BEFORE THE MISSISSIPPI COMMISSION
ON ENVIRONMENTAL QUALITY

MISSISSIPPI COMMISSION ON
ENVIRONMENTAL QUALITY

COMPLAINANT

VS. ORDER NO. 6350 13

MISSISSIPPI PHOSPHATES CORPORATION
PO BOX 848
PASCAGOULA, MISSISSIPPI 39568-0848

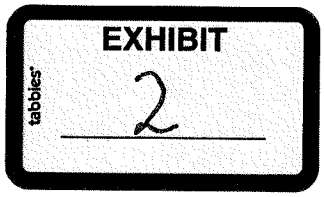
RESPONDENT

AGREED ORDER

On August 23, 2013, under the authority of Miss. Code Ann. § 49-2-13, the Executive Director of the Mississippi Department of Environmental Quality ("MDEQ") issued, on behalf of the Mississippi Commission on Environmental Quality ("Commission"), Order No. 6302 13, which required Respondent to immediately cease and desist operation of its two sulfuric acid plants. Subsequently, Orders No. 6205-13 and 6219-13 were issued to allow conditional operation of each sulfuric acid plant for a period of Sixty (60) days. The parties now agree as follows:

1.

Subject to the terms and conditions detailed below, the Commission agrees to allow Respondent to operate its Sulfuric Acid Plant No. 2 ("SAP No. 2") and Sulfuric Acid Plant No. 3 ("SAP No. 3"), which shall be in addition to, and not supplant, the terms and conditions of Respondent's Title V Air Operating Permit No. 1280-00044. MDEQ will consider modifying the terms and conditions of this Agreed Order at such time as Respondent demonstrates to MDEQ's satisfaction that repairs and/or upgrades have been made to SAP No. 2 and SAP No. 3 necessary to eliminate the types of off-site human exposure to sulfur dioxide (SO2), sulfur trioxide (SO3) and/or sulfuric acid mist cited in Commission Order No. 6302 13.



2.

For the term of this Agreed Order, Respondent may operate SAP No. 2 and SAP No. 3 under the following conditions:

A. Respondent shall have all sulfuric acid plant operators read and sign a statement that they have read and understand the conditions for operating under this Agreed Order;

B. Respondent shall not initiate a cold start-up (as defined in Subparagraph F.1 below) of SAP No. 2 or SAP No. 3 when the following wind conditions exist, or are predicted by Accuweather to occur within 3 hours of startup:

1. Wind direction of between 180 to 270 degrees and

2. Wind velocity is 5 to 20 mph.

C. Thirty minutes prior to any start-up allowed under this Agreed Order, Respondent shall provide oral notification to any person or entity known to be present within a half-mile radius of SAP No. 2 or SAP No. 3 and to MDEQ. Respondent shall provide MDEQ, upon request, documentation of all persons/entities notified of a start-up in accordance with this subparagraph.

D. Respondent shall continually monitor wind direction and speed and shall conduct continuous perimeter fence-line air monitoring for SO2 concentrations from the SAP No. 2 and SAP No. 3 stack based upon monitors as shown on Map 1. Respondent shall electronically record wind direction, speed and SO2 fence-line concentrations and shall record such data in a daily log once every 30 minutes. In event of a failure of the electronic wind instrument, the Respondent shall verify wind direction by observation of wind sock located at the sulfuric acid plant and shall record in log every 30 minutes.

E. Respondent's SAP No. 2 and SAP No. 3 operators shall record any changes in operation and fugitive leaks in the daily log book and shall record the time and sign the log book.

F. During a cold startup of either SAP No. 2 or SAP No. 3, the Respondent shall:

1. Not begin burning sulfur until such time as all four (4) converter beds have reached an inlet temperature of 750°F. A cold startup shall be defined as any time when the outlet temperature of converter beds No. 1 and No. 2 are below 650°F;
2. Limit a cold startup time to eighteen (18) hours from the time sulfur is first ignited in the furnace. If after eighteen (18) hours emissions are not within permit limits for either opacity or SO2, Respondent shall shut down and determine the cause of the failure to complete startup. Respondent may restart once corrective actions have been taken by Respondent to remedy the cause(s) of failure so identified; and
3. For the first twenty-four (24) hours after the initiation of sulfur burning, monitor opacity (in accordance with EPA Method 9) every four hours, during day light hours and when weather conditions permit, and perform a stick test for acid mist every four hours and shall record the results in the daily log book. Respondent shall also take photographs of the stick test results and shall retain such photographs as part of the daily log. A stick test shall be defined, in accordance with accepted industry practice, as placing a poplar board across the top of the final emission stack for 2 minutes. The results of a stick test shall be determined by observing whether the board has been "charred" in accordance with Exhibit "A" attached hereto.

