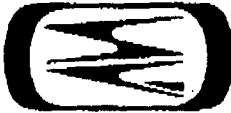


Best Available Copy**JEFFERSON SMURFIT CORPORATION
D-GRAPHICS DIVISION**

3389 POWERS AVENUE
JACKSONVILLE, FL 32207
TELEPHONE: 904/733-4020
FAX: 904/733-4381

October 28, 1994

Mr. Ernest Frey, Director
District Management
Northeast District
Dept. of Environmental Protection
7825 Baymeadows Way, Suite 200b
Jacksonville, Florida 32256-7577

Mr. Alton W. Yates, Director
Department of Regulatory &
Environmental Services
City of Jacksonville
421 West Church St., Suite 412
Jacksonville, Florida 32202-4111

Re: Jefferson Smurfit Corporation d/b/a D-Graphics
Construction Permit No. AC16-089528, Press #5 for Catalytic
Incinerator with Associated Capture and Transport System

Dear Gentlemen:

Pursant to the Emergency order, paragraph #18 this letter is a notice of D-Graphics intent to construct a total enclosure of the printing area at our Jacksonville, Florida facility per the attached preliminary drawing. D-Graphics will update you as more information becomes available. We are committed to construct the total enclosure for Presses # 4 and 5. The company believes the above can be accomplished within approximately 6 months of the approval to relocate Press #4.

We believe total enclosure of both presses provides the best technology for capture of VOC's. The installation of the enclosure at the earliest possible time is of vital importance to the Department and the company. Therefore we request that the Department expedite processing a new construction permit to accomplish the above once a permit application is filed.

The company would like to construct and install the enclosure during the relocation of Press #4. Our plan provides for the relocation of Press #4 approximately 75' from its present location in an contiguous building.

BEST AVAILABLE COPY

We have attached a preliminary drawing depicting the enclosure for Presses #4 and 5.

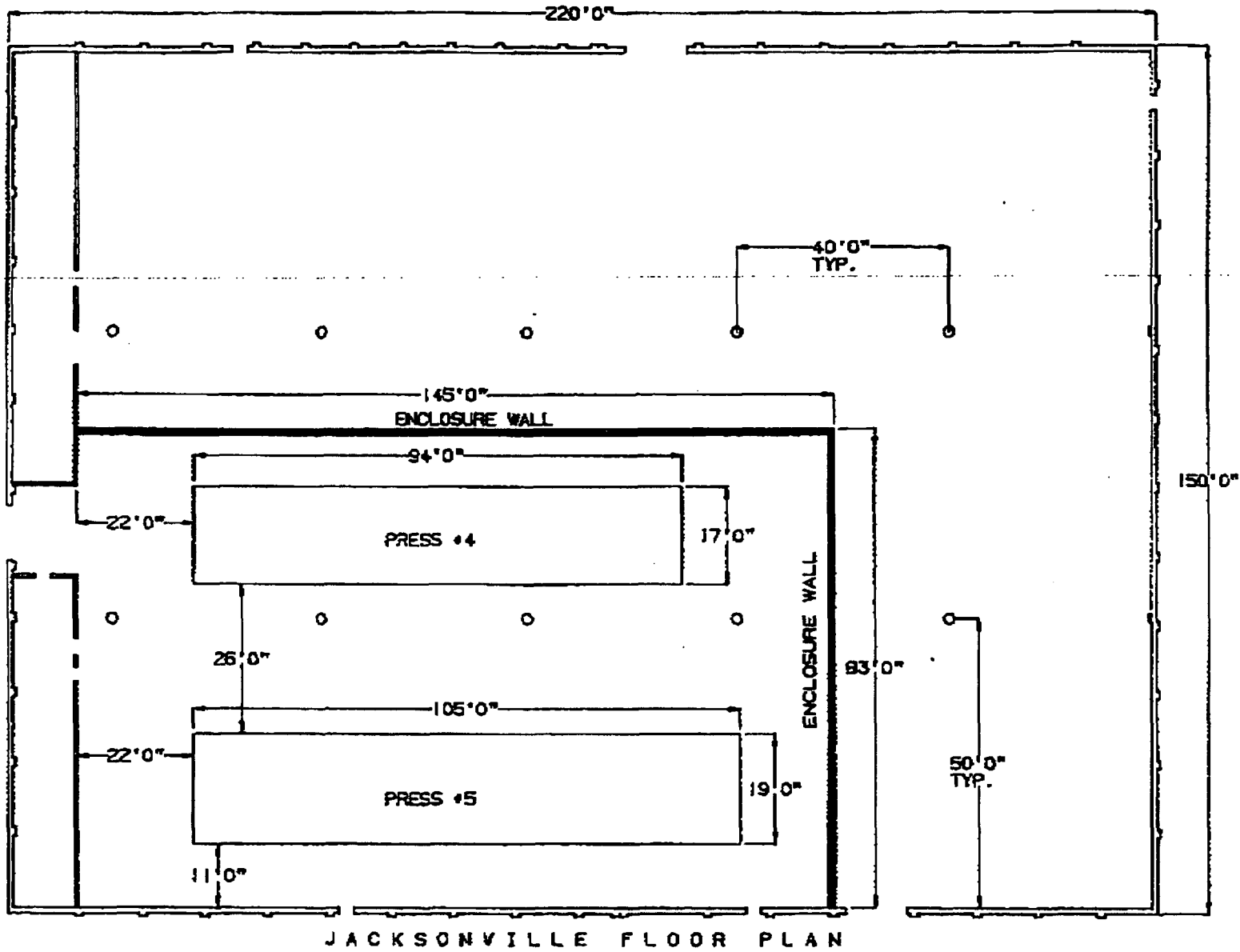
We appreciate your assistance in this matter and if you have any questions please call me at (314) 746-1270.

