



CHEMICAL COMPANY

October 14, 2004

Mr. Steve Drown  
Assistant Chief  
Water Division  
Arkansas Department of Environmental Quality  
8001 National Drive  
Little Rock, Arkansas 72219-8913

RE: Quarterly Report – Third Quarter 2004, CAO LIS 98-119

Dear Mr. Drown:

This letter serves as the referenced Quarterly Report. During this quarter there continued to be significant actions regarding the NPDES permit for El Dorado Chemical Company (EDCC). These actions centered on projects and studies related to compliance with our current NPDES permit as well as the continued development of the project to construct a pipeline to the Ouachita River. The following paragraphs present details regarding these activities.

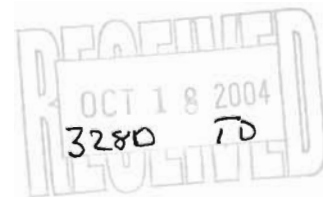
### **Current Projects and Studies**

#### 1. Hydrologic Study

Pursuant to the requirements of the final NPDES permit, EDCC submitted a hydrologic study plan for the storm water outfalls. ADEQ has approved the study plan; however, a request to modify the location of the background monitor for outfalls 006/007 was submitted to ADEQ on September 17, 2004. The study is scheduled to be started after approval of the amended study plan and will be completed within the timeframes set by the NPDES permit.

#### 2. Retention Basin Temperature Study

Pursuant to the requirements of the final NPDES permit, EDCC submitted a temperature study plan for the purpose of determining the influence of ambient conditions on the temperature regime of the retention basin at EDCC. ADEQ has reviewed the study plan and EDCC will be responding to those comments in the near future. The study is scheduled to be conducted starting in the second quarter of 2005 and will be completed within the timeframes set by the NPDES permit.



Mr. Steve Drown  
Water Division  
Arkansas Department of Environmental Quality  
October 14, 2004  
Page 2

3. Storm Water Outfall Compliance

As discussed at the meeting on September 17 at the ADEQ, EDCC has experienced some NPDES permit limitations excursions in relation to storm water discharges at the facility. In response, we have initiated detailed assessments of potential causes to determine appropriate corrective actions and will be reporting those actions along with the Discharge Monitoring Reports for the outfalls as required by our NPDES permit. In addition, we have directed GBMc & Associates to conduct a detailed engineering study on options for capturing the majority of the storm water flows for the purpose of routing them to our wastewater treatment system. This engineering study is currently underway.

4. Equalization Basin Cleanout Project

During the third quarter of 2004, we developed a project for the cleanout of the one acre equalization basin which receives both storm water and process water flows. We have accepted bids from contractors for the basin cleanout and have submitted a request to ADEQ for temporary staging of the materials pending their beneficial use or disposal. We anticipate initiating the cleanout during the fourth quarter of 2004, dependent on the ADEQ approval process timeframes.

5. Source Reduction Analysis

During the third quarter of 2004, GBMc & Associates conducted a detailed process water source analysis at the EDCC facility to assess opportunities for reducing sources of nitrate and ammonia to the wastewater treatment system. The analysis identified several opportunities and additional assessments are being conducted by in-house staff to determine the feasibility and operational impacts.

6. Wastewater System Engineering Review

In conjunction with the source reduction analysis, during the third quarter of 2004, GBMc & Associates continued its engineering review of our wastewater treatment system for the purpose of determining those upgrades necessary to meet the permit limitations. During the quarter potential ammonia removal technologies were assessed and efforts are continuing to determine feasible options.

Mr. Steve Drown  
Water Division  
Arkansas Department of Environmental Quality  
October 14, 2004  
Page 3

#### 7. Wastewater Treatment Bioaugmentation

As discussed in previous quarterly reports, during the third quarter of 2004 El Dorado Chemical Company continued implementation of the alternative wastewater treatment technology. We continue the collection of performance data to determine the efficacy of the organisms in our wastewater treatment system.

#### 8. Ground Water Study

Earlier this year, additional fieldwork was completed to further evaluate the shallow ground water conditions at the plant site. A total of eleven new soil borings were drilled and logged. In addition, four new monitoring wells were installed along the southern property boundary. The new soil borings and monitoring wells were drilled to depths of approximately 50 to 70 feet below ground surface. A meeting was held with Laura Stuart-Leslie (ADEQ Water Division) to submit our report on the new fieldwork and review the findings. We agreed on plans for additional fieldwork to verify the shallow subsurface geology of the site using geophysical logging of the existing monitoring wells. We plan to complete this project during the fourth quarter of 2004.

We have continued our schedule of sampling the monitoring wells every other month (6 times per year) in an effort to collect enough data to conduct a statistical evaluation of the ground water quality. In January of 2005, we will have a sufficient amount of data for the original 18 monitoring wells to complete a statistical comparison of up gradient and down gradient ground water quality. A report on the statistical evaluation and our additional fieldwork will be submitted to the Department during the first quarter of 2005.

#### **Joint Pipeline Activities**

During the third quarter of 2004, there were additional meetings in El Dorado and communications between the four interested entities (El Dorado Chemical Company, Great Lakes Chemical Corporation, Lion Oil Company and El Dorado Water Utility) as they continued efforts to coordinate the joint pipeline project. To this effect, EDCC continues to be involved in the finalization of the Operating Agreement between the industrial entities and the El Dorado Water Utility. We anticipate finalization of that document in the fourth quarter of 2004.

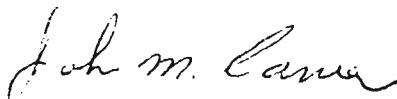
In addition, EDCC attended a meeting at ADEQ on September 1, 2004 with the other interested entities to discuss the joint permitting approach and the individual NPDES permit modification requirements. Based on that meeting, we developed a permit modification request for submittal

Mr. Steve Drown  
Water Division  
Arkansas Department of Environmental Quality  
October 14, 2004  
Page 4

to the ADEQ. In addition, we are participating in the joint NPDES permit application process. We anticipate submittal of the joint permit application in the fourth quarter of 2004.

Hopefully, this letter has adequately explained the status of our NPDES compliance efforts during the third quarter of 2004. Should you have any questions, please feel free to call Randall Whitmore at (870) 863-1498.

Sincerely,



John M. Carver  
Vice President Safety and  
Environmental Compliance

JMC/ymq

cc: Belinda Colby, Enforcement Coordinator, Hazardous Waste Division  
Keith Brown, Manager, State Permits, Water Division  
Martin Maner, Chief, Water Division