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November 3, 2005

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And Bryan Cave,
A Multinational Partnership,
London

Information Quality Guidelines Staff
(Mail Code 2811R)
U.S. EPA
1200 Pennsylvania Ave., NW
Washington, DC 20460

Re: Request of Sterling Chemicals, Inc. for Correction of ECHO Information Pursuant to Environmental Protection Agency Information Quality Guidelines

To: Information Quality Guidelines Staff:

Sterling Chemicals, Inc. ("Sterling") requests that the Environmental Protection Agency ("EPA") correct inaccurate and misleading information that is contained within the Agency's Enforcement and Compliance History Online (ECHO) database with respect to Sterling's Texas City, Texas manufacturing facility. In particular, the publicly-available ECHO database contains some erroneous and misleading information about a 1998 accidental chemical release from the Sterling facility, and the information needs to be corrected. Sterling makes this request pursuant to the 2002 "Information Quality Act" and EPA's associated Information Quality Guidelines.

Sterling is among the world's leading producers of commodity petrochemicals. Sterling's core petrochemical operation is located in its Texas City, Texas facility, which manufactures the commodity petrochemicals styrene, acetic acid, and plasticizers. Sterling generally sells its petrochemicals products to customers for use in the manufacture of other chemicals and products, which in turn are used in the production of a wide array of consumer goods and industrial products.

Following an accidental chemical release from a production pipe on April 1, 1998, EPA alleged that Sterling violated Section 112(r)(1) of the Clean Air Act ("CAA") and asserted a claim pursuant to Section 113(b)(1) of the CAA. Sterling denied that a

CAA violation had occurred, and the parties ultimately agreed to a judicially-approved settlement of the claim.[1/]

In EPA's Enforcement and Compliance History Online ("ECHO") database, the Agency maintains Enforcement Case Reports, which document enforcement activity and associated penalties. Within this public database, EPA provides an Enforcement Case Report that purportedly describes the April 1998 accidental chemical release at Sterling and the subsequent judicial settlement with EPA. Unfortunately, the report contains numerous errors and biased information. Since the report's inception on September 22, 2003, Sterling has repeatedly contacted EPA Region 6 personnel who were involved in the enforcement matter, asking that the report be corrected, and requesting specific revisions to correct this public record.[2/] EPA has failed to correct the errors or even to respond to these requests. Therefore, Sterling submits this Request for Correction pursuant to the Information Quality Act and the associated guidelines issued by the Office of Management and Budget ("OMB") and EPA.

EPA's ECHO Enforcement Case Report Fails to Comply with the Data Quality Guidelines

While it is regularly termed the "Information Quality Act," (or "Data Quality Act") the legal foundation stems from Section 515 of the Treasury and General Government Appropriations Act for Fiscal Year 2001. Section 515 directed the OMB to develop government-wide guidelines for data quality.

The OMB promulgated final data quality guidelines on September 28, 2001 (66 FR 49718). This final rule directed federal agencies to develop and publish final data quality guidelines by October 1, 2002. Hence in October 2002, EPA published "Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by the Environmental Protection Agency."

Information that is disseminated by EPA must comply with the EPA Data Quality Guidelines. "Information" is defined broadly by EPA, including "any communication or representation of knowledge such as facts or data, in any medium or form."[3/] Dissemination occurs when EPA

1/ Agreed Order Approving Settlement Between Debtors and United States Environmental Protection Agency, entered by the court *In re Sterling Chemicals Holdings, Inc. et al.* (United States Bankruptcy Court Southern District of Texas Houston Division; November 20, 2002) [hereinafter "Agreed Order"] (Exhibit A).

2/ Email from Sterling counsel, Robert Van Voorhees, to Jan Gerro, EPA, of November 18, 2003, with attachments (Exhibit B); Email from Sterling counsel, Robert Van Voorhees, to Jan Gerro, EPA, of March 19, 2004; Email from Sterling counsel, Robert Van Voorhees, to Jan Gerro, EPA, of October 22, 2004; Email from Sterling counsel, Robert Van Voorhees, to Jan Gerro, EPA, of December 14, 2004.

3/ EPA Guidelines § 5.3.

"initiates or sponsors the distribution of information to the public."[4/] EPA's publicly available ECHO database is published on the Internet and certainly falls under this umbrella.

"Quality" is comprised of objectivity, utility, and integrity. The ECHO Enforcement Case Report fails both the definition of objectivity and utility; therefore the information fails to meet the standard of quality and must be corrected.

"Objectivity" depends on whether the information is presented in an accurate, clear, complete and unbiased manner. EPA's Enforcement Case Report for Sterling Chemicals fails to meet this standard. The Sterling Chemicals Enforcement Case Report (attached) contains the following errors, which are presented in the order in which they appear in the report along with the corresponding corrections that Sterling requests be made **[presented in bold print in brackets following each statement]**:

1) Case Name: Sterling Chemical Co., A Delaware Corporation **[corrected entry: Sterling Chemicals, Inc., A Delaware Corporation]** This entry must be corrected to state the company name accurately in accordance with public records and the specific language of the opening paragraph of the Agreed Order entered by the court.

2) Court Docket Number: No Data **[corrected entry: Case No. 01-37805-H4-11]** The entry must be changed to provide the complete and accurate information which is known to EPA.

3) Enforcement Outcome: Final Order With Penalty **[corrected entry: Agreed Order with allowed claim]** This entry must be changed to state completely and accurately the name of the Agreed Order to which both EPA and Sterling agreed and the description provided in paragraph 14 of the Agreed Order that the United States received an "allowed claim." The language as currently presented is a biased EPA characterization of the Agreed Order .

