



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING



DAN WYANT
DIRECTOR

June 2, 2011

Mr. James E. Earl, Manager
Severstal Dearborn, LLC
14661 Rotunda Drive
P.O. Box 1699
Dearborn, Michigan 48120-1699

Dear Mr. Earl:

The Michigan Department of Environmental Quality (DEQ), Air Quality Division (AQD), has received your letter dated April 15, 2011, in which you have requested termination of the Stipulation for Entry of Final Order by Consent (Consent Order) for Severstal North America, Inc., AQD No. 6-2006.

In your letter you refer to Paragraph 26 of the Consent Order and certify that Severstal has fully complied with all the requirements of the Consent Order.

It is the AQD's position that all requirements stated in Paragraph 26 of the Consent Order have not been fulfilled. Specifically Paragraph 26(ii) a statement that all required information has been reported to the AQD Southeast Michigan District Supervisor.

As stated in Paragraph 12.B.iii; the Company shall prepare a report for each exceedance in which it shall identify the date, time and extent of the exceedance, as well as a description of the investigation into the cause of the exceedance. The report shall identify the cause of the exceedance, to the extent ascertainable, and identify corrective action to prevent a recurrence of the exceedance. The reports generated pursuant to this paragraph shall be sent to the AQD Southeast District Supervisor within fourteen (14) days of the occurrence.

A review of the Renewable Operating Permit (ROP) annual and semi-annual certification reports for the five (5) year time period since entry to the Consent Order shows a number of BOF roof monitor deviations (exceedance of opacity standard). Many of those deviations were not followed up with a report within fourteen (14) days as required by Paragraph 12.B.iii. In addition, the AQD continues to receive citizen complaints and photographic evidence of excessive emissions from the BOF roof monitor.

Furthermore as stated in Paragraph 18, this Consent Order in no way affects the Company's responsibility to comply with any other applicable state and federal or local laws or regulations, including without limitation, any amendments to federal Clean Air Act, 42 USC 7401 *et seq.*, Act 451, Part 55 or their rules and regulations, or to the State Implementation Plan.

Within the life of this Consent Order the AQD sent a Violation Notice dated February 24, 2009, for failure to comply with the emission limits at C Blast Furnace and the BOF. On January 5, 2011, another Violation Notice was issued for failure to comply with emission limits at the Desulfurization Baghouse stack. In addition, multiple Letters of Violation and/or Violation Notices have been issued to Severstal regarding failure to comply with General Condition (7b) of Section 1 and General Condition 2(a) of Section 2 of ROP No. 199700004, and Rule 901(b).

Because of the facts stated above, it is the AQD's position that Severstal Dearborn, LLC has not complied with all the terms and conditions of the Consent Order in question. For the reasons stated, the AQD does not agree to the termination of Consent Order AQD No. 6-2006 at this time. Therefore, the Consent Order must remain in full force and effect. However, the AQD will reconsider another request for termination at a later date, provided no additional violations are observed.

If you have any questions regarding this decision please contact Mr. Gerald Krawiec, Southeast Michigan District, Detroit Field Office at 313-456-4682 or krawiecgm@michigan.gov, or you may contact me.

Sincerely,



G. Vinson Hellwig, Chief
Air Quality Division
517-373-7069

cc: Ms. Sara Breneman, U.S. Environmental Protection Agency, Region 5
Mr. Neil Gordon, Department of Attorney General
Ms. Wilhemina McLemore, DEQ
Mr. Gerald Krawiec, DEQ
Mr. Thomas E. Hess, DEQ

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF THE DIRECTOR

In the matter of administrative proceedings against)
SEVERSTAL NORTH AMERICA, INC., a)
corporation organized under the laws of the State of)
Delaware and doing business at 3001 Miller Road, in)
the City of Dearborn, County of Wayne, State of)
Michigan)
_____)

AQD No. 6-2006

SRN: A8640

STIPULATION FOR ENTRY OF FINAL ORDER
BY CONSENT

This proceeding resulted from allegations by the Michigan Department of Environmental Quality ("MDEQ") Air Quality Division ("AQD") against Severstal North America, Inc. ("Company"), a Delaware corporation located at 3001 Miller Road, in the City of Dearborn, County of Wayne, State of Michigan, with State Registration Number ("SRN") A8640. The MDEQ alleges that the Company is in violation of Michigan Administrative Code ("MAC") Rules 336.1301, 336.1358, 336.1359, 336.1364 and 336.1901. Specifically, the MDEQ alleges that the Company has exceeded the opacity standard greater than that allowed by Rules 301, 358, 359, 364 and the Company's Renewable Operating Permit, No. 199700004, at its Basic Oxygen Furnace ("BOF") roof monitor, B and C Blast Furnace casthouse, B and C Blast Furnace bleeders, B Blast Furnace stove stack, Electric Arc Furnace (EAF) Stockhouse, Scarfing operations, Treadwell cars, and other locations at the facility, as cited herein and in all Letters of Violation ("LOVs") issued between March 25, 2004 and the date of entry of this Consent Order. MDEQ also alleges that the Company caused unreasonable interference with the comfortable enjoyment of life and property, in violation of Rule 901, as cited in any and all LOVs issued between March 3, 2005, and the date of entry of this Consent Order. The MDEQ also alleges that the Company is in violation of MAC 336.1201 by operating a torch cutting process at the EAF Stockhouse without an air use permit as cited herein and in the LOV dated July 12, 2005. The Company and MDEQ stipulate to the termination of this proceeding by entry of a Stipulation for Entry of a Final Order by Consent ("Consent Order").

