

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF MISSISSIPPI**

IN THE MATTER OF:

Case No. 14-51667-KMS

**MISSISSIPPI PHOSPHATES
CORPORATION, et al.**

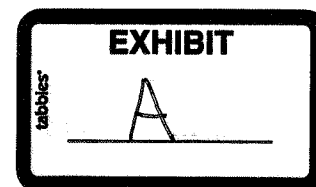
Debtors

**SUPPLEMENTARY AFFIDAVIT OF RICHARD J. SUMRALL
IN SUPPORT OF THE
RESPONSE AND OBJECTION OF MISSISSIPPI DEPARTMENT OF
ENVIRONMENTAL QUALITY TO DEBTORS' MOTION FOR APPROVAL OF
FOURTH AMENDED PROPOSED BUDGET FOR PROPOSED FINANCING AND USE
OF CASH COLLATERAL**

1. I am over the age of 21, possess personal knowledge of the matter contained herein, and am competent in all respects to attest to such matters.

2 I am a professional engineer registered, and in good standing, to practice in the State of Mississippi since 1997.

3. I am currently employed as an environmental engineer in the Mississippi Department of Environmental Quality ("MDEQ"). I have been working for MDEQ for the past 20 years. From 1993 to 1998, I was employed in the Air Toxics branch of the Air Division within the Office of Pollution Control ("OPC") of MDEQ. From 1998 to 2000, I was employed in the Energy and Transportation Branch of the Environmental Compliance and Enforcement Division ("ECED") within OPC of MDEQ. From 2000 to the present time, I have been employed as the Manager of the Chemical Branch of ECED within OPC of MDEQ. I received a Bachelor of Science degree in Chemical Engineering from Mississippi State University in 1993 and a Master of Science degree in Environmental Engineering from the University of Mississippi in 2004.



4. The Chemical Branch that I manage ensures compliance with environmental laws and regulations at chemical manufacturing plants, including the Mississippi Phosphates Corporation (“MPC”) facility located in Pascagoula, Mississippi. I have visited and inspected the MPC facility, and have managed the visits and inspections of the MPC facility by my staff in the Chemical Branch during the thirteen plus years that I have managed the Chemical Branch. I have also participated in enforcement activities and orders related to the MPC facility.

5. As discussed in my Affidavit, which was previously filed by MDEQ as Docket No. 174-1 in this case, the Debtor, Mississippi Phosphates Corporation (“MPC”), holds State of Mississippi Solid Waste Management Permit SW0300040452 (Exhibit “B” to MDEQ’s Response and Objection). This permit authorizes and imposes conditions, requirements, and limitations upon the disposal of solid wastes (phosphogypsum) into a 263 acre onsite landfill (“East Stack”). Financial Assurance for closure and post closure is required by MPC’s Solid Waste Management Permit at Section E.1.f.6, and Commission Agreed Order No. 4716-04, which was previously agreed to by MPC and is filed by MDEQ as Docket No. 174-2 in this case. Miss. Code Ann. § 17-17-27 provides statutory support and 11 Miss. Admin. Code Pt. 4, R. 1.4.F provides regulatory support for the financial assurance requirement.

6. MPC proposed, and MDEQ accepted, quarterly payments in the amount of \$199,000 each quarter, to a Trust Fund established to assure the proper closure and post-closure of the East Stack located at MPC’s facility. MPC maintains financial assurance in the form of a trust fund at Regions Bank to assure closure and /or post-closure care of the East Gyp Stack at its facility in Pascagoula, Mississippi. The sole beneficiary of the trust fund is MDEQ, and its purpose is to assure payment for the costs of closure and/or post-closure care of the East Gyp Stack of the MPC facility covered by the Trust Agreement in the event that MPC fails to do so, whether as a result of bankruptcy or for any other reason. The Trust Fund value currently stands

at approximately \$11,100,000. MPC's current estimate for the costs associated with closure and post-closure at the facility is approximately \$80,000,000, and the actual costs could potentially exceed this amount.

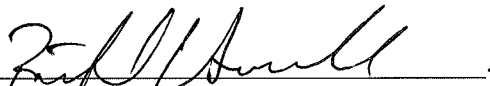
7. To fund the Trust, MPC had been making quarterly payments of \$200,000 into the fund since 2002. However, MPC failed to make the required quarterly payments due on March 31, 2015, and June 30, 2015, related to its active permit.

8. To date, a purchaser of the MPC facility has not surfaced which makes a sale uncertain.

9. If a sale does not occur, liquidation of the assets (property and equipment) of the MPC facility will likely occur and it is highly likely that citizens of the U.S. and Mississippi will be burdened with enormous environmental clean-up costs (including closure and post-closure care).

10. It is essential that MPC budget such funds and dedicate such resources as may be necessary to pay the March 31, 2015, and June 30, 2015, quarterly payments to the Trust Fund as required by statute, regulation and the MPC permit.

FURTHER THE AFFIANT SAYETH NOT.



RICHARD J. SUMRALL
Manager, Chemical Branch
Environmental Compliance and Enforcement Division
Office of Pollution Control
Mississippi Department of Environmental Quality

STATE OF MISSISSIPPI
COUNTY OF HINDS

STATE OF Mississippi
COUNTY OF Hinds

Personally appeared before me, the undersigned authority in and for the said county and state, on this 1st day of July, 2015, within my jurisdiction, the within named Richard J. Sumrall, who acknowledged that he executed the above and foregoing instrument.