4) Result of Voluntary Disclosure: No **[corrected entry: Yes]** This language must be changed to reflect the fact that Sterling voluntarily and immediately reported the release, a fact that EPA has not disputed. The pipe rupture occurred at approximately 9:45 a.m. on April 1, 1998. The fire and spill alarm was activated inside the plant at 9:45 a.m. Sterling made the first call to the Texas City Fire Department at 9:49 a.m. notifying them that Sterling was experiencing a Level I emergency (under control and confined). By 9:55 a.m., potentially exposed Sterling plant personnel had been evacuated to the east side of the plant, and no reports of injuries had been received. At the same time, a call was placed to the City announcing an upgrade to a Level III emergency (not under control and not confined. Texas City officials were advised that a "shelter-in-place" alarm might be needed. The first Texas City emergency response personnel arrived at the main gate of the Sterling plant at 9:58 a.m. At 10:13 a.m. Sterling called the National Response Center (NRC) (NRC Case No. 430712) (Exhibit C) to report the

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4/ *Id.*

release. A similar call was made to the Texas Natural Resource Conservation Commission (TNRCC Case No. 980594).

5) Total Federal Penalty Sought: $241,265 **[corrected entry: $650,000]** This entry should be corrected to reflect the agreed amount of the claim consistent with paragraph 14 of the Agreed Order.

6) Total Federal Penalty Assessed: $650,000 **[corrected entry: $0]** This entry must be corrected to show that no federal penalty was ever officially assessed. By settling the claim before initiating enforcement action in court (as EPA invited Sterling to do), EPA agreed to an allowed claim in the bankruptcy proceeding rather than assess a penalty. This is confirmed by the Agreed Order.

7) Total State/Local Penalty Assessed: no entry **[corrected entry: $0 or "None"]** Neither the State of Texas nor any local jurisdiction ever assessed any penalty for these events. Indeed, the Texas Natural Resource Conservation Commission (TNRCC) investigated the incident and concluded that nuisance air pollution conditions had not occurred. *See* Letter from Mark Vickery, TNRCC Director of Field Operation Division, to Mrs. Annie B. Small (June 9, 2000) (Exhibit D).

8) Total SEP Cost: no entry **[corrected entry: $0 or "None"]** The entry should provide the complete information indicating that there was no SEP provided for in this case.

9) Total Compliance Action Cost: no entry **[corrected entry: $0]** This entry should be either $0 or $241,265 to reflect the actual payment on the allowed claim as the total compliance cost.

10) Total Cost Recovery: no entry **[corrected entry: $241,265]** The report should state accurately and completely the amount of $241,265 actually collected by the United States.

11) (starting on page 2) Defendant Name: Sterling Chemical Co. **[corrected entry: Sterling Chemicals, Inc.]** The entry must be corrected to state accurately the company name.

12) Enforcement Conclusion Type: Proposed Judicial Settlement **[corrected entry: Agreed Judicial Settlement]** This entry must be corrected to state accurately the conclusion of this enforcement action.

13) Enforcement Conclusion Dollar Amounts: **these errors and corrections are the same as the ones presented in items 5 through 10 above.**

The report's "Case Summary" also contains statements that are either inaccurate or are disputed, and thus biased. The following list highlights the incorrect statements in the Case Summary and provides corrected language in bold print in parentheses following each statement:

1) Section 113 of the Clean Air Act ("CAA"), 42 U.S.C. Section 7413 **(Section 112(r)a(1) of the Clean Air Act (CAA), 42 U.S.C. § 7412(r)(1).**

2) Sterling Chemical Co., A Delaware Corporation 201 Bay Street South Texas City, Galveston County, Texas 77590 **(Sterling Chemicals, Inc. a Delaware Corporation, 201 Bay Street South, Texas City, Galveston County, Texas, 77590)**

3) Respondent was in violation of Section 112(r)(1) of the CAA by 1) failure to design and maintain a safe facility taking such steps as are necessary to prevent releases. A release of chemicals that are used to manufacture styrene took place on Apr. 1, 1998, causing some 258 persons to seek medical treatment **(EPA asserted a claim for civil penalties under CAA § 113 alleging violation of § 112(r)(1) of the CAA by failing to maintain a safe facility taking such steps as are necessary to prevent releases. A release of chemicals that are used to manufacture styrene took place and was reported by Sterling on April 1, 1998.)**

4) Relief sought pursuant to Section 113 of the CAA, EPA referred this direct referral to DJ requesting the initiation of a civil action against the respondent. EPA is seeking injunctive relief and a proposed civil penalty of $241,265. **(Sterling denied violation of CAA Section 112(r)(1). 5) Settlement on November 20, 2002 with agreement that no violation admitted. EPA was allowed a claim in bankruptcy of $650,000 and collected $241,265.)**

The ECHO Enforcement Case Report also fails to meet the definition of "utility." According to the Data Quality Guidelines, utility refers to the usefulness of the information. Because the information is inaccurate and biased, the information is not useful as a basis for informing the public.

Recommendations for Corrective Action

Sterling's specific recommendations for corrective action are presented above in conjunction with each identified erroneous or biased statement.

How the Error Affects or How the Correction would Benefit the Requestor

The current errors and biased information publicly displayed on the ECHO Enforcement Case Report misrepresent the April 1998 accidental chemical release and Sterling's response, the enforcement actions actually initiated by EPA, and the ultimate settlement agreement that followed. The current wording of the "Case Summary" particularly misstates the facts. The language demeans the health and safety efforts that Sterling administers at its facility, and damages Sterling's public image and reputation. Sterling was never found to be in violation of Section 112(r)(1) of the CAA. This was only an allegation made by EPA that Sterling strongly denied. Indeed, the judicial settlement[5/]

5/ *In re: Sterling Chemicals Holdings, Inc. et al.* (United States Bankruptcy Court Southern District of Texas Houston Division; November 20, 2002).

stipulates this precise point. Moreover, the "Case Summary" states that the accident caused 258 persons to seek medical treatment. Sterling disputes this description of the event. This assertion of causation stands as an unproven allegation by EPA that is unconfirmed in the settlement language. In agreeing to the Agreed Order, EPA expressly agreed to the following language in paragraph 9:

> Nothing in the allegations, the proposed penalties, this Agreed Order, or the signing, execution or implementation of this Agreed Order constitutes an admission or evidence of, or shall be treated as an admission or evidence of any violation of the statutes and regulations referred to herein, in any litigation ***or forum whatsoever.*** (Emphasis added.)