The Company and MDEQ stipulate as follows:

1. The Natural Resources and Environmental Protection Act, 1994 PA 451, ("Act 451"), MCL 324.101 et seq, is an act that controls pollution to protect the environment and natural resources in the State.
2. Article II, Pollution Control, Part 55 of Act 451 ("Part 55"), MCL 324.5501 et seq, provides for air pollution control regulations in this State.
3. The Michigan Department of Natural Resources ("MDNR") is authorized pursuant to Section 5503 of Part 55 to administer and enforce all provisions of Part 55. Section 301 of Part 3 of Act 451 provides the authority to the Director of the MDNR to delegate powers and duties.
4. The MDEQ was created as a principal department within the Executive Branch of the State of Michigan pursuant to Executive Order 1995-18. All statutory authority, powers, duties, functions and responsibilities of the MDNR AQD were transferred to the Director of the MDEQ ("Director").
5. The Director has delegated authority to the Chief of the AQD ("AQD Chief") to enter into this Consent Order.
6. The termination of this matter by a Consent Order pursuant to Section 5528 of Part 55 is proper and acceptable.
7. The Company and the MDEQ agree that the signing of this Consent Order is for settlement purposes only and does not constitute an admission by the Company that the law has been violated.
8. This Consent Order becomes effective on the date of execution ("effective date of this Consent Order") by the AQD Chief.
9. This Consent Order resolves alleged violations of Rules 201, 301, 358, 359, and 364, at the BOF roof monitor, B and C Blast Furnace casthouse, B and C Blast Furnace bleeders, B Blast Furnace stove stack, EAF Stockhouse, Scarfing operations, and Treadwell cars, and other locations at the Company and alleged violations of Rule 901, as cited herein and in all LOVs issued between March 25, 2004, and the date of entry of this Consent Order.
10. Permits to Install
 - A. C Blast Furnace and BOF
 - i. The Company has submitted, pursuant to the administrative rules of Part 55, acceptable plans and specifications, and a complete application for an installation permit (Permit to Install [PTI] No. 182-05) to the AQD for extensive modifications to its C Blast Furnace. This work includes, among other projects, the installation of a baghouse to control emissions from the C Blast Furnace casthouse and the installation of a baghouse on the BOF to control secondary emissions from the BOF.

ii. Upon issuance of Permit to Install No. 182-05, it shall be attached hereto as an exhibit, incorporated by reference, and made an enforceable part of this Consent Order, and Severstal shall fully comply with all terms and conditions of Permit to Install No. 182-05.

iii. Any non-compliance with milestone construction dates established in Section V.2 of Tables E-01.01 and E-01.02 of the Permit to Install shall be subject to stipulated fines per paragraph 21 of this Consent Order.

B. B Blast Furnace

i. The Company's iron-making work plan contemplates the complete shut down of the B blast furnace for total refractory reline and other refitting in the course of routine maintenance. The Company shall perform one of the following options:

a. The Company shall permanently shut down the B Blast Furnace and take it off line by June 30, 2008; or,

b. If B Blast Furnace is operated after June 30, 2008, the furnace shall be operated only if a baghouse or other appropriate emission controls for particulate matter are permitted, installed and operational.

ii. Any Permit to Install issued as final by MDEQ for this baghouse or other appropriate controls shall be attached to this Consent Order as an exhibit, incorporated by reference, and made an enforceable part of this Consent Order. Upon issuance, the Company shall comply with all terms and conditions of the Permit to Install issued pursuant to paragraph 10.B. of this Consent Order.

iii. Any emission reductions achieved by performing either of the options identified in paragraph 10.B.i. shall, for the purpose of MAC Rule 336.1220(2)(e), not be considered emission reductions otherwise required by an order, and shall, for the purposes of MAC Rule 336.1103(rr)(ii)(D) and 40 CFR 52.21(3)(iii), not be considered a decrease in emissions relied upon for the issuance of a permit. In addition, any emission reductions achieved by performing either of the options identified in paragraph 10.B.i. shall, to the extent allowed by law, be available for emission trading under MAC Rule 336.1215(1)(b) and MAC Rules 336.2201 *et seq.*

11. OPERATIONAL COMPLIANCE PROGRAM

A. EAF Stockhouse Torch Cutting

The Company shall not conduct any torch cutting of scrap at the EAF Stockhouse or any outside areas for use in the BOF, exclusive of demolition of existing facility

structures, buildings and equipment, and emergencies unless it first obtains any necessary permit from the AQD to conduct such activity.

B. Basic Oxygen Furnace – Slopping Control Procedure

i. The Company shall maintain instructions in its oxygen blow software programming to require that the oxygen blow rate is reduced from approximately 22,500 cfm to approximately 18,000 cfm between minutes 8 and 14 of the blow. In the event the oxygen blow is conducted manually, the operator shall also reduce the blow rate from approximately 22,500 cfm to approximately 18,000 cfm between minutes 8 and 14 of the blow.

ii. The Company may petition in writing for a modification or termination of the oxygen blow requirements described in Paragraph 11.B.i. of this Consent Order. The petition shall be submitted to the AQD Southeast Michigan District Supervisor for approval. In any such petition, the Company has the burden of proof.

iii. Recording and Recordkeeping – The Company shall record the oxygen flow rate at least once every minute during each oxygen blow. These records shall be kept on file for a period of not less than five (5) years.

iv. Monitoring – The effectiveness of the slopping procedure shall be monitored via the BOF Monitoring and Evaluation Requirements in paragraph 12 of the Consent Order.

C. Basic Oxygen Furnace – Draft Set Point Program

i. The Company shall evaluate the effectiveness of the draft set point program each time any new draft control equipment or instruments are installed that could affect use of the appropriate draft point setting.

ii. The Company may petition in writing for a modification or termination of the draft set point program. The petition shall be submitted to the AQD Southeast Michigan District Supervisor for approval. In any such petition, the Company has the burden of proof.

iii. Recording and Recordkeeping – The Company shall maintain records of any new draft control equipment or instrument installation, and shall document that the draft set point programming is working properly after any such installation. These records shall be kept on file for a period of not less than five (5) years.

iv. Monitoring – The effectiveness of the draft set point program shall be monitored via the BOF Monitoring and Evaluation Requirements in paragraph 12 of the Consent Order.

D. Use of Breaking Ball

i. In the event steel with a carbon content of 1% or higher is produced that needs to be broken at the BOF, it shall be broken up with a breaking ball.

ii. In the event steel with a carbon content of 1% or higher is produced that needs to be broken at the BOF, the Company shall notify the AQD Southeast Michigan District office of such fact, and of its compliance with the breaking ball requirement set forth in this paragraph.

