

STATE OF NEVADA

Department of Conservation & Natural Resources

DIVISION OF ENVIRONMENTAL PROTECTION

Brian Sandoval, Governor

Leo M. Drozdoff, P.E., Director

Colleen Cripps, Ph.D., Administrator

February 28, 2014

Joseph L. Dunn
General Manager
Rockwood Lithium, Inc.
P.O. Box 98
Silver Peak, Nevada 89047

Re: Notice of Alleged Air Quality Violation and Order No. 2474
Class II Air Quality Operating Permit **AP2819-0050.03 (FIN A0452)**

Dear Mr Dunn:

On February 4, 2014, the Nevada Division of Environmental Protection, Bureau of Air Pollution Control (NDEP-BAPC) held an enforcement conference with Rockwood Lithium, Inc. (Rockwood) to discuss whether the issuance of Notice of Alleged Air Quality Violation and Order (NOAV) No. 2474 was or was not warranted. Based on the information presented during the enforcement conference the NDEP-BAPC has made the determination to formally issue NOAV No. 2474. NOAV No. 2474 represents an air quality violation under **NAC 445B.275 Violations: Acts constituting; notice** (see below).

The attached NOAV No. 2474 alleges that Rockwood is in violation of **Nevada Administrative Code (NAC) 445B.275 Violations: Acts constituting; notice**. NAC 445B.275 states, in part, that: "1. Failure to comply with any requirement of NAC 445B.001 to 445B.3791, inclusive, any applicable requirement or any condition of an operating permit constitutes a violation. As required by Nevada Revised Statutes NRS 445B.450, the Director shall issue a written notice of an alleged violation to any owner or operator for any violation, including, but not limited to:

(c) Failure to construct or operate a stationary source in accordance with any condition of an operating permit.

NOAV No. 2474 constitutes a major violation under **NAC 445B.281 Violations: Classification; administrative fines**. This is the first NOAV issued to Rockwood in the past 60 months.

As was discussed during the enforcement conference, the NDEP-BAPC makes recommendations to the Nevada State Environmental Commission (SEC) as to what an appropriate penalty may be for major air quality violations. The NDEP-BAPC will be recommending a penalty of \$5,000 to the SEC for NOAV No. 2474.



Rockwood Lithium, Inc.

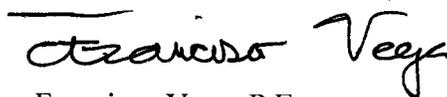
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An appeal of NOAV No. 2474 may be requested pursuant to **Nevada Revised Statutes (NRS) 445B.360** and SEC administrative rules. A copy of SEC Appeal Form #3 is enclosed. Appeals must be received within 10 days of receipt of this notice, pursuant to **NRS 445B.340**. Appeals are processed through Valerie King, the Executive Secretary for the SEC, at 901 South Stewart Street, Suite 4001, Carson City, Nevada, 89701-5249. Ms. King can be reached at 775-687-9374, or by fax at 775-687-5856. Please provide me with a copy of any correspondence your company may have with the SEC.

If you have any questions regarding the violation or the enforcement conference, please call Robert Whited at (775) 687-9335 or myself at (775) 687-9343.

Sincerely,



Francisco Vega, P.E.
Supervisor, Compliance and Enforcement Branch
Bureau of Air Pollution Control

FV/rew

Enc.: 1. Notice of Alleged Air Quality Violation and Order No. 2474
2. SEC Appeal Form #3

cc (w/enc. 1): Francisco Vega, NDEP
Esmeralda County Board of Commissioners
FIN A0452 (Certified Copy)

E-Copy: Rob Bamford, NDEP
Jonathan McRae, NDEP

Certified Mail No.: 9171 9690 0935 0037 8372 56

STATE OF NEVADA
DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
DIVISION OF ENVIRONMENTAL PROTECTION
BUREAU OF AIR POLLUTION CONTROL
901 SOUTH STEWART ST., SUITE 4001
CARSON CITY, NEVADA 89701-5249

NO. 2474

NOTICE OF ALLEGED AIR QUALITY VIOLATION AND ORDER

NOTICE OF ALLEGED AIR QUALITY VIOLATION

Person(s) to Whom Served: Joseph L. Dunn

Company Name: Rockwood Lithium, Inc.

Address: P.O. Box 98, Silver Peak, Nevada 89047

Permit Number: AP2819-0050.03 **FIN:** A0452

Site of Alleged Violation: System 17A, Boiler (Rockwood Lithium)

Date of Observation: N/A **Arrival:** N/A **Departure:** N/A

Ambient Temperature: N/A °F **Clear:** **Cloudy:** **Rain:** **Snow:**

Wind Speed: N/A mph **Wind Direction:** N/A

It is alleged that the following regulation was violated by the person named in this notice:

NAC 445B.275 Violations: Acts constituting; notice. 1. Failure to comply with any requirement of NAC 445B.001 to 445B.3791, inclusive, any applicable requirement or any condition of an operating permit constitutes a violation. As required by NRS 445B.450, the Director shall issue a written notice of an alleged violation to any owner or operator for any violation, including, but not limited to:

(c) Failure to construct or operate a stationary source in accordance with any condition of an operating permit.

