

ARKANSAS DEPARTMENT OF ENERGY AND ENVIRONMENT

DIVISION ENVIRONMENTAL QUALITY

In the Matter of:

LIS No. 22-085

FutureFuel Chemical Company
2800 Gap Road
Batesville, AR 72501
AFIN No. 32-00036

ADMINISTRATIVE ORDER

This Administrative Order (AO) is issued pursuant to the authority delegated under the federal Clean Air Act, 42 U.S.C. § 7401 *et seq.* and the federal regulations issued thereunder. In addition, this AO is issued pursuant to the authority of the Arkansas Water and Air Pollution Control Act, Act 472 of 1949, as amended, codified at Ark Code Ann. § 8-4-101 *et seq.* including Ark. Code Ann. § 8-4-311.

The issues herein having been settled by agreement of FutureFuel Chemical Company (FutureFuel) and the Division of Environmental Quality (DEQ), it is hereby stipulated that the following STATEMENT OF BASIS and ORDER AND AGREEMENT be entered. DEQ and FutureFuel hereby agree to the entry of this AO in order to satisfy second-planning-period requirements associated with the Regional Haze Rule, 40 C.F.R. Part 51 Subpart P.

STATEMENT OF BASIS

1. FutureFuel owns and operates a chemical manufacturing facility that is located in Batesville, Independence County, Arkansas.
2. On July 1, 1999, the United States Environmental Protection Agency (EPA) published regulations to address visibility impairment in the nation's Class I areas. 64 Fed. Reg. 35714. These regulations were amended on July 6, 2005 (70 Fed. Reg. 39156), October 13, 2005 (71 Fed. Reg. 60631), June 7, 2012 (77 Fed. Reg. 33656), and January 10, 2017 (82 Fed. Reg. 3124). Collectively, these regulations are commonly known as the "Regional Haze Rule," codified at 40 C.F.R. §§ 51.300–51.309.
3. Two Class I areas in Arkansas are covered by the Regional Haze Rule: Caney Creek Wilderness Area (Caney Creek) and the Upper Buffalo Wilderness Area (Upper Buffalo).
4. To meet the requirements of the Regional Haze Rule, each State must submit a State Implementation Plan (SIP) implementing the requirements of the Regional Haze Rule to the EPA for approval. *Id.* Each State must submit a revised SIP in 2021 and every ten years thereafter that includes a long-term strategy to "address regional haze visibility impairment for each mandatory Class I Federal area within the State and for each mandatory Class I

Federal area located outside that State that may be affected by emissions from the State.”
40 C.F.R. §51.308(f)(2).

5. In developing the long-term strategy for each SIP revision, each State “must evaluate and determine the emission reduction measures that are necessary to make reasonable progress by considering the cost of compliance, the time necessary for compliance, the energy and non-air quality environmental impacts of compliance, and the remaining useful life of any potentially affected anthropogenic source of visibility impairment,” collectively referred to as the four-factors. 40 C.F.R. §51.308(f)(2)(i).
6. DEQ identified the following emission unit operated by FutureFuel as reasonably anticipated to contribute to visibility impairment at Upper Buffalo and Hercules Glades Wilderness Areas: SN:6M01-01’s three coal-fired boilers.
7. On January 8, 2020, DEQ issued an information collection request (ICR) to FutureFuel soliciting information about potential control strategies for reducing emissions from SN:6M01-01.
8. On April 7, 2020, FutureFuel provided information to DEQ pursuant to the ICR.
9. Based on the information provided by FutureFuel and consideration of the four factors, DEQ determined that switching from coal with three-percent sulfur content by weight to coal that has one-and-one-half percent sulfur content (equating to 2.93 pounds of sulfur dioxide per million British thermal units) in the three coal-fired boilers (SN:6M01-01) satisfies Regional Haze Rule requirements for FutureFuel for the second planning period (2021–2028).
10. SN:6M01-01 has specific coal specifications to ensure safe operation. These specifications are listed in the table below:

Coal Specifications

Parameter	Value	UoM
Maximum Coal Size	≤ 2 x 0	Inch
Preparation Method	Washed	—
Maximum Fines (1/4 inch, %)	< 40-50%	%
Maximum Ash	≤ 10	%
Maximum Sulfur	≤ 1.5	%
Minimum Heating Value	10,000	Btu/lb
Minimum Fusion Temp	Oxidizing	—
Initial Deformation	≥ 2100	deg F
Softening	≥ 2330	deg F
Fluid	≥ 2550	deg F

11. In the event that coal meeting prescribed sulfur concentration and other stoker boiler requirements becomes temporarily unavailable to FutureFuel, temporary use of two percent sulfur content coal (equating to 3.69 pounds of sulfur dioxide per million British thermal units) shall be used to satisfy Regional Haze Rule requirements during the period that coal meeting a limit of 2.93 pounds of sulfur dioxide per million British thermal units is unavailable.
12. DEQ considers the requirements set forth in the ORDER AND AGREEMENT to be "applicable requirements" within the meaning of Title V of the Clean Air Act. The addition of these applicable requirements necessitates the reopening of the permit for FutureFuel in order to incorporate the applicable requirements. 40 C.F.R. § 70.7(f)(1)(i).

ORDER AND AGREEMENT

WHEREFORE, without any admission by FutureFuel of the factual and legal allegations contained herein, DEQ and FutureFuel do hereby stipulate and agree as follows:

1. FutureFuel shall comply with all requirements set forth in this Order and Agreement.
2. No later than three (3) years after the effective date of EPA approval of this AO, FutureFuel shall comply with an emission rate of 2.93 pounds of sulfur dioxide per million British thermal units for SN:6M01-01 boilers. This limit is based on a rolling thirty-operating-day average.
3. Compliance with Order and Agreement Paragraph 2 shall be demonstrated based on fuel usage records and feed stream analysis.
 - a. For the purposes of determining the sulfur dioxide emission rate agreed upon in this AO, it shall be assumed that all sulfur entering SN:6M01-01 is emitted as sulfur dioxide.
 - b. FutureFuel shall determine sulfur content and heat value in fuels entering the boilers using applicable EPA methods or ASTM International standards for collection of samples and sulfur content analysis.
 - c. For the purposes of determining the sulfur dioxide emission rate agreed upon in this AO, a "day" shall be considered from 12 a.m. one calendar day to 12 a.m. the following calendar day.
 - d. For each day SN:6M01-01 is operated, FutureFuel shall record the amount, types, sulfur content, and heat content of fuels fed to SN:6M01-01.
 - e. For each day SN:6M01-01 is operated, FutureFuel shall record the pounds of sulfur dioxide per million British thermal units by dividing the daily sulfur dioxide emission rate by the sum of heat content from fuels burned (in million British thermal units).

- f. Each thirty-operating day average shall be calculated as the arithmetic average of the previous 720 hours of sulfur dioxide emission rates, excluding times during which SN:6M01-01 is not operating.
- 4. FutureFuel may request a temporary variance from the emission limit established in Order and Agreement Paragraph 2 if FutureFuel can reasonably anticipate periods of non-compliance with Order and Agreement Paragraph 2 resulting from the inability to procure coal that meets an emission rate of 2.93 pounds of sulfur dioxide per million British thermal units and other stoker boiler specifications specified in Statement of Basis Paragraph 10.
 - a. The request for temporary variance shall include all of the following:
 - i. Documentation that coal meeting the requirement of Order and Agreement Paragraph 2 delivered to FutureFuel was included in the contract between FutureFuel and the coal supplier;
 - ii. Certification, including supporting documentation from both FutureFuel and vendors, that FutureFuel has taken all reasonable steps to procure coal meeting Order and Agreement Paragraph 2 requirements from an alternative supplier;
 - iii. An estimate of the volume of coal meeting Order and Agreement Paragraph 2 requirements remaining in stock at FutureFuel;
 - iv. The anticipated duration of the shortage of coal meeting Order and Agreement Paragraph 2 requirements at FutureFuel; and
 - v. A demonstration that:
 - 1. Strict compliance with Order and Agreement Paragraph 2 would result in substantial curtailment or closing down of FutureFuel operations; and
 - 2. The temporary variance request is prompted by circumstances beyond the control of FutureFuel.
 - b. DEQ, after conferring with EPA, may grant the request for a temporary variance for a period not to exceed ninety (90) calendar days only if FutureFuel provides all required documentation under Paragraph 4.a. and demonstrates to the satisfaction of DEQ that all criteria under Paragraph 4.a. are met.
 - c. DEQ, may grant a request for an extension of the temporary variance upon a showing by FutureFuel that an extension is necessary.
 - i. Such an extension shall be requested a minimum of thirty (30) calendar days prior to the expiration date of the temporary variance.