This language applies with equal force to EPA's public posting of data and information on the ECHO website as it would to any assertions made in court by EPA. Furthermore, it is important to correct the fact that this the case originated from Sterling's voluntary and exemplary disclosure and immediate reporting of the release in question; the current Enforcement Case Report states otherwise.

On April 1, 1998 the Sterling plant in Texas City, Texas experienced a release of vapor from its alkylation unit that consisted mainly of benzene and ethylbenzene, with small amounts of polyethylbenzene and trace amounts of hydrogen chloride. The vapor escaped from a break in the pump 13P1-1 discharge line at a weld that had been made in the line in 1995 by welders employed by a third-party contractor employed by Sterling. This release occurred despite Sterling's adoption and implementation of generally recognized safe practices to manage the risks associated with the design, operation and maintenance of the alkylation unit in particular and the Texas City plant in general. Sterling has acknowledged that the release occurred and that Sterling responded promptly and skillfully to the release by implementing its emergency response procedures in a way that minimized the consequences of the release both for the employees within the plant and for the surrounding community in Texas City. The release was completely controlled and eliminated within 65 minutes. A shelter-in-place alert, although not really necessary, was sounded by Texas City on Sterling's recommendation and remained in effect for only 60 minutes before the "all clear" signal was sounded. No evidence was ever produced in court in conjunction with the enforcement action to show that any employees or members of the public suffered any significant health effects or property damage that was attributable to this release. As stated in the Agreed Order, the parties settled the case to "avoid prolonged and complicated litigation." Agreed Order at paragraph 10. The ECHO database must be corrected so that the facts presented are accurate and unbiased and accord with the Agreed Order.

Correcting the Enforcement Case Report language would serve the interests of EPA, Sterling and the general public. A more accurate, complete and unbiased description of the accidental release and the legal action that ensued would benefit Sterling's public image, while providing the public with a more useful report of the event. It is important for the public to have accurate information concerning the actual circumstances of chemical releases.

Although the other errors (e.g., incorrect name and dollar amounts) in the Enforcement Case Report may not be as influential as the specific circumstances discussed above, it is important for EPA to correct any erroneous information. Many organizations and individuals rely upon and use EPA databases, such as ECHO, as primary sources for information, which is also used in secondary outlets, such as newspapers. Therefore, it is crucial that the names and figures be corrected in this case to ensure that EPA's database is accurate.

For the foregoing reasons, Sterling requests that the changes identified herein be made in accordance with the "Information Quality Act" and EPA's associated Information Quality Guidelines.

Sincerely,

Robert F. Van Voorhees

Counsel to Sterling Chemicals, Inc.

Exhibit A

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	:	
STERLING CHEMICALS HOLDINGS, INC., et al.,	:	Chapter 11
	:	Case No. 01-37805-H4-11
Debtors.	:	
	:	Jointly Administered

AGREED ORDER APPROVING SETTLEMENT BETWEEN DEBTORS AND UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

(Underlying Motion at Docket No. 1559)

UPON CONSIDERATION OF the Motion Pursuant to Fed. R. Bankr. P. 9019 for Entry of Agreed Order Between Sterling Chemicals, Inc. and the United States Environmental Protection Agency (the "Motion"), filed by Sterling Chemicals Holdings, Inc., Sterling Chemicals, Inc. and certain of their direct and indirect subsidiaries (collectively, the "Debtors"), seeking entry of an agreed order pursuant to Fed. R. Bank. P. 9019 (a) setting forth a settlement between Sterling Chemicals, Inc. and the United States Environmental Protection Agency; and it appearing that proper and adequate notice of the Motion has been given to the parties on the Master Service List maintained in these cases and that no other or further notice is necessary; and it appearing that the settlement is fair and reasonable under the circumstances and its approval is in the best interest of the Debtors' estates and all parties in interest;

1559

THEREFORE, THE PARTIES HEREBY STIPULATE AND THE COURT HEREBY FINDS:

I. BACKGROUND

Procedural Background

1. On July 16, 2001 (the "Petition Date"), Sterling Chemicals Holdings, Inc. ("Holdings") and certain of its direct and indirect subsidiaries (the "Subsidiary Debtors"), debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors") filed voluntary petitions for reorganization relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101-1330 (as amended, the "Bankruptcy Code"). Their cases are being jointly administered for procedural purposes only.

2. The Debtors are operating their businesses and managing their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request has been made for the appointment of a trustee or examiner.

3. Holdings is a publicly-owned company located in Houston, Texas. Through the Subsidiary Debtors, principally Sterling Chemicals, Inc. ("Chemicals"), its wholly-owned operating subsidiary, and certain foreign affiliates who have not sought Chapter 11 protection (the "Foreign Subsidiaries"), Holdings heads an enterprise (the "Company") that is among the world's leading producers of commodity petrochemicals, technical acrylic fibers and pulp chemicals. The Company is also a provider of large-scale chlorine dioxide generators to the pulp and paper industry. The Company's core petrochemicals operation is based in Texas City, Texas, at a facility owned by the Debtors, through Chemicals.

4. The Debtors seek to restructure their payment obligations pursuant to the provisions of Chapter 11. Accordingly, the Debtors have filed a proposed Joint Plan of Reorganization Under Chapter 11, Title 11, United States Code, of Sterling Chemicals Holdings, Inc., et al., Debtors (the "Plan"), along with a proposed Disclosure Statement with Respect to Joint Plan of Reorganization Under Chapter 11, Title 11, United States Code of Sterling Chemicals Holdings, Inc., et al., Debtors (the "Disclosure Statement").