E. BOF Exhaust Duct

i. The Company shall inspect the exterior of the Guillotine Dampers, Relief chambers and Downcomer on a weekly basis for evidence of exhaust leaks. Records of each inspection, to include the name of the inspector, the time and date of the inspection, and any findings of the inspection, shall be maintained for a period of five (5) years.

ii. If the inspection identifies an exhaust leak likely to cause visible emissions, repair procedures will be initiated. If the exhaust leak is identified during an operating period, temporary repairs shall be initiated within twenty-four (24) hours of verification of the leak. If the leak is identified during an outage, initiation of repairs shall be coordinated with any scheduled repairs.

iii. Following completion of either temporary or permanent repairs, an inspection will be conducted during operation of the affected vessel. The performance of the repair shall be recorded. If additional repair is necessary, it will be scheduled and implemented in accordance with 11.E.ii. above until the leak is no longer a source of emissions.

F. Scarfing Operations

i. Prior to scarfing any slab, the Company shall determine the manganese content of the slab, based on available process data collected during the iron and steelmaking process.

ii. Only one slab with manganese content in excess of 0.5% may be scarfed at any one time.

iii. Recording and Recordkeeping – The Company shall maintain a log sheet that identifies each slab scarfed, the manganese content of the slab and the start and stop times for scarfing of each slab with manganese content in excess of 0.5%.

iv. Monitoring – The Company shall perform a Method 9 visible emissions observation once per week to be done during daylight hours when scarfing of slabs containing manganese in excess of 0.5% is being conducted. The Company shall maintain records of the Method 9 visible emissions observations for a period of five (5) years.

v. On and after the effective date of this Consent Order, the Company shall not emit opacity in violation of Rule 336.1301 at its scarfing operations.

G. Treadwell/Torpedo Cars

i. Within twenty-one (21) days of the effective date of this Consent Order, the Company shall submit for MDEQ's approval a proposed study plan designed to evaluate the control alternatives for particulate matter emitted from the Treadwell railroad cars. The study plan shall include an evaluation of the reasonable economic and technological feasibility of controlling the emissions from the Treadwell cars through deslagging, application of rice hulls to the molten iron poured into the cars, refractory usage, and capping these railroad cars (except during reladling and casting [at the blast furnaces]). The plan may allow the Company to also study any other control methods that may be identified by the Company. The plan shall specify appropriate statistical correlation and performance criteria.

ii. The Company shall commence this study within fifteen (15) days of receipt of the MDEQ's approval of the proposed study plan.

iii. The Company shall complete this study according to a schedule to be contained within the study proposal, and submit a written study report to the MDEQ for review and approval within thirty (30) days of completion of the study.

iv. Upon submittal of the study report to the MDEQ and following MDEQ's review and approval, the Company shall implement the report's recommendations according to the schedule provided in the final report. As of the date of completion of implementation of the report's recommendations, in accordance with the schedule in the report, the Company shall achieve compliance with the opacity standards applicable to the Treadwell cars. Nothing in this Consent Order waives or limits the Company's right

to petition the MDEQ for an alternative compliance provision in accordance with applicable laws and regulations after implementation of the report's recommendations.

12. BOF MONITORING AND EVALUATION REQUIREMENTS

A. Cameras

i. The Company shall install digital cameras at the BOF to better obtain continuous, real-time information about the status of its operations at the BOF and BOF emission points.

ii. On July 1, 2005, the Company placed an order for eight digital cameras - three (3) digital cameras for use in viewing external emissions, and five (5) digital cameras for use in viewing operations inside the BOF.

iii. By the later of December 31, 2005 or the effective date of this Consent Order, the Company shall install and test the cameras, specified in Paragraph 12.A.ii. The cameras will be installed at the following locations:

- a. On the east side of the BOF, looking at the Roof Monitor;
- b. On the Waste Oxide building, looking at the ESP stack;
- c. On the Continuous Caster building, looking at the BOF Roof Monitor and ESP stack;
- d. Looking at the lance hole for A vessel;
- e. Looking at the lance hole for B vessel;
- f. Looking at the Reladling station;
- g. In the charging aisle, looking north;
- h. In the charging aisle, looking south.

iv. The images from the cameras will be transmitted to the BOF pulpits for A and B vessels, to the ESP pulpit and to a conference room in the BOF. If excess emissions are observed from the BOF Roof Monitor, then:

- a. The appropriate operator(s), if other than the viewer of the image, shall be immediately notified.
- b. Any reasonable immediate corrective action that can be taken to address the emissions shall be taken.

c. A log entry will be made of the observation, including the date and time of the observation, the source of the emissions and the cause, if known. If the cause is not known, an immediate investigation of the cause shall be undertaken, and the log updated with the results of such investigation.

v. Data storage – the images recorded by the cameras once every three seconds shall be stored so that the images can be retrieved for up to thirty (30) days. The images shall be stored such that images of a particular date and time can be identified and recalled.

vi. By the later of January 31, 2006 or fourteen (14) days from the effective date of this Consent Order, the Company shall submit a written Operation and Maintenance Plan for the ongoing maintenance of the above described camera system to the AQD Southeast Michigan District Supervisor for approval. This Plan shall include, among other things, the date of the inspection, cleaning of the lenses, checking batteries, repositioning of the cameras, etc. A log of all inspections shall be kept on record for a period of five (5) years.

vii. Upon approval of the AQD Southeast Michigan District Supervisor, the Company may change the specified location of the cameras detailed in Paragraph 12.A.iii above. Such approval shall be in writing and will be incorporated by reference as a revision to this Consent Order.

B. Visible Emissions Monitoring

i. The Company shall conduct certified visible emission observations of the BOF Roof Monitors using Method 9C for a minimum of two (2) hours per week. The observations must include two (2) complete heats. The emissions observations must be recorded as they are made, with observations recorded at fifteen (15) second intervals.

ii. If any exceedances of visible emission standards are observed at the BOF roof monitors, the Company shall conduct an investigation into the cause of the exceedance. The investigation shall consider data collected by the cameras that are required by paragraph 12.A. of this Consent Order.

iii. The Company shall prepare a report for each exceedance in which it shall identify the date, time and extent of the exceedance, as well as a description of the investigation into the cause of the exceedance. The report shall identify the cause of the exceedance, to the extent ascertainable, and identify corrective action to prevent a

recurrence of the exceedance. The reports generated pursuant to this paragraph shall be sent to the AQD Southeast Michigan District Supervisor within fourteen (14) days of the occurrence.

iv. Following installation of the BOF secondary emission control equipment described in paragraph 10.A. above, the Company may petition the AQD Southeast Michigan District Supervisor for elimination of any or all of the requirements of paragraphs 12.A and 12.B.