- ii. The total period of all temporary variances under this paragraph shall not exceed 365 calendar days in a five-year period.
 - d. DEQ may, for compelling reason or good cause, revoke the temporary variance previously granted.
 - e. DEQ's decision to grant or deny a temporary variance request shall be publicly noticed in a newspaper of general circulation in the state within five (5) business days of DEQ's decision. The public notice requirement shall not apply to DEQ's decision to grant an extension of a temporary variance.
 - f. DEQ shall notify EPA within five (5) business days of DEQ's decision to grant, extend, or revoke a temporary variance under this paragraph.
- 5. If a temporary variance is granted under Order and Agreement Paragraph 4, FutureFuel shall comply with an emission rate of 3.69 pounds of sulfur dioxide per million British thermal units for SN:6M01-01 on a rolling thirty-operating-day average during the period of the temporary variance. If the period of temporary variance is less than thirty days, FutureFuel shall comply with an emission rate of 3.69 pounds of sulfur dioxide per million British thermal units for SN:6M01-01 based on the arithmetic average over the period of the temporary variance. Compliance shall be demonstrated in accordance with Order and Agreement Paragraph 3.
 - 6. FutureFuel shall keep records showing compliance with this AO. All records required under this AO must be maintained by FutureFuel for at least five (5) years and shall be made available to representatives of DEQ and EPA upon request.
 - 7. A violation of this AO shall be considered unlawful under Ark. Code Ann § 8-4-217 and subject to the penalties set forth in Ark. Code Ann § 8-4-103 in the same manner as a violation of a permit issued by DEQ.
 - 8. FutureFuel shall submit a permit modification application to DEQ to incorporate the applicable requirements of this AO no later than six (6) months after the effective date of EPA approval of this AO.
 - 9. Prior to the execution of any agreement for the transfer of ownership or operation of the FutureFuel facility, FutureFuel shall provide notice of and a copy of this AO to the proposed transferee. Transfer of ownership or operation of any portion of the FutureFuel facility shall not relieve FutureFuel of its obligation to ensure that the terms of the AO are implemented unless, at least thirty (30) days prior to such transfer, FutureFuel provides written notice of the prospective transfer to EPA Region 6 and DEQ, and the prospective transferee executes an AO with DEQ prior to the effective date of the transfer providing for continued compliance with the terms set forth in the AO. The Notice of Transfer shall clearly identify the parties responsible for any existing violations of this AO. Any attempt to transfer ownership or operation of the FutureFuel facility without complying with this Paragraph constitutes a violation of this AO.

10. Nothing contained in this AO shall relieve FutureFuel of any obligations imposed by any other applicable local, state, or federal laws, except as specifically provided herein, shall this AO be interpreted in any way to relieve FutureFuel of responsibilities contained in the permit.
11. If federal legislation or a federal court takes action on the Arkansas Regional Haze SIP revision or Regional Haze Rule resulting in a stay of compliance requirements of the AO including deadlines or the alteration of other federal regional haze requirements, in whole or in part, then the AO shall be enforceable only to the extent it is federally enforceable.
12. If any provision or requirement of this AO is disapproved by EPA, all provisions or requirements shall be rendered inoperative.
13. This AO is effective upon execution by the Chief Administrator, Environment.
14. By virtue of the signature appearing below, the individual represents that he or she is either an Officer or an authorized representative of FutureFuel with the ability to bind the organization to enter into contract on behalf of the organization.

SO ORDERED THIS 3rd DAY OF August, 2022.


Julie Linck
Chief Administrator, Environment

APPROVED AS TO FORM AND CONTENT:

FutureFuel Chemical Company

BY: Thomas McKinlay (Signature)

Thomas McKinlay (Typed or printed name)

TITLE: Chief Executive Officer

DATE: August 3, 2022