G. Under normal operating conditions and during startups where the outlet temperatures of converter beds No. 1 and No. 2 are above 650°F (i.e. "hot startups"), Respondent shall continually monitor wind direction, speed, and SO2 concentrations from the SAP No. 2 and SAP No. 3 stacks and shall electronically record the data and shall record monitoring data in the daily log once every 30 minutes. Respondent shall monitor opacity once daily, during day light hours and shall perform a stick test for acid mist once daily during night time hours. Respondent shall record the opacity in the daily log and shall take photographs of the stick tests, which photographs shall be maintained as part of the daily log. Respondent shall:

1. If any fence-line monitor detects an instantaneous reading of 1.0 ppm of SO2 concentration at the fence line, the sulfuric acid control room operator shall notify the Shift Supervisor and the Sulfuric Acid Manager by phone and shall notify the Environmental Manager and Plant Manager by email. Respondent shall begin immediate investigation into the cause of the increase in fence line readings and shall record in the daily log book and make necessary repairs, if any.
2. If any fence-line monitor detects an instantaneous reading of 2.0 ppm of SO2 at fence line, the sulfuric acid control room operator shall reduce the rate of sulfuric acid production to lower the SO2 emissions and shall notify the Shift Supervisor and Sulfuric Acid Manager by telephone.
3. If an Opacity reading equals or exceeds 10%, then opacity reader shall immediately notify the sulfuric acid control room operator, who shall then notify the Shift Supervisors and the Sulfuric Acid Manager by phone and shall notify the Environmental Manager and Plant Manager by email. Respondent shall begin immediate investigation into the cause of the increase in Opacity and shall record in the daily log book and make necessary operational changes or repairs.

H. Respondent shall immediately begin shutting down the sulfuric acid plants in a safe manner and shall notify the Environmental Manager and Plant Manager by telephone if the following conditions exist:

1. Any fence-line monitor detects SO2 readings at the fence line of a 2.0 ppm time-weighted average during any 15-minute rolling period, unless Respondent confirms and documents that the SO2 is not coming from Respondent's facility;
2. Opacity during normal operating conditions exceeds permit requirements and Respondent confirms and documents there are impacts off site of Respondent's facility based upon wind conditions and downdrafts. Respondent shall make corrective action in compliance with the existing air operating permit;

3. Stick test results during normal operating conditions or hot startups demonstrate "charring" in accordance with Exhibit "A"; or

4. Opacity during cold startups exceeds requirements, the corresponding stick test demonstrates "charring" in accordance with Exhibit "A," and Respondent confirms and documents that there are impacts off site of Respondent's facility. Respondent shall make corrective action in compliance with the existing air operating permit;

I. If Respondent confirms that SO2 detected at the fence line is coming from a source(s) other than Respondent's facility, Respondent shall record in the daily log book any and all evidence supporting that conclusion and provide such documentation to MDEQ immediately upon request. Respondent may continue to operate the sulfuric acid plants unless conditions change and a determination is made that the source of SO2 is the Respondent.

J. Upon shutdown for any reason listed in Subparagraph 2.H. above, Respondent shall make necessary repairs during the shutdown period, if any, and provide, upon request, MDEQ with documentation of such repairs. Respondent may restart the sulfuric acid plants, in accordance with the terms and conditions of this Agreed Order, after such repairs, if any, are complete.

K. Respondent shall immediately upon request provide MDEQ any and all documentation required by this Agreed Order, including the daily operations log, production rate for both SAP No. 2 and SAP No. 3, air emission data, wind direction and speed and fence-line air monitoring data. The data may be submitted in electronic format.

3.

Nothing in this Agreed Order shall limit the rights of MDEQ or the Commission in the event Respondent fails to comply with this Agreed Order. The Agreed Order shall be strictly construed to apply to those matters expressly resolved herein. The Commission further reserves its right to issue any other order, in accordance with Miss. Code Ann. 49-17-17(j), including any additional cease and desist order, it deems necessary to protect human health and the

environment. Nothing contained in this Order shall limit the rights of Respondent pursuant to Miss. Code Ann. § 49-17-41 should the Commission or MDEQ take any future enforcement action(s).

4.