13. RECORD RETENTION REQUIREMENT

All records required to be maintained under this Consent Order shall be maintained for a period of at least five (5) years, unless otherwise specified herein, and shall be made available to MDEQ upon request.

14. SITE ACCESS

The Company shall provide the AQD inspection staff access to the property during operational hours upon presentation of appropriate credentials for the purpose of gathering compliance data, including unhindered access to the ungated approaches to Gates 3 and 12, upon the presentation of appropriate credentials if requested by site personnel.

15. SUPPLEMENTAL ENVIRONMENTAL PROJECTS

In partial settlement of the civil fine for the violations alleged in the LOVs cited in this Consent Order, and in addition to the settlement amount referenced in Paragraph 20, the Company agrees to undertake the Supplemental Environmental Projects (SEPs) described in Exhibit A, which is attached, incorporated by reference, and made enforceable under this Consent Order. Performance of the SEPs will benefit the environment and is a project that the Company is not otherwise legally required to perform. The Company agrees to implement the SEPs in accordance with the details specified in Exhibit A and the following terms and conditions.

A. The total expenditure for the SEPs shall not be less than \$400,000. All costs of the SEPs shall be the responsibility of the Company. The Company certifies that any economic benefit, including tax abatement(s), tax credit(s), or similar tax relief that Company will realize as a result of the SEPs, is detailed in Exhibit A. To the extent that the actual expenditures for the SEPs that are fully and completely implemented total less than 90% of the total amount to be expended for the SEPs, the Company shall pay to the MDEQ as a civil fine, within thirty (30) days of submission of the SEP certificate of completion required in subparagraph G, below, the amount of the monetary shortfall.

B. The plan included as Exhibit A contains a schedule, including specific dates for the implementation of the SEPs. The Company shall fully implement all aspects of the SEPs within the specified schedule.

C. The Company certifies that the Company is not otherwise required by any local, state or federal statute, regulation, rule, order, decree, permit or other law or agreement to develop or implement the SEP activities specified in Exhibit A. The Company further certifies that the Company has not received, and is not presently negotiating to receive, a credit for the SEPs as part of any other enforcement action or any grant from the state or the U.S. Environmental Protection Agency. The Company also certifies that the Company will not seek tax benefits following completion of the SEPs.

D. In the event the Company fails to fully and completely implement any SEP to the reasonable satisfaction of the MDEQ, the MDEQ will provide written notice to the Company describing the nature of the deficiency. The Company shall have thirty (30) days from receipt of the notice to submit documentation to the MDEQ demonstrating that the deficiency has been corrected. In the event the deficiency is not corrected to the satisfaction of the MDEQ, the Company will be notified and the Company shall be in violation of this Consent Order and required to pay a stipulated penalty of \$400,000 minus the Company's SEP expenditures documented to the MDEQ to date, to the MDEQ within thirty (30) days of notification from the MDEQ. The amount of the stipulated penalty may be reduced or waived by the MDEQ if the Company made good faith and timely efforts to complete the project. Payment of stipulated penalties under the terms of this Paragraph 15.D shall satisfy the Company's obligation to complete the SEPs under this Consent Order.

E. The Company agrees that any public statement, oral or written, making reference to the SEPs shall include the following language: "This project was undertaken in connection with the settlement of an enforcement action taken by the MDEQ for alleged violations of air law."

F. After the effective date of this Consent Order, until completion of all activities specified in Exhibit A, the Company shall provide the AQD Southeast Michigan District Supervisor with a progress report every calendar quarter. Each progress report shall include a description of the SEP activities the Company completed in the prior quarter.

G. No later than thirty (30) days after the completion of all activities specified in Exhibit A, the Company shall submit written certification of completion of the SEPs to the AQD Southeast Michigan District Supervisor demonstrating that all SEP activities specified in Exhibit A have been completed in accordance with the terms and conditions of this Consent Order and

Exhibit A. The certification shall be accompanied by appropriate documentation (such as invoices, receipts or tax statement) to verify the total expenditure made by the Company as a result of implementing the activities specified under Exhibit A. It shall be the sole determination of the MDEQ whether the Company has completely implemented the activities specified in Exhibit A.

GENERAL PROVISIONS

16. If the Company shuts down any emission unit subject to this Consent Order for other than normal operating circumstances, abnormal conditions and malfunctions (pursuant to MAC Rule 336.1912), and/or routine maintenance, repair and replacement, it shall be relieved of any obligations under this Consent Order applicable to such emission unit pursuant to paragraphs 10, 11 and 12, including any obligations derived from a Permit To Install and incorporated into this Consent Order. If the Company recommences operation of such emission unit prior to termination of this Consent Order, it shall notify the AQD Southeast Michigan District Supervisor in writing, and thereafter comply with all terms of this Consent Order applicable to the source. In the event of a shutdown, the Company shall provide written certification of the shutdown to the AQD Southeast Michigan District Supervisor. Such notice shall be effective only for purpose of this Consent Order (and any other Consent Orders or Consent Decree designated in the Notice) and shall not serve as evidence of a shutdown for any other purpose, nor shall it affect the Company's right to recommence operation of the source. Nothing in this Paragraph shall delay or extend any deadline contained in this Consent Order without the written consent of the parties.

17. Upon the effective date of this Consent Order, Wayne County Consent Orders #0030-97 and 0041-97 will be terminated.

18. This Consent Order in no way affects the Company's responsibility to comply with any other applicable state and federal or local laws or regulations, including without limitation, any amendments to the federal Clean Air Act, 42 USC 7401 et seq., Act 451, Part 55 or their rules and regulations, or to the State Implementation Plan.

19. This Consent Order constitutes a civil settlement and satisfaction as to the resolution of the violations specifically addressed herein; however, it does not resolve any criminal action that may result from these same violations.

20. Within thirty (30) days after the effective date of this Consent Order, the Company shall pay to the General Fund of the State of Michigan, in the form of a check made payable to the "State of Michigan" and delivered to the Michigan Department of Environmental Quality, Financial and Business Services Division, Revenue Control, P.O. Box 30657, Lansing, Michigan 48909-8157, a settlement

amount of \$900,000.00, which includes AQD costs for investigation and enforcement. This total settlement amount shall be paid within thirty (30) days of the effective date of this Consent Order. To ensure proper credit, all payments made pursuant to this Consent Order shall include the Agreement Identification No. AQD 3265 on the face of the check. This settlement amount is in addition to any fees, taxes, or other fines that may be imposed on the Company by law.