The Clean Air Act Claim Relating to the Chemicals Facility

5. The United States (as defined below) has asserted a claim for civil penalties pursuant to Section 113(b)(1) of the Clean Air Act (as defined below) against Chemicals arising from alleged violations of Section 112(r)(1) of the Clean Air Act at its styrene production plant in Texas City, Texas. The United States has alleged that Chemicals violated Section 112(r)(1) of the Clean Air Act "because it failed to design and maintain a safe facility" in that it "failed to permanently repair a pipe at such Sterling Facility known as the '13P1 pipe' which carried hazardous substances and which developed a series of leaks over the period from May 1996 to April 1998." The United States has asserted that "[a]s a result of Debtor's failure to permanently repair the 13P1 pipe during this period an accidental release of hazardous substance from the 13P1 pipe occurred on April 1, 1998."

6. Chemicals has denied that it violated Section 112(r) of the Clean Air Act. Chemicals has asserted that it has complied with its general duty under that section to identify hazards which may result from releases of hazardous substances using appropriate hazard assessment techniques, to design and maintain a safe facility taking such steps as are necessary to prevent releases, and to minimize the consequences of accidental releases which do occur.

The CERCLA Claim for the Malone Site

7. The United States has asserted that Chemicals is jointly and severally liable, under Section 107(a)(3)(A) of CERCLA (as defined below) for all costs of removal or remedial action incurred by the United States not inconsistent with the national contingency plan with respect to the Malone Services Company Site located in Texas City, Texas at 5300 Campbell Bayou Road (the "Malone Site") and asserts a claim for "approximately nine million dollars" in past costs and future response costs "as high as approximately eighty million dollars." The United States has asserted that Chemicals is liable under Section 107(a)(3)(A) of CERCLA as a person who arranged for disposal or treatment, or arranged with a transporter for transport for disposal or treatment, of hazardous substances from Chemicals' Texas City, Texas plant to the Malone Site.

8. Chemicals has denied that it has any liability under Section 107(a)(3)(A) of CERCLA with respect to the Malone Site since it asserts that it did not arrange for the disposal or treatment, or arrange with a transporter for transport for disposal or treatment of any hazardous substance, or any substance whatsoever, at the Malone Site.

General Settlement Terms

9. By entering into this Agreed Order, Chemicals does not admit any liability to the United States arising out of the transactions or occurrences alleged by EPA (as defined below) or DOJ (as defined below). This Agreed Order constitutes a settlement of disputed claims to avoid the expense of litigation. Chemicals denies the allegations that violations occurred or that the proposed penalties are appropriate. Nothing in the allegations, the proposed penalties, this Agreed Order, or the signing, execution or implementation of this Agreed Order constitutes an admission or evidence of, or shall be

treated as an admission or evidence of, any allegation or of any violation of the statutes and regulations referred to herein, in any litigation or forum whatsoever.

10. The United States and Chemicals agree, and this Court by entering this Agreed Order finds, that this Agreed Order has been negotiated by the Parties in good faith, that settlement of this matter will avoid prolonged and complicated litigation between the Parties and that this Agreed Order is fair, reasonable and in the public interest.

THEREFORE, WITH THE CONSENT OF THE PARTIES, IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

II. JURISDICTION AND VENUE

11. The Court has jurisdiction over this matter under 28 U.S.C. §§ 157, 1331, 1334, 1345, and 1355. This is a core proceeding under 28 U.S.C. § 157(b)(2). Chemicals consents to and shall not challenge entry of this Agreed Order or this Court's jurisdiction to enter and enforce this Agreed Order. Venue is proper under 28 U.S.C. §§ 1408 and 1409 and because the alleged Section 112(r) violation at issue occurred in this District.

III. PARTIES BOUND

12. This Agreed Order is binding upon the United States and upon Chemicals and its successors and assigns. Any change in ownership or corporate or other legal status of Chemicals, including, but not limited to, any transfer of assets or real or personal property, shall in no way alter the status or responsibilities of Chemicals under this Agreed Order.

IV. DEFINITIONS

13. Unless otherwise expressly provided herein, terms used in this Agreed Order which are defined in CERCLA or the Clean Air Act or in regulations promulgated under CERCLA or the Clean Air Act shall have the meaning assigned to them in CERCLA, the Clean Air Act or in such regulations. Whenever terms listed below are used in this Agreed Order or in any appendix attached hereto, the following definitions shall apply:

"Agreed Order" shall mean this agreed order and all appendices attached hereto (in the event of conflict between this Agreed Order and any appendix, the Agreed Order shall control);

"Clean Air Act" shall mean the Clean Air Act, as amended, 42 U.S.C. § 7401, et seq.;

"CERCLA" shall mean the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. §§ 9601, et seq.;

"Class 7 General Unsecured Claim" shall have the meaning set forth in the Plan;

"Day" shall mean a calendar day (in computing any period of time under this Agreed Order, where the last day would fall on a Saturday, Sunday, or federal holiday, the period shall run until the close of business of the next working day);

"DOJ" shall mean the United States Department of Justice and any successor departments, agencies or instrumentalities of the United States;

"EPA" shall mean the United States Environmental Protection Agency and any successor departments, agencies or instrumentalities of the United States;

"Malone Site" shall mean the Malone Services Company site located in Texas City, Texas at 5300 Campbell Bayou Road;

"Paragraph" shall mean a portion of this Agreed Order identified by an Arabic numeral or an upper or lower case letter;

"Parties" shall mean the United States and Chemicals;

"Plan" shall mean the Joint Plan of Reorganization under Chapter 11, Title 11, U.S. Code of Sterling Chemicals Holdings, Company, et al., Debtors, in the final version approved by this Court;

"Section" shall mean a portion of this Agreed Order identified by a Roman numeral; and

"United States" shall mean the United States of America on behalf of EPA and DOJ.