This Order does not address fines, penalties, other sanctions, further actions and/or future violations of environmental laws, rules and regulations. Nothing contained in this Order shall limit the rights of the Commission to take enforcement or other actions against Respondent for violations cited in Order No. 6302 13, for violations not addressed herein, or for fines, penalties, or other sanctions for future violations of environmental laws, rules and regulations.

5.

In response to Order No. 6302 13, on August 23, 2013, Respondent submitted to the Executive Director of MDEQ a "Petition for Hearing and Appeal," by which Respondent sought an evidentiary hearing before the Commission, pursuant to Miss. Code Ann. §49-17-41. Without waiving any other rights preserved by that "Petition for Hearing and Appeal," by entering into this Agreed Order, Respondent waives any right it might have to the requested hearing being conducted within the term of this Agreed Order.

6.

This Agreed Order represents the settlement and compromise of a disputed matter and may not be used by either party as an admission of liability or fault and is not admissible in any administrative, civil, or criminal proceeding to prove liability for or invalidity of the claims contained within Order No. 6302 13.

7.

On October 12, 2013, Respondent began start-up of SAP No. 3 when atmospheric (i.e. wind direction and velocity) conditions were such that start-up was prohibited by Agreed Order No. 6319 13. As a result, SO2 emissions from SAP No. 3 during that start up caused off-site impacts. Accordingly, the October 12, 2013, start-up of SAP No. 3 constituted a violation of Agreed Order No. 6319 13. Complainant and Respondent agree to resolve that violation as follows: Respondent shall pay, and Complainant shall accept, a civil penalty in the amount of

$25,000. The penalty amount shall be submitted to MDEQ, Attention: Mona Varner, P.O. Box 2339, Jackson, MS 39225, within forty-five (45) days after execution of this Agreed Order by MDEQ's Executive Director. Notwithstanding Paragraphs 4-6 above, as to the October 12, 2013, violation of Agreed Order No. 6319 13, and only as to that violation, Respondent waives any right it may have to a hearing before the Commission pursuant to Miss. Code Ann. § 49-17-31.

ORDERED, this the 25th day of October, 2013.

MISSISSIPPI COMMISSION ON
ENVIRONMENTAL QUALITY

BY: Richard Harrell

For: TRUDY D. FISHER
EXECUTIVE DIRECTOR
MISSISSIPPI DEPARTMENT
OF ENVIRONMENTAL QUALITY

AGREED, this the 25th day of October, 2013.

MISSISSIPPI PHOSPHATES CORPORATION

BY: C E McCraw

TITLE: Chief Operating Officer

STATE OF Mississippi

COUNTY OF Madison

PERSONALLY appeared before me, the undersigned authority in and for the jurisdiction aforesaid, the within named C. E. McCraw who first being duly sworn, did state upon his/her oath and acknowledge to me that he/she is the Chief Operating Officer of Mississippi Phosphates Corporation and is authorized to sign and enter this Agreement.

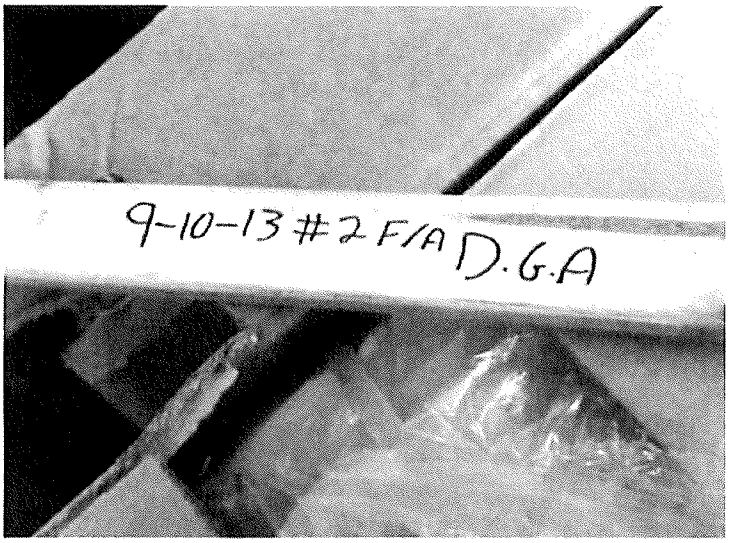
SWORN AND SUBSCRIBED BEFORE ME, this the 25th day of October, 2013.