21. On and after the effective date of this Consent Order, if the Company fails to comply with paragraphs 10.A.iii., 10.B.i., 11.A., 11.F.ii., 11.F.v., 11.G.i., 11.G.ii., 11.G.iii. or 11.G.iv., of this Consent Order, the Company shall pay stipulated fines of \$5,000.00 per violation per day. On and after the effective date of this Consent Order, if the Company fails to comply with paragraphs 10.A.ii., 10.B.ii., 11.B.i., 11.B.iii., 11.B.iv., 11.C.iii., 11.C.iv., 11.D.i., 11.D.ii., 11.E.i., 11.E.ii., 11.E.iii., 11.F.i., 11.F.iii., 11.F.iv., 11.F.v., 12.A.i., 12.A.ii., 12.A.iii., 12.A.iv., 12.A.v., 12.A.vi., 12.A.vii., 12.B.i., 12.B.ii., 12.B.iii., 12.B.iv., 13 or 14, the Company shall pay stipulated fines of \$3,000.00 per violation per day. On and after the effective date of this Consent Order, if the Company fails to comply with any other provision of this Consent Order, the Company shall pay stipulated fines of \$500.00 per violation. Stipulated fines submitted under this Consent Order shall be by check, payable to the State of Michigan within thirty (30) days of demand and shall be delivered to the Michigan Department of Environmental Quality, Financial and Business Services Division, Revenue Control, P.O. Box 30657, Lansing, Michigan 48909-8157. To ensure proper credit, all payments shall include the Agreement Identification No. AQD 3265 on the face of the check. Payment of stipulated fines shall not alter or modify in any way the Company's obligation to comply with the terms and conditions of this Consent Order.

22. A. The AQD, at its discretion, may seek stipulated fines or statutory fines for any violation of this Consent Order which is also a violation of any provision of applicable federal and state law, rule, regulation, permit or MDEQ administrative order. However, the AQD is precluded from seeking both a stipulated fine under this Consent Order and a statutory fine for the same violation.

B. The AQD is precluded from seeking stipulated fines for any violation of this Consent Order that is also a violation of the Consent Decree entered in Civil Action Nos, 00-75452 and 00-75454 in the United States District Court for the Eastern District of Michigan, and for which stipulated penalties have already been sought under that Consent Decree.

23. To ensure timely payment of the settlement amount assessed in paragraph 20 and any stipulated fines assessed pursuant to paragraph 21 of this Consent Order, the Company shall pay an interest penalty to the State of Michigan each time it fails to make a complete or timely payment under this Consent Order. The interest due shall be determined at an annual interest that is equal to one percent (1%) plus the average interest rate paid at auctions of 5-year United States Treasury notes during the six months immediately preceding July 1 and January 1, as certified by the state treasurer, compounded

annually and, using the full increment of amount due as principal, calculated from the due date specified in this Consent Order until the date that delinquent payment is finally paid in full. Payment of interest by the Company shall be made to the State of Michigan in accordance with paragraph 21 of this Consent Order. Interest payments shall be applied first to the most overdue amount or outstanding interest penalty owed by the Company before any remaining balance is applied to subsequent payment amount or interest penalty.

24. The Company agrees not to contest the legal basis for the settlement amount assessed pursuant to paragraph 20. The Company also agrees not to contest the legal basis for any stipulated fines assessed pursuant to paragraph 21 of this Consent Order, but reserves the right to dispute in a court of competent jurisdiction the factual basis upon which a demand by MDEQ of stipulated fines is made. In addition, the Company agrees that said fines have not been assessed by the MDEQ pursuant to Section 5529 of Part 55 and therefore are not reviewable under Section 5529 of Part 55.

25. This compliance program is not a variance subject to the twelve (12) month limitation specified in Section 5538 of Part 55.

26. This Consent Order shall remain in full force and effect for a period of at least five (5) years. Thereafter, the Consent Order shall terminate only upon written notice of termination issued by the AQD Chief. Prior to issuance of a written notice of termination, the Company shall submit a request to the AQD Chief at the Michigan Department of Environmental Quality, Air Quality Division, P.O. Box 30260, Lansing, Michigan 48909-7760, consisting of a written certification that the Company has fully complied with all the requirements of this Consent Order and has made all payments including all stipulated fines required by this Consent Order. Specifically, this certification shall include: (i) the date of compliance with each provision of the compliance program and the date any payments or stipulated fines were paid; (ii) a statement that all required information has been reported to the AQD Southeast Michigan District Supervisor; (iii) confirmation that all records required to be maintained pursuant to this Consent Order are being maintained at the facility; and, (iv) such information as may be requested by the AQD Chief. The Company is not precluded from requesting an earlier termination date. This early termination shall be solely at the discretion of the MDEQ as circumstances may warrant and subject to the aforementioned termination requirements.

27. In the event the Company sells or transfers the facility with SRN A8640, it shall advise any purchaser or transferee of the existence of this Consent Order in connection with such sale or transfer. Within thirty (30) calendar days, the Company shall also notify the AQD Southeast Michigan District Supervisor, in writing, of such sale or transfer, the identity and address of any purchaser or transferee, and confirm the fact that notice of this Consent Order has been given to the purchaser and/or transferee. The purchaser and/or transferee of the facility must agree, in writing, to assume all of the obligations of this


Consent Order. A copy of that agreement shall be forwarded to the AQD Southeast Michigan District Supervisor within thirty (30) days of assuming the obligations of this Consent Order.

28. Prior to the effective date of this Consent Order and pursuant to the requirements of Sections 5511 and 5528(3) of Part 55, the public was notified of a thirty (30) day public comment period and was provided the opportunity for a public hearing.

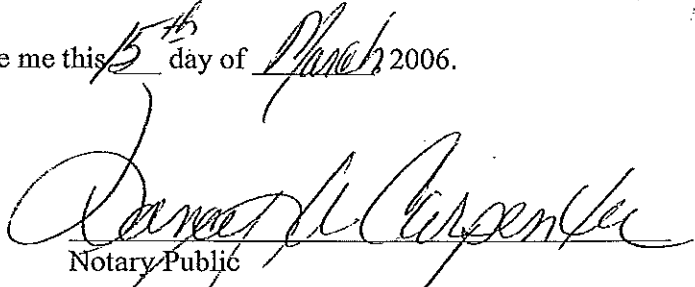
29. Section 5530 of Part 55 may serve as a source of authority but not a limitation under which the Consent Order may be enforced. Further, Part 17 of Act 451 and all other applicable laws and any other legal basis or applicable statute may be used to enforce this Consent Order.