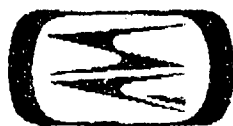
The company reserves any creditable emission reductions or offsets for use in the permitting of a modification to allow the move of Press #4 or for other purposes.

Sincerely,

^{for}
Alan W. Larson
RAQ

Alan Larson
Vice President and General Manager
Consumer Packaging Division





JEFFERSON SMURFIT CORPORATION
D-GRAPHICS DIVISION

3369 POWERS AVENUE
JACKSONVILLE, FL 32207
TELEPHONE: 904/733-4020
FAX: 904/733-4381

OCTOBER 26, 1994

Mr. Bruce Mitchell
Division of Air Resources Management
Department of Environmental Protection
2600 Blair Stone Road
Tallahassee, Florida 32399-2400

RE: Additional capture equipment

Dear Mr. Mitchell:

Please except this letter as a notice of our plans to install additional capture and control equipment known as "sweeps" to Press # 5. These sweeps will be located at impression level and also floor level on each station. See attached drawings for further details. The sweeps will tie into the exhaust duct going to the incinerator.

Our plans are to install these sweeps on Sunday October 30, 1994.

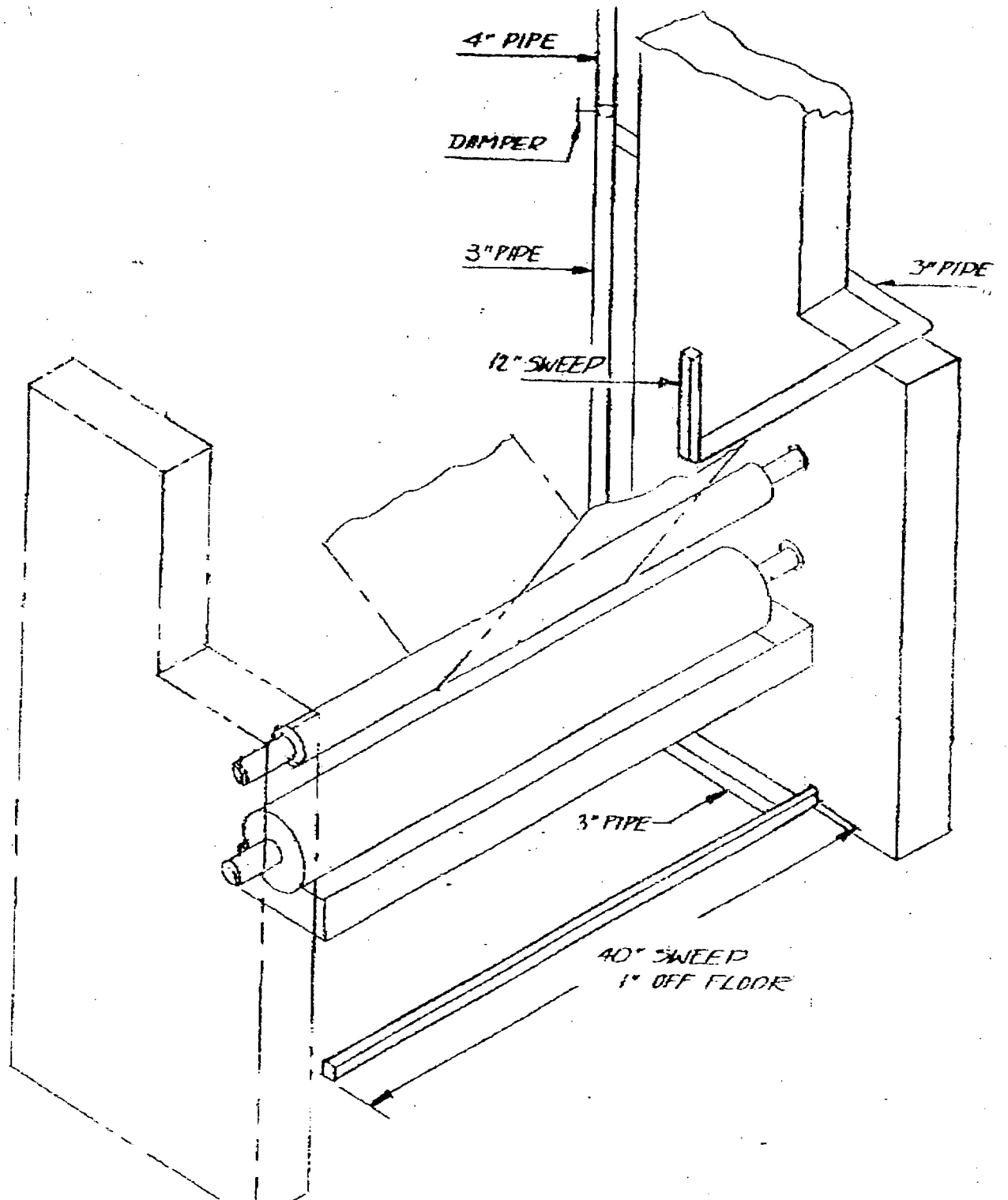
Thank you for your support in this matter. If you have any questions or need further information please give me a call at call at (904) 733-4020.

