL also agreed to transfer 275 ATUs in perpetuity to CALUMET or its nominee;

WHEREAS, CALUMET has designated CHICAGO COKE CO., INC., an Illinois corporation ("CHICAGO COKE"), as its nominee; and

WHEREAS, the parties wish to complete the above described transfer;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable considerations in hand paid, each to the other, the parties agree as follows:

1. LTV STEEL agrees to and does hereby assign permit responsibility, coverage and liability for the Title V Air Permit to CALUMET'S nominee, CHICAGO COKE.

2. CHICAGO COKE agrees to accept permit responsibility, coverage and liability for the Title V Air Permit.

3. The parties hereto will take any and all actions as may be necessary to give effect to this agreement.