V. ALLOWANCE OF CLAIM

14. The United States shall have an Allowed Class 7 General Unsecured Claim under the Plan in the amount of six hundred and fifty thousand dollars ($650,000) as full settlement of the claim asserted in its proof of claim for civil penalties under the Clean Air Act. The United States' Allowed Class 7 General Unsecured Claim shall receive the same treatment under the Plan, without discrimination, as other Allowed Class 7 General Unsecured Claims with all attendant rights provided by the Bankruptcy Code. In no event, shall the United States' Allowed Class 7 General Unsecured Claim be subordinated pursuant to any provision of the Plan or Bankruptcy Code to any other Allowed Class 7 General Unsecured Claim. Proof of claim no. 1911 filed by the United States is hereby deemed amended to conform to the foregoing agreed claim amount.

VI. WITHDRAWAL OF PROOF OF CLAIM FOR MALONE SITE

15. The United States hereby withdraws with prejudice its claim under CERCLA for the

Malone Site, and proof of claim number 1911 is hereby deemed amended with prejudice to delete such claim.

VII. RETENTION OF RECORDS

16. Until 10 years after the entry of this Agreed Order, Chemicals shall preserve and retain all documents or information now in its possession or control, or which come into its possession or control, that relate in any manner to response actions taken at the Malone Site or the liability of any person for response actions or response costs at or in connection with the Malone Site, regardless of any corporate retention policy to the contrary.

17. After the conclusion of the document retention period in the preceding paragraph, Chemicals shall notify EPA and DOJ at least 90 days prior to the destruction of any such documents or information, and, on request by EPA or DOJ, that Chemicals shall deliver any such documents or information to EPA or DOJ. Chemicals may assert that certain documents or information are privileged under the attorney-client privilege or any other privilege recognized by federal law. If Chemicals asserts such a privilege, it shall provide EPA or DOJ with the following: (1) the title of the document or information; (2) the date of the document or information; (3) the name and title of the author of the document or information; (4) the name and title of each addressee and recipient; (5) a description of the subject of the document or information; and (6) the privilege asserted. However, no documents or information created or generated pursuant to the requirements of this or any other order, decree, or agreement with the United States shall be withheld on the grounds that they are privileged. If a claim of privilege applies only to a portion of a document or information, the document or information shall be provided to EPA or DOJ in redacted form to mask the privileged portion only. Chemicals shall retain

all documents or information that it claims to be privileged until the United States has had a reasonable opportunity to dispute the privilege claim and any such dispute has been resolved in the Chemicals' favor.

18. By signing this Agreed Order, Chemicals certifies that, to the best of its knowledge and belief, it has:

a. conducted a thorough, comprehensive, good faith search for documents or information, and have disclosed to EPA, all material information and made available all documents or information currently in its possession, or in the possession of its officers, directors, employees, contractors or agents, which relate in any way to the ownership, operation or control of the Malone Site, or to the ownership, possession, generation, treatment, transportation, storage or disposal of a hazardous substance, pollutant or contaminant at or in connection with the Malone Site;

b. not altered, discarded or otherwise disposed of any documents or information relating to its potential liability regarding the Malone Site, after notification of potential liability regarding the Malone Site; and

c. fully complied with any and all EPA and DOJ requests for information regarding the Malone Site pursuant to Sections 104(e) and 122(e) of CERCLA.

VIII. NOTICES AND SUBMISSIONS

19. Whenever, under the terms of this Agreed Order, notice is required to be given or a document is required to be sent by one party to another, it shall be directed to the individuals at the addresses specified below, unless those individuals or their successors give notice of a change to the other Parties, in writing. Written notice as specified herein shall constitute complete satisfaction of any

written notice requirement of the Agreed Order with respect to the United States and Chemicals, respectively.

As to the United States:

Kirk Koester, Esq.
U. S. Department of Justice
Environmental & Natural Resources Division
Environmental Enforcement Section
P.O. Box 7611
Washington, D.C. 20044-7611

and

Jan Gerro, Esq.
U. S. Environmental Protection Agency
Region VI
Office of Regional Counsel
1445 Ross Avenue
Dallas, Texas 75202

As to Chemicals:

Dennis D. Kos
Director - Environmental, Health, & Safety
Sterling Chemicals Inc
1200 Smith Street, Suite 1900
Houston, Texas 77002-4312
Phone: (713) 654-9542
Fax: (713) 654-9577

and

General Counsel
Sterling Chemicals Inc
1200 Smith Street, Suite 1900
Houston, Texas 77002-4312
Phone: (713) 654-9502
Fax: (713) 654-9577

IX. MISCELLANEOUS

20. This Agreed Order constitutes the final, complete and exclusive agreement and understanding among the Parties with respect to the settlement embodied in this Agreed Order except for the Stipulation for Extension of Confirmation Objection Deadline in Favor of United States Pending Disposition of Motion Pursuant to Fed. R. Bankr. P. 9019 for Entry of Agreed Order Between Sterling Chemicals, Inc. and United States Environmental Protection Agency. The Parties acknowledge that there are no representations, agreements or understandings relating to the settlement other than those expressly contained in this Agreed Order except for the Stipulation for Extension of Confirmation Objection Deadline in Favor of United States Pending Disposition of Motion Pursuant to Fed. R. Bankr. P. 9019 for Entry of Agreed Order Between Sterling Chemicals, Inc. and United States Environmental Protection Agency.

21. Chemicals' entry into this Agreed Order is subject to the approval of the Bankruptcy Court. Chemicals agrees to exercise all reasonable efforts to obtain the prompt approval of the Bankruptcy Court and to obtain such approval no later than the Bankruptcy Court's confirmation of the Plan. If for any reason this Court should decline to approve this Agreed Order in the form presented, this Agreed Order shall be null and void and the terms of the agreement may not be used as evidence in any litigation between the Parties.

X. EFFECTIVE DATE

22. The effective date of this Agreed Order shall be the date upon which it is entered by the Court.

XI. SIGNATORIES SERVICE

23. Each of the undersigned representatives of each Party to this Agreed Order and the Assistant Attorney General for the Environment and Natural Resources Division certify that he or she is authorized to enter into the terms and conditions of this Agreed Order and to execute and bind legally such Party to this document.