The undersigned certifies that he/she is fully authorized by the Company to enter into this Consent Order and to execute and legally bind the Company to it.

SEVERSTAL NORTH AMERICA, INC.

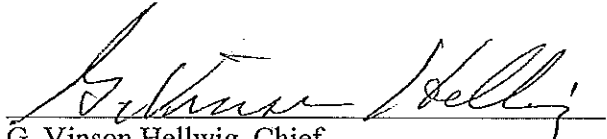
 Date: 3/15/06
Gregory L. Echols
Vice President, Operations

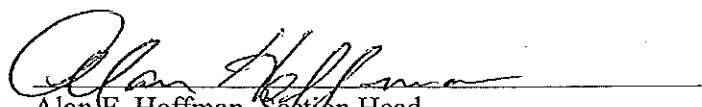
The above signatory subscribed and sworn to before me this 5th day of March 2006.


Notary Public
Approved as to Form:

NANCY A. CARPENTER
Notary Public, Wayne County, MI
My Commission Expires Nov. 10, 2006

Approved as to Content:


G. Vinson Hellwig, Chief
AIR QUALITY DIVISION
DEPARTMENT OF
ENVIRONMENTAL QUALITY


Alan F. Hoffman, Section Head
ENVIRONMENTAL REGULATION SECTION
ENVIRONMENT, NATURAL RESOURCES,
AND AGRICULTURE DIVISION
DEPARTMENT OF ATTORNEY GENERAL

Dated: 3/21/06

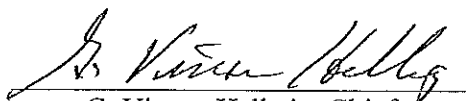
Dated: 3/20/06

FINAL ORDER

The Chief of the Air Quality Division having had opportunity to review the Consent Order and having been delegated authority to enter into Consent Orders by the Director of the Michigan Department of Environmental Quality pursuant to the provisions of Part 55 of Act 451 and otherwise being fully advised on the premises,

HAS HEREBY ORDERED that the Consent Order is approved and shall be entered in the record of the MDEQ as a Final Order.

MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY


G. Vinson Hellwig, Chief
Air Quality Division

Dated: 3/21/06

PROJECT No. 1

SEVERSTAL NORTH AMERICA, INC.

SUPPLEMENTAL ENVIRONMENTAL PROJECT DESCRIPTION

REDUCTION OF DIESEL EXHAUST FINE PARTICULATE EMISSIONS

PROJECT TITLE: Reduction of Diesel Exhaust Fine Particulate Emissions

PROJECT AMOUNT: \$200,000 with Addendum

PROBLEM STATEMENT: Based on air monitor sampling in Wayne County, the ambient air quality exceeds the federal air quality standard for fine particulate ("PM2.5"). A significant portion of the PM2.5 collected at the Salina School air monitor site in East Dearborn and other monitoring sites is considered to be associated with particulate from diesel engine exhaust. Federal requirements for changes in diesel fuel and emission standards for new diesel engines are expected to provide some reductions in these emissions. However, they will not immediately result in emission reductions from fleets of existing diesel vehicles.

Diesel Oxidation Catalysts ("DOCs") supplied within a muffler assembly can provide as much as a 20% reduction in particulate matter and a 50% reduction of hydrocarbons and carbon monoxide when retrofit on existing diesel engines. Hydrocarbons are considered to contribute to the formation of "secondary" fine particulate in the air. Existing diesel engine school buses provide an excellent opportunity for a SEP to improve both the ambient air conditions in the area and the exposure of children to diesel emissions. Environmental Science and Technology Journal in 2004 reported that children riding in school buses are breathing more pollution from the exhaust than people standing out in the streets. Children can be more susceptible to these emissions than adults because their respiratory systems are still developing and they breathe faster.

PROJECT DESCRIPTION: Severstal North America, Inc. ("Severstal"), in collaboration with the Dearborn School District, or other Wayne County school districts, agrees to invest \$100,000.00 in the purchase and installation of DOCs to reduce emissions from the school buses and reduce exposure of the school children to these emissions. Installation of EPA-approved diesel engine crankcase filters will also be considered, based on district preference and funds available within the project. (The crankcase filters should be replaced with each oil change and thus can represent a district commitment to a continuing future cost.)

This project will be implemented by execution of the following tasks:

- Obtaining agreement from the school district or districts to participate in the program;
- The agreement will involve the district(s) preparing a list of the make, model and age of their buses and the engine model;

EXHIBIT A

- Severstal, in collaboration with the district(s), will issue a bid request for the supply and installation of the DOCs. The contract will include provisions for verifying proper installation.
- Severstal will commit to fund the purchase and installation.
- The school district(s) will make the buses available for installation of the DOCs

PROJECT RESULTS (BENEFITS): The benefits of the project are reduced exposure of children to diesel engine emissions and the reduction of emissions of PM2.5 and PM2.5 precursors in Wayne County, which currently exceeds the federal ambient air quality standard for PM2.5.

The project may have additional indirect benefits. Substantial publicity is expected from this project, and school districts and other fleet operators will be prompted to consider such a retrofit.

PROJECT COSTS: Severstal is investing \$100,000 in the project. The cost of DOCs can range from \$600 to \$1000 each. Crankcase filters cost around \$50 each. The scope of the project will be designed to utilize the available funds.

PROJECT SCHEDULE: Severstal expects to complete the project by the beginning of January 2007. Below is an estimated schedule:

Activities	M	A	M	J	J	A	S	O	N	D	J
1. Obtain agreement from the school district or districts.											
2. District(s) to prepare a list of the make, model and age of their buses and the engine model.											
3. Issue a bid request for the supply and installation of the DOCs.											
4. Initiate installation.											

CONTACT PERSONS: Donald S. Windeler, Environmental Manager, Severstal North America, Inc., Dearborn, Michigan (313) 845-3217.