Debra Johnson
NOTARY PUBLIC

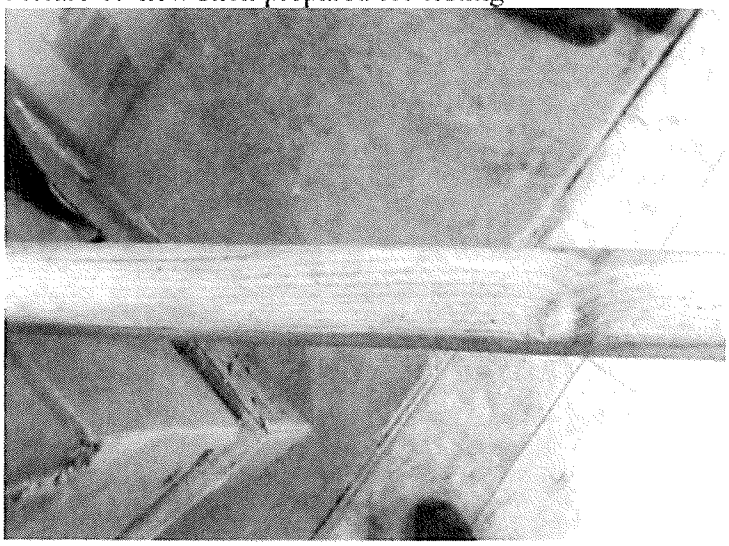
STATE OF MISSISSIPPI
DEBRA JOHNSON
NOTARY PUBLIC
ID No. 78086
My Commission Expires
June 26, 2017
YAZOO COUNTY

My Commission expires: June 26, 2017

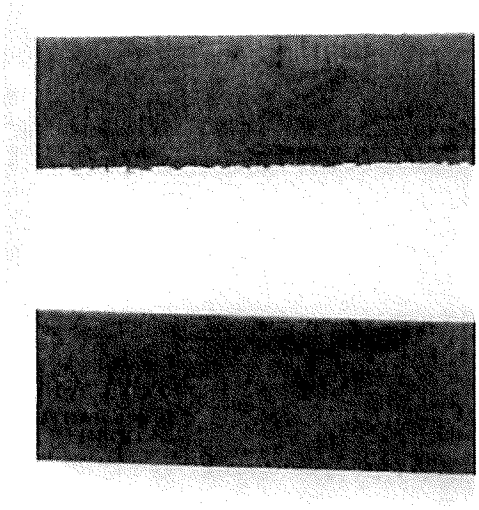
Exhibit "A" - Stick Test Chart
Initial Stick shall be dated, with the SAP unit number and the initial of the tester.



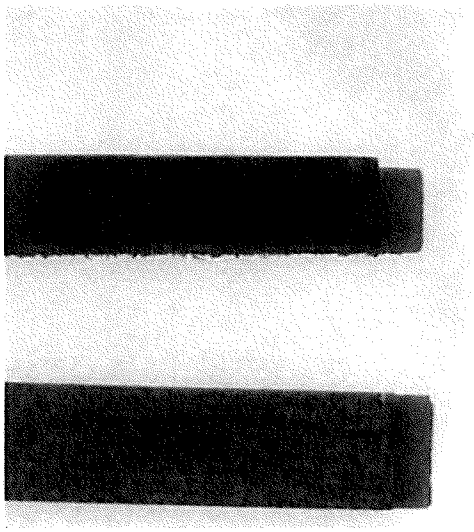
Picture 1: new stick prepared for testing



Picture 2: normal stick test under normal operating conditions



Picture 3: Stick test shows sulfuric acid mist requiring immediate process modification



Picture 4: Stick test shows excessive sulfuric acid requiring immediate shutdow

Location	Decimal N Coordinate	Decimal W Coordinate	Elevation	Degrees, Minutes, seconds N Coordinate	Degrees, Minutes, seconds W Coordinate
1. West Pole	30.35293	-88.49960	34'	30 21 10.548	(-)88 29 58.56
2. Center Pole	30.35258	-88.49938	34'	30 21 9.2874	(-)88 29 57.768
3. East Pole	30.35241	-88.49869	33'	30 21 8.6754	(-)88 29 55.2834
4. East levee	30.35161	-88.49780	9'	30 21 5.796	(-)88 29 52.0794
5. East RR Track	30.34901	-88.49633		30 20 56.4354	(-)88 29 46.788
6. South SW Sump	30.34826	-88.50412		30 20 53.7354	(-)88 30 14.832
7. Center Dock	30.35045	-88.50455		30 21 1.6194	(-)88 30 16.3794
8. West Rock Pile	30.35281	-88.50411		30 21 10.116	(-)88 30 14.7954
9. South East Levee	30.34800	-88.49881		30 20 52.7994	(-)88 29 55.716

Map 1