It is alleged that the following act or practice constitutes the violation:

Failure to conduct required compliance source testing within required time period.

Evidence:

The Rockwood Lithium Inc. (Rockwood) operates a lithium processing facility in Silver Peak, Esmeralda County, Nevada under Class II Air Quality Operating Permit AP2819-0050.03. Class II Air Quality Operating Permit AP2819-0050.03 was issued on November 13, 2011.

On November 15, 2013, Scott Reed, Safety, Health and Environmental Coordinator for Rockwood, contacted the Nevada Division of Environmental Protection, Bureau of Air Pollution Control (NDEP-BAPC) to ask if Rockwood could test System 17A without a compliance source test protocol. The NDEP-BAPC advised Mr. Reed that without a source test protocol approval the test would not be accepted for compliance demonstration purposes. Class II Air Quality Operating Permit AP2819-0050.03 requires that Rockwood conduct initial compliance source testing for PM/PM₁₀, SO₂, NO_x, CO and opacity for Systems 17A within 60 days after achieving the maximum production rate but no later than 180 days after initial startup of the System 17A. On January 22, 2013 Rockwood modified Class II Air Quality Operating Permit AP2819-0050.03 to include System 17A. Rockwood started operations of System 17A on January 23, 2013 and therefore was required to conduct required compliance source testing no later than May 22, 2013. Rockwood failed to conduct this compliance source testing as required by Air Quality Operating Permit AP2819-0050.03.

On February 4, 2014, the NDEP-BAPC held an enforcement conference with Rockwood to determine whether the issuance of this Notice of Alleged Air Quality Violation and Order (NOAV) was or was not warranted. The enforcement conference presented Rockwood the opportunity to provide any evidence that would lead the NDEP-BAPC to determine whether or not to issue NOAV No. 2474. During the enforcement conference Rockwood was unable to provide any evidence that violations associated with NOAV No. 2474 did not occur and should not be issued. NDEP-BAPC gave Rockwood until October 1, 2014 to complete all compliance testing required by Air Quality Operating Permit AP2819-0050.03.

NOTICE OF ALLEGED AIR QUALITY VIOLATION AND ORDER NO. 2474

Evidence (cont.):

The systems that need to be tested are System 4, System 10, System 14, System 14A, System 16, System 16A, System 17, System 17A, System 18 and System 19. Rockwood stated that Systems 11 through 13 will not operate in 2014.

In accordance with NAC 445B.281 Violations: Classification; administrative fines, failure to conduct required performance testing constitutes a major violation. Notice of Alleged Air Quality Violation and Order (NOAV) No. 2474 represents Rockwood's first air quality violation within the last 60 months.

ORDER

Under the authority of NRS 445B.100 to 445B.640, inclusive, the person named in this notice is ordered:

_____ To pay the following administrative fine in accordance with 445B.281.1: \$ _____

To take corrective action: Comply with the requirements of this NOAV and all testing requirements established in Class II Air Quality Operating Permit AP2819-0050.03.

_____ To appear for a hearing before the Environmental Commission at:
Date: _____ Time: _____

_____ To appear for an enforcement conference at:
Date: _____ Time: _____

_____ This notice is a warning.

Signature Francisco Vega
Issued by: Francisco Vega, P.E.
Supervisor, Compliance and Enforcement Branch
Bureau of Air Pollution Control

Phone: 775-687-9343 Date: February 28, 2014

FV/rew
Certified Mail No.: 9171 9690 0935 0037 8372 56

This order becomes final unless appealed within ten (10) days after receipt of this notice or ten (10) days after a required enforcement conference. The person named in this order may appeal this notice by submitting a written request for a hearing to the Chairman of the Environmental Commission, 901 South Stewart Street, Suite 4001, Carson City, Nevada 89701-5249. An administrative fine may be levied by the Environmental Commission of not more than \$10,000 per day of violation.



State of Nevada

Dept. of Conservation & Natural Resources

State Environmental Commission SEC.nv.gov

901 South Stewart Street, Suite 4001, Carson City, Nevada 89701

FORM 3: FORM FOR REQUESTING AN APPEAL HEARING

(Provide attachments as needed)

1. Name, address, telephone number, and signature of appellant:

Name: _____

Physical Address: _____

E-mail Address: _____

Telephone Number: _____

Signature: _____

Representative capacity (if applicable): _____

2. Attach copy of Nevada Division of Environmental Protection final decision, such as permit or notice of alleged violation, being appealed.

3. Specify grounds of appeal: (check all that apply)

- Final decision in violation of constitutional or statutory provision;
- Final decision made upon unlawful procedure;
- Final decision was affected by other error of law;
- Final decision was clearly erroneous in view of the reliable, probative and substantial evidence on the whole record;
- Final decision was arbitrary or capricious or characterized by abuse of discretion;

4. For each ground of appeal checked above, please list the constitutional, Nevada Revised Statute (NRS), and/or Nevada Administrative Code (NAC) provision allegedly violated. Also list the statutes and/or or regulations that give the State Environmental Commission jurisdiction to hear the appeal.