ADDENDUM TO PROJECT No. 1

SEVERSTAL NORTH AMERICA, INC.

SUPPLEMENTAL ENVIRONMENTAL PROJECT DESCRIPTION

REDUCTION OF DIESEL EXHAUST FINE PARTICULATE EMISSIONS

Additional Emission Control Installation. In addition to the proposed installation of emission controls on school bus diesel engines exhaust systems, Severstal will investigate, and implement where feasible, installation of diesel exhaust emission controls on off-road diesel equipment used on-site at its Dearborn, Michigan facility. DOCs and Diesel Particulate Exhaust Filters will be investigated. Feasibility is qualified because much of the equipment is special purpose and custom built. Thus, control devices may not be available for the particular engine or equipment configuration or operating conditions may not conform to requirements of the devices.

ADDITIONAL COSTS: Severstal will commit to invest \$100,000.00 to install diesel emission control devices, including DOCs or Particulate Exhaust filters on its on-site equipment and support its operation. The DOCs are expected to cost between \$1000 and \$8000 each installed. The particulate filters are expected to cost between \$7000 and \$10,000 each, installed. The ultra-low sulfur fuel for the Particulate Exhaust filters is expected to have a \$.25/gallon premium over regular diesel fuel.

PROJECT RESULTS (BENEFITS): This additional work is expected to reduce emissions of PM2.5 and PM2.5 precursors from equipment that would not be reduced under current regulatory plans, in an area where the national ambient air quality standard for PM2.5 is currently being exceeded.

SCHEDULE: This additional work is expected to be completed by September 1, 2006.

Activities	M	A	M	J	J	A	S
1. Develop inventory and make, model and age of engines for on-site diesel equipment.							
2. Select equipment and devices to be installed on the equipment.							
3. Issue a bid request for the supply and installation of the control devices.							
4. Complete installation.							

PROJECT No. 2

SEVERSTAL NORTH AMERICA, INC.

SUPPLEMENTAL ENVIRONMENTAL PROJECT DESCRIPTION

DEARBORN SOUTH END TREE PLANTING

PROJECT TITLE: Dearborn South End Tree Planting

PROJECT AMOUNT: \$200,000

PROBLEM STATEMENT: Based on air monitor sampling at the Salina School Monitor, the air in the southern portion of Dearborn, Michigan (known as the "South End") provides an outstanding opportunity for a SEP to improve the ambient air conditions in the area and to address concerns of residents, regulators and local businesses. In addition, there are concerns that the sight lines toward the western edge of the South End are of heavy industry – Ford Motor Company's vehicle manufacturing facilities, Severstal's steelmaking facilities, CSX Rougemere Railyard and Dearborn Industrial Generation power plant. Because of these air quality and aesthetic concerns, members of the community have expressed their desire for a tree-planting project to enhance the environmental quality of the neighborhood.

PROJECT DESCRIPTION: Severstal North America, Inc. ("Severstal"), in collaboration with community representatives, will contract with a landscape architectural firm and a landscape contractor to plant hundreds of trees of various species in, and around the western edge of, the South End.

Grissim/Metz/Andriese is the leading candidate to be awarded the landscape architectural contract based on preliminary conversations. If awarded the contract, Mr. John Grissim would act as the primary project designer and administrator. Mr. Grissim brings a wealth of experience as a landscape architect to the project, including recent experience on prominent local projects such as the Ford Rouge restoration and the Greenfield Village makeover. He has received several national awards that have earned him multiple trips to the White House. Mr. Grissim is familiar with native soil conditions, as well as local urban landscapes and plot configurations. Notwithstanding Mr. Grissim's impressive credentials, the landscape architecture contract will be awarded following a Request for Proposal process involving at least two other licensed, reputable firms. The proposals shall be evaluated based on the architect's experience and expertise on similar projects, and price. The proposals shall be for comprehensive landscape architectural services, including, but not limited to: (1) preparing all necessary designs, specifications and drawings; (2) obtaining permits or other needed governmental approvals; (3) preparing and publishing all bid documents needed for awarding contracts for providing and planting the specified trees; and (4) supervision and monitoring of planting, and final reporting. The contract will be awarded to a firm that is mutually acceptable to Severstal and community representatives.

EXHIBIT A

The final project design will take into account several factors, including: (a) community representatives' input based upon the landscape architect's collaboration with them; (b) long-term municipal planning; (c) soils; (d) tree species; and (e) cost effectiveness. The project will emphasize areas bordering the Salina Elementary and Salina Intermediate Schools, which are most proximate to industrial facilities, railroad tracks and truck routes to the west, and other areas within the community where residents most frequently congregate, including parks.

PROJECT RESULTS (BENEFITS): The benefits of trees are numerous. As noted recently by the United States Department of Agriculture:

Trees are not only beautiful in themselves but add beauty to their surroundings. Trees add color to the urban scene, soften the harsh lines of buildings, screen unsightly views, provide privacy and a sense of solitude and security, while contributing to the general character and sense of place.

Air pollution is the bane of most cities and many towns. At its worst, it can be seen and smelled and even felt. Since the emission of air many pollutants increases with higher temperatures, trees can improve air quality by lowering air temperatures. Trees further their cleansing work by absorbing gaseous pollutants into their leaves and trapping and filtering particulates on and through their leaves, stems and twigs. Trees have the potential to impact pollutants from power plants by shading buildings and lowering air temperatures in the summer and blocking wind in the winter, which reduces the use of energy for air conditioning and heating. If trees shade a parking lot, they can also reduce pollutants from vehicles.²

The project may have additional indirect benefits. Community representatives have suggested that they will seek to build on the project by soliciting matching tree contributions from the City of Dearborn and/or the School District for the City of Dearborn.

PROJECT COSTS: Severstal is investing \$200,000.00 in the project. Estimated costs are broken down as follows:

Item	Estimated Cost (%)
Project concept, design, bidding, contract administration, permits	\$20,000 (10%)
Trees and planting services	\$180,000 (90%)
TOTAL PROJECT COSTS	\$200,000

² *The Benefits of Urban Trees*, United States Department of Agriculture (2004). Presentation available at: http://www.urbanforestrysouth.org/Resources/Library/copy_of_Citation.2004-06-18.5954/file_name/.