XII. COSTS

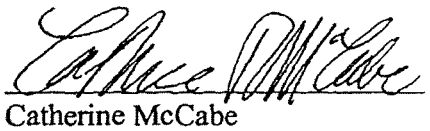
24. The United States and Chemicals shall bear their own costs and attorneys' fees in this action. However, in the event this Court subsequently determines that Chemicals has violated any terms and conditions of this Agreed Order, Chemicals shall be liable to the United States for any of its costs or attorneys fees or other expenses incurred by the United States in any action or proceeding against Chemicals to enforce compliance with this Agreed Order.

Dated: Houston, Texas
11/20, 2002

William Greendyke
United States Bankruptcy Judge

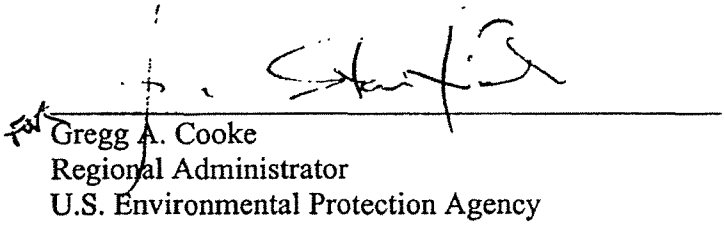
Agreed as to form and substance:

FOR THE UNITED STATES OF AMERICA:



Catherine McCabe
Deputy Chief
Environmental Enforcement Section
Environment and Natural Resources Division
U.S. Department of Justice
P.O. Box 7611
Washington, D.C. 20044

FOR THE UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY



Gregg A. Cooke
Regional Administrator
U.S. Environmental Protection Agency
Region 6

FOR DEBTORS, STERLING CHEMICALS HOLDINGS, INC. AND STERLING CHEMICALS, INC.:

_____

FOR THE UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY

U.S. Environmental Protection Agency
Region 6

FOR DEBTORS, STERLING CHEMICALS
HOLDINGS, INC. AND STERLING CHEMICALS, INC.

David G. Elkins
President and Co-CEO

Exhibit B

Van Voorhees, Robert F.

From: Van Voorhees, Robert F.
Sent: Tuesday, November 18, 2003 4:42 PM
To: Jan Gerro (gerro.jan@epa.gov)
Subject: Sterling Enforcement Case Report

Dear Jan,

Following up on our conversation last month, I have attached a copy of the ECHO Enforcement Case Report for EPA's claim against Sterling Chemicals, Inc. under CAA section 112(r)(1) showing the revisions (highlighted in yellow) that would correct the errors in the current report. (I have also attached a copy of the current report [labeled "ECHO"] for your convenience.)


Enforcement Case Report.pdf (3...


ECHO.pdf (111 KB)

Please review these corrections and let me know if the revisions are acceptable. Have you been able to determine the appropriate process for making corrections?

At your convenience, I would also like to know what other steps can be taken to ensure accurate reflection of the settlement terms in EPA's records and other information relating to this claim.

I look forward to hearing from you. Let me know if you have any questions.

Best Regards,
Bob

Robert F. Van Voorhees
Bryan Cave L.L.P.
700 Thirteenth Street, N.W.
Suite 700
Washington, D.C. 20005-3960
Phone: 202.508.6014
Fax: 202.508.6200
rfvanvoorhees@bryancave.com

Enforcement Case Report

Report a General Error | Data Dictionary

For Public Release - Unrestricted Dissemination. Report Generated on 09/22/03
US Environmental Protection Agency - Office of Enforcement and Compliance Assurance

Pilot Site - Public Comments Under EPA Review -- Please See Information Room

Data Dictionary

Case Number:	06-2000-0877		
Case Name:	STERLING CHEMICAL CO., A DELAWARE CORPORATION		
Case Type:	Judicial	Result of Voluntary Disclosure?	No
Case Status:	Concluded	Multi-media Case?	No
Court Docket Number:	No Data	Enforcement Type:	Civil
Relief Sought:	Injunctive Relief Penalty	Violations:	General Facility Requirements UST Leak Detection And Repair
Enforcement Outcome:	Final Order With Penalty		

Penalties:

Total Federal Penalty Sought	Total Federal Penalty Assessed	Total State/Local Penalty Assessed	Total SEP Cost	Total Compliance Action Cost	Total Cost Recovery
$241,265	$650,000				

Case Summary:

Data Dictionary

1. SECTION 113 OF THE CLEAN AIR ACT ("CAA"), 42 U.S.C. SEC-
TION 7413.
2. STERLING CHEMICAL CO., A DELAWARE CORPORATION
201 BAY STREET SOUTH
TEXAS CITY, GALVESTON COUNTY, TEXAS 77590 3.
RESPONDENT WAS IN VIOLATION OF SECTION 112(R)(1) OF THE
CAA BY 1) FAILURE TO DESIGN AND MAINTAIN A SAFE FACILITY
TAKING SUCH STEPS AS ARE NECESSARY TO PREVENT RELEASES. A
A RELEASE OF CHEMICALS THAT ARE USED TO MANUFACTURE STY-
RENE TOOK PLACE ON APR. 1, 1998, CAUSING SOME 258 PERSONS
TO SEEK MEDICAL TREATMENT.
4. RELIEF SOUGHT PURSUANT TO SECTION 113 OF THE CAA, EPA RE-
FERRED THIS DIRECT REFERRAL TO DJ REQUESTING THE INITIA-
TION OF A CIVIL ACTION AGAINST THE RESPONDENT. EPA IS
SEEKING INJUNCTIVE RELIEF AND A PROPOSED CIVIL PENALTY OF
$241,265.

