

August 17, 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-68000010-10-2
OPDES Permit OK0000191
Sequoyah Fuels Corporation

Dear Ms. Chard-McClary:

This letter is being written in response to a notice of violation dated August 5, 2010 from the Oklahoma Department of Environmental Quality (DEQ) regarding violation of the total suspended solids (TSS) limit at Outfall 008 of our facility. The permit limit for TSS of 114 mg/l has been exceeded on several occasions this year. The source of the high suspended solids is runoff from construction of a disposal cell. Clay is being used to construct the cell and is easily eroded during storm events.

Actions taken to address this problem include the following:

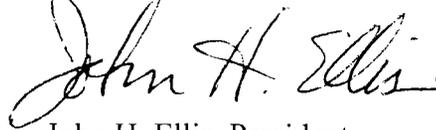
- Placement of silt fences and bales of hay along drainage pathways leading to Outfall 008.
- Installation of structures in these drainage pathways to slow the flow and allow settling of solids.
- Placement of geo-fabric along the outside of the storm water berms that are being constructed for the disposal cell. The elevation of these storm water berms are increased as waste is being placed into the disposal cell.
- Housekeeping to clean up the clay, soil and silt on the concrete pad and ground surfaces.
- Expansion of the collection capacity for storm water from the disposal cell construction area. Storm water will be collected inside of the disposal cell, in a storm water capture system that is located immediately west of the disposal cell and in a sediment basin

located along the 008 drainage pathway. The sediment basin along the 008 drainage pathway was put into use during early August 2010 and has adequate capacity to contain a very significant rainfall event and should prevent flow of storm water containing high suspended solids to Outfall 008. After the sediment has settled out, water from the sediment basin and storm water capture system will be pumped out.

Sequoyah Fuels Corporation believes that the corrective actions taken, primarily the increased holding capacity in settling basins, 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,

A handwritten signature in black ink that reads "John H. Ellis". The signature is written in a cursive style with a large initial "J".

John H. Ellis, President

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