

April 8, 2010

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RETURN RECEIPT REQUESTED

Ms. Shellie Chard-McClary, Director
Water Quality Division
DEPARTMENT OF ENVIRONMENTAL QUALITY
P.O. Box 1677
Oklahoma City, OK 73101-1677

Re: NOV No. I-68000010-10-1
OPDES Permit OK0000191
Sequoyah Fuels Corporation

Dear Ms. Chard-McClary:

This letter is being written in response to a notice of violation dated March 29, 2010 from the Oklahoma Department of Environmental Quality (DEQ) regarding several violations of the total suspended solids (TSS) limit at Outfall 008 of our facility. The permit limit for TSS of 114 mg/l was exceeded on December 24, 2009, January 21, 2010 and February 21, 2010 with concentrations of 392, 165 and 286 mg/l, respectively. The source of the high suspended solids is runoff from construction of a disposal cell. Clay is being used to construct the base of the Phase I area of the cell.

Temporary actions taken to address this problem include placement of silt fences and bales of hay along drainage pathways. In addition, drainage structures have been installed in the drainage pathway to slow the flow and allow settling of solids. These structures were constructed with soil covered by geo-fabric and rock. The effectiveness of these structures depends upon the magnitude of a rainfall event. Retention of water behind the structures for longer time periods will enhance settling of solids. The effectiveness of these actions has been demonstrated by the fact that for subsequent storm water events on March 20, 21, 22 and 25, the TSS concentrations were 58, 14.7, 13.2 and 98 mg/l, respectively.

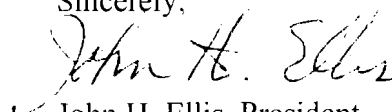
A synthetic liner, which covers the Phase I clay base, is currently being installed and will prevent further erosion of the clay and elevated TSS values. Installation of the synthetic liner should be completed by April 10, 2010. Runoff from the future Phase II and III base constructions will be routed to SFC's storm water interceptor, which will serve as a holding and sedimentation basin. It is expected that this interceptor basin will allow controlled release of storm water in a manner that will preclude TSS exceedances.

Covering the Phase I area of the disposal cell with a synthetic liner will prevent contact of storm water with the clay and eliminate the erosion of the clay and movement with storm water. The disposal cell is scheduled to be constructed in three phases to minimize double-handling of materials during construction. This phasing allows one area to be prepared for receipt of excavated materials from another area of the cell footprint. After all three base areas of the cell have been constructed, materials from outside the disposal cell footprint can be placed throughout the cell.

Storm water management for the disposal cell construction will be accomplished by water retention with berms or embankments constructed primarily with contaminated site soils, other soils to be disposed of in the cell and minor amounts of broken concrete. The elevation of the retention berms will be maintained at a minimum of five feet above the top surface elevation of the interior materials. The berms will be placed in lifts and compacted soils to aid with moisture retention. The berms will be raised in an upstream matter (by constructing additional berm with the centerline toward the inside of the disposal area).

Sequoyah Fuels Corporation believes that the corrective actions taken and planned for future cell construction will eliminate and prevent the recurrence of TSS exceedences at Outfall 008.

If you have any questions or require further information, you may contact me at 918/489-5511 (Extension 226).

Sincerely,

John H. Ellis, President

cc: Kenneth Kalman, NRC Headquarters
Robert Evans, NRC Region IV Office
Steven Gunnels, District Representative, DEQ