Data Dictionary

Laws and Sections:

Law	Sections	Programs
CAA	112R	National Emission Standards for Hazardous Air Pollutants (NESHAPs)

Citations:

Title	Part	Section
No Data Records Returned		

Facilities:

Data Dictionary

Facility UIN	Facility Name	Address	City Name	State	Zip
110000463864	STERLING CHEM INC	201 BAY ST S	TEXAS CITY	TX	77590

Defendants:

Data Dictionary

Defendant Name	Named in Complaint	Named in Settlement
STERLING CHEMICAL CO.	Y	Y

Case Milestones:

Data Dictionary

Event	Actual Date
Complaint Filed With Court	01/12/2002
Final Order Lodged	11/22/2002
Final Order Entered	11/22/2002
Concluded	11/22/2002

Pollutants:

Data Dictionary

Pollutant Name	Chemical Abstract Number
ETHYLBENZENE	100-41-4
POLYETHYLBENZENE	
HYDROCHLORIC ACID	7647010

Data Dictionary

Enforcement Conclusion 1

Enforcement Conclusion Type: Proposed Judicial Settlement

Enforcement Conclusion Name: Sterling Chemical

Settlement Entered Date: 11/22/2002

Settlement Lodged Date: 11/22/2002

Enforcement Conclusion Dollar Amounts:

Federal Penalty Sought	Federal Penalty Assessed	State/Local Penalty Assessed	SEP Cost	Compliance Action Cost	Cost Recovery
$241,265	$650,000				

Pollutant Reductions:

Pollutant	Average Annual Value	Units	Media	SEP or Comp
No Data Records Returned				

Improvements in Reporting:

Pollutant	Average Annual Value	Units	Media
No Data Records Returned			

Complying Actions:

Complying Action Type	Text Description
No Data Records Returned	

Supplemental Environmental Projects:

Categories	Description
No Data Records Returned	

Click here, for a Detailed Facility Report.

Version 06/17/03b

Enforcement Case Report

Report a General Error | Data Dictionary

For Public Release - Unrestricted Dissemination. Report Generated on 09/22/03
US Environmental Protection Agency - Office of Enforcement and Compliance Assurance

Pilot Site - Public Comments Under EPA Review – Please See Information Room

Data Dictionary

Case Number:	06-2000-0877		
Case Name:	STERLING CHEMICALS, INC. A DELAWARE CORPORATION		
Case Type:	Judicial	Result of Voluntary Disclosure?	Yes
Case Status:	Concluded	Multi-media Case?	No
Court Docket Number:	Case No. 01-37805-H4-11	Enforcement Type:	Civil
Relief Sought:	Penalty	Violations:	General Facility Requirements
Enforcement Outcome:	Agreed Order With Payment		

Penalties:

Total Federal Penalty Sought	Total Federal Penalty Assessed	Total State/Local Penalty Assessed	Total SEP Cost	Total Compliance Action Cost	Total Cost Recovery
$650,000	$0	$0	$0	$0	$241,265

Case Summary:

Data Dictionary

1. Section 112(r)a(1) of the Clean Air Act (CAA), 42 U.S.C. § 7412(r)(1).
2. Sterling Chemicals, Inc., a Delaware Corporation, 201 Bay Street South, Texas City, Galveston County, Texas 77590.
3. EPA asserted a claim for civil penalties under CAA §113 alleging violation of §112(r)(1) of the CAA by failing to maintain a safe facility taking such steps as are necessary to prevent releases. A release of chemicals that are used to manufacture styrene took place on April 1, 1998.
4. Sterling denied violation of CAA Section 112(r)(1).
5. Settlement on November 20, 2002 with agreement that no violation admitted. EPA allowed claim in bankruptcy of $650,000 and received $241,256.

Data Dictionary

Laws and Sections:

Law	Sections	Programs
CAA	112R	National Emission Standards for Hazardous Air Pollutants (NESHAPs)

Citations:

Title	Part	Section
No Data Records Returned		

Facilities:

Data Dictionary

Facility UIN	Facility Name	Address	City Name	State	Zip
110000463864	STERLING CHEM INC	201 BAY ST S	TEXAS CITY	TX	77590

Defendants:

Data Dictionary

Defendant Name	Named in Complaint	Named in Settlement
STERLING CHEMICALS, INC.	Y	Y

Case Milestones:

Data Dictionary

Event	Actual Date
Complaint Filed With Court	01/12/2002
Final Order Lodged	11/22/2002
Final Order Entered	11/22/2002
Concluded	11/22/2002

Pollutants:

Data Dictionary

Pollutant Name	Chemical Abstract Number
ETHYLBENZENE	100-41-4
POLYETHYLBENZENE	
HYDROCHLORIC ACID	7647010

Data Dictionary

Enforcement Conclusion 1

Enforcement Conclusion Type: Agreed Judicial Settlement

Enforcement Conclusion Name: Sterling Chemical

Settlement Entered Date: 11/22/2002

Settlement Lodged Date: 11/22/2002

Enforcement Conclusion Dollar Amounts:

Federal Penalty Sought	Federal Penalty Assessed	State/Local Penalty Assessed	SEP Cost	Compliance Action Cost	Cost Recovery
$650,000	$0	$0	$0	$0	$241,265

Pollutant Reductions:

Pollutant	Average Annual Value	Units	Media	SEP or Comp
No Data Records Returned				

Improvements in Reporting:

Pollutant	Average Annual Value	Units	Media
No Data Records Returned			

Complying Actions:

Complying Action Type	Text Description
No Data Records Returned	

Supplemental Environmental Projects:

Categories	Description
No Data Records Returned	

Exhibit C

<< REGIONAL ERNS NOTIFICATION REPORT >>
Regional Case #: R98-2097

Report Date: 04/01/98 Report Time: 1113 Regional Time: 1013 Multiple?: NO
Received By : RITA ENGBLOM Multiple Regional Case#:
NRC Report? : YES NRC Case#:430712 NRC Watchstander: WKM
SSI Report? : NO CR_ERNS Case#: Entered: 04/13/98 Time: 09:06:46
Report Source: N Report Source Agency/Affiliation: NRC