PROJECT SCHEDULE: Severstal expects to complete the project by the end of July 2006. Below is an estimated schedule:

<u>Activities</u>	<u>Est. Start</u>	<u>Est. Finish</u>
Concept/Design	1/3/06	2/15/06
Specifications and Drawings	2/1/06	3/1/06
Permits and Other Govt Approvals Obtained	2/1/06	3/1/06
Bid Documents Prepared, Published	2/15/06	3/15/06
Bids Received, Contract Awarded	4/1/06	4/15/06
Planting	5/15/06	6/15/06
Monitoring/Final Reporting	5/15/06	7/15/06

CONTACT PERSONS: Donald S. Windeler, Environmental Manager, Severstal North America, Inc., Dearborn, Michigan (313) 845-3217.

ADDENDUM TO PROJECT No. 2

SEVERSTAL NORTH AMERICA, INC.

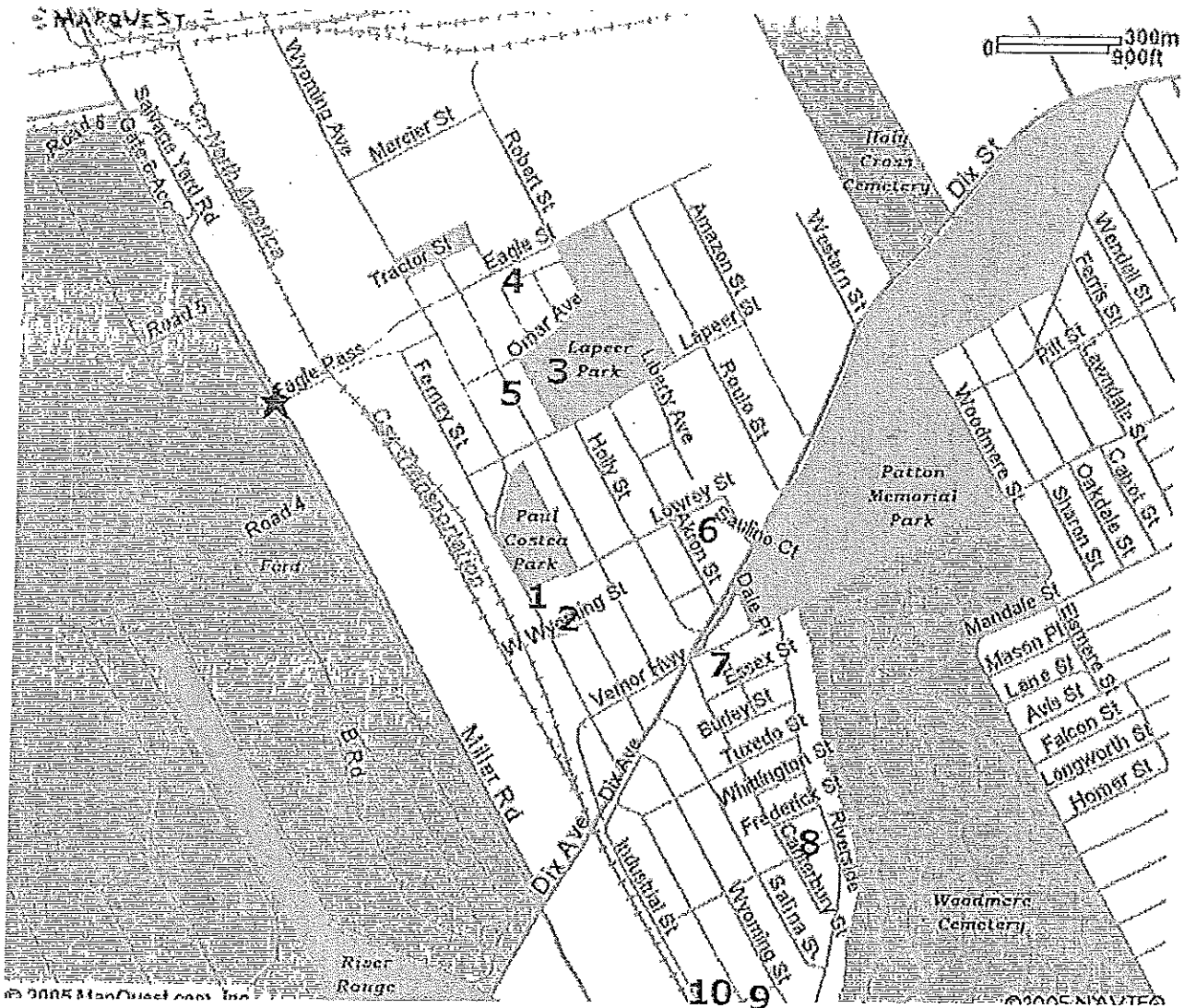
SUPPLEMENTAL ENVIRONMENTAL PROJECT DESCRIPTION

DEARBORN SOUTH END TREE PLANTING

Supplement to Project Description: Severstal has consulted with community representatives to further define, preliminarily, the areas in which the benefits of tree planting are most needed. The following locations were identified as high-need sites:

1. Salina Elementary School Areas:
 - a. Adjacent to Elementary on Western edge of property (along Wyoming)
 - b. Football Field (West and North Borders)
2. Salina Middle School Areas:
 - a. Western side of property along fence line
 - b. In median on Wyoming to the South of the Resource Center
3. Lapeer Park, at locations to be determined
4. Berm along South side of Eagle Street between Salina and Roulo
5. Western side of Salina between Eagle and Lapeer (adjacent to trucking operation on Salina)
6. Playground at Southeast corner of Akron and Lowrey (owned by ACCESS)
7. Area around Mosque on Vernor
8. Canterbury Park along fence line
9. Morningside Park along fence line
10. General area, including vacant lots where practicable, on East side of Industrial between Riverside and Morningside.

These sites are reflected on the following area map:



In identifying these candidate sites, community representatives emphasized areas where people congregate (especially children), proximity to local industry, and the existence/non-existence of trees in the areas. These locations are necessarily preliminary, and remain subject to further discussions among community representatives, municipal approvals, soil suitability, and in some cases private consent.

Planting sites and other elements of the project, including tree size and species, also will be further refined through ongoing discussions with Severstal's proposed project consultant, John Grissim. Based on the proposed budget, Severstal estimates that a total of approximately 300-350 trees will be planted through the project. The actual number will depend on final specifications of tree size, tree species, and any special soil accommodations.