A. REPORTER << THIS INFORMATION IS PROTECTED BY THE PRIVACY ACT >>

B. DISCHARGER Affiliation: PRIVATE ENTERPRISE

Discharger : STERLING CHEMICALS INC Telephone: 409-945-4431-
Contact Name : FENG, PETER 2nd Telephone: 409-942-3129-
Address : 201 BAY STREET SOUTH POB 1311 Facility ID#:
City/State/Zip: TEXAS CITY, TX 77592-1311 County: GALVESTON

C. INCIDENT LOCATION

Address: 201 BAY STREET SOUTH POB 1311

City/State/Zip: TEXAS CITY, TX 77592-1311
County : GALVESTON Milepost:
Latitude : Deg: 0 Min: 0 Sec: 0
Longitude : Deg: 0 Min: 0 Sec: 0

D. DATE Discovery Date: 04/01/98 Spill Date: 04/01/98 Spill Time: 1000

E. MATERIAL Material Type: HAZARDOUS

Material Name(s)	UN	DOT	CAS	CC	QUANTITY	UNIT	WATER QNTY	>RQ
BENZENE				BNZ	10.00	LBS	0.00	
ETHYLENE				ETL	100.00	LBS	0.00	
HYDROCHLORIC ACID				HCL	100.00	LBS	0.00	

F. SOURCE Source Type: - FIXED FACILITY -

No. of Tanks: 0 Tank Capacity: 0.00 NONE VID #:
Source Comments: CIRCULATION LOOP ON ALKYLATOR,POSSIBLY DUE TO CLAMP MALFUNCTION

G. MEDIUM Medium Type: - AIR -

Waterway Affected:

H. CAUSE Cause Type: - EQUIPMENT FAILURE -

Cause Comments: CIRCULATION LOOP ON ALKYLATOR/POSSIBLY DUE TO CLAMP MALFUNCTION

I. DAMAGE Injuries: 0 Deaths: 0 Property Damage > $50,000 : NO

J. ACTIONS Evacuation: NO

<< REGIONAL ERNS NOTIFICATION REPORT >>
Regional Case #: F98-2097

L. COMMENTS
WX: SUNNY/70F/WIND:NNE LIGHT WIND
OSC ENGBLOM: "THERE ARE REPORTS OF TWO CITIZENS COMPLAINING OF CHEST PAINS OFF-SITE"

M. RESPONSE AND EVALUATION --Response Comments--
OSC ENGBLOM TELEPHONE PETER FENG, SAID RECIRCULATION LINE HAD RELEASE,OVA MONITORING SHOWED HIGHEST READING OF 10 LBS PPM 15 MIN INTO RELEASE, SHELTERED IN PLACE,(LEVEL 2/TNRCC) ALL CLEAR NOW SOUNDED, LINE SECURED

Primary Responding Agency : DISCHARGER DISCHARGER
Secondary Responding Agency:
Other Responding Agency :

FOLLOW-UP

C. INCIDENT LOCATION Dun & Bradstreet#:

F. SOURCE Source Code: PLANT

G. MEDIUM Medium Code: EVAPORATION
Threat(s):

H. CAUSE Cause Code:

I. ACTIONS Evacuation Number: 0

M. RESPONSE & EVALUATION Incident Status: NONE SELECTED

Follow up Type: Follow up Count: 2
Emergency Response Activity: NO Emergency Response Activity Date:
Responding OSC:
Action Memo Date: Action Memo Approved?: NO
Release Investigation?: NO POLREP Date:
On-Scene Monitoring?: NO Telephone Assistance?: NO
TDD#:

--Enforcement Activities--

Exhibit D

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

Protecting Texas by Reducing and Preventing Pollution

June 9, 2000

Mrs. Annie B. Small
13 2nd Avenue North
Texas City, TX 77590

Dear Mrs. Small:

Thank you for your letter to Chairman Huston dated May 2000 regarding air pollution from the Sterling Chemical plant near your home in Texas City. We appreciate your concern for the quality of the air in your neighborhood, and are pleased to provide you with the following information on behalf of Chairman Huston.

In your letter, you indicate that there have been two incidents in the past six years when you were seriously impacted by "clouds of gas" from Sterling. In order to evaluate your concerns, we have checked our historical upset/maintenance records and complaint records in an attempt to identify the events you describe. The results of this analysis are discussed below.

Our records indicate that there was an ammonia release from the Sterling plant in May 1994, and a benzene release in April 1998. These may be the incidents to which you refer. In both of these cases, there were off-site impacts resulting from accidental discharges of these chemicals into the atmosphere. When such releases occur, the company is required to notify this agency within 24 hours so we can conduct an evaluation to ensure that all steps are taken to protect public health.

As a result of the 1994 ammonia release, Sterling was cited by this agency for causing a condition of nuisance air pollution, and, in February 1996, was issued an Agreed Order which assessed administrative penalties of $30,000. In the 1998 incident, nuisance conditions were not confirmed and no violation was issued.

We understand that negative effects may occur as a result of such upset events, but this agency makes every effort to ensure that these effects are minimized. In addition, this agency conducts periodic comprehensive inspections of many facilities in the state, including Sterling Chemicals, to ensure that they maintain and operate their facilities to minimize the possibility of such events taking place.

Re: Sterling Chemicals plant

Unfortunately, even though we take these measures, accidental pollution events do sometimes occur. We therefore urge all citizens to contact our offices any time any unusual pollution conditions are observed. In the case of Sterling Chemicals, you can call either our Houston Regional Office at (713) 767-3500, or the Galveston County Health District at (409) 938-2312.

Lastly, I have directed my staff in the Houston Region Office to sample the air quality in the area of your house. These efforts will assist us in determining the exact source of any air contaminants and help us find a way to eliminate any air pollution at your home.

I hope this information is helpful to you. If you have any additional questions, please contact Mr. Leonard Spearman, Director of our Houston Regional Office, at (713) 767-3500.

Sincerely,

Mark Vickery
Division Director
Field Operations

MRV/JR/eb

cc: Ronnie B. Schultz, Director, Pollution Control Division, Galveston County Health District