Sincerely,

Douglas Turner
Plant Manager

Enclosure

cc: Mr. Wayne Tutt, RESD
Mr. Chris Kirts, FDEP
Mr. Terry L. Cole, Attorney at Law





JSC/CCA

JEFFERSON SMURFIT CORPORATION & CONTAINER CORPORATION OF AMERICA
8182 MARYLAND AVENUE, ST LOUIS, MO 63105 - TELEPHONE 314/746-1100

Corporate Mailing Address

P.O. BOX 68820
ST LOUIS, MO 63166

October 27, 1994

VIA FACSIMILE AND FEDERAL EXPRESS

Mr. Ernest Frey, Director
District Management
Northeast District
Department of Environmental Protection
7825 Baymeadows Way, Suite 200B
Jacksonville, Florida 32256-7577

Mr. Alton W. Yates, Director
Department of Regulatory &
Environmental Services
City of Jacksonville
421 West Church Street, Suite 412
Jacksonville, Florida 32202-4111

Re: Jefferson Smurfit Corporation d/b/a D-Graphics
Construction Permit No. AC16-089528, Press 5 for Catalytic
Incinerator with Associated Capture and Transport System

Dear Gentlemen:

This is to follow up the oral notification of apparent noncompliance with the above referenced permit at Jefferson Smurfit Corporation's D-Graphics printing plant located at 3389 Powers Avenue, Jacksonville, Florida, 32231. We met in Jacksonville on Monday, October 17, 1994 with the DEP District office and representatives of the City to self-report possible plant violations. We also met for the same purpose in Tallahassee the next day, October 18, with the State DEP office. At that time, we announced that press 5, the only one operating at the facility, had been voluntarily shut down that morning. The self-reported noncompliance is primarily two-fold, but several other issues will be addressed in this letter to ensure complete disclosure.

Plastic Strip Curtain

First was the failure to keep in place a plastic strip curtain (enclosing the operators' side of press 5) as part of VOC collection during press operation. The applications to construct the catalytic incinerator with associated capture and transport system for rotogravure presses 4 and 5 embodied a LAER proposal to improve VOC collection at the presses and catalytically oxidize the collective vapors. To improve collection, sheet metal enclosures were to be installed on the drive side of the presses and, on the operators' side,

Messrs. Ernest Frey and
Alton W. Yates
October 27, 1994
Page 2

a plastic strip curtain was to be hung from a catwalk extension to within one inch of the floor. The collection system was built to these specifications.

On Thursday, September 22, 1994, one of our governmental affairs managers noted, during a visit to the plant in connection with the application to move inoperative press 4, that press 5 was operating without the plastic strip curtain in place. He questioned the plant manager, who stated that the curtains were not used during the day-to-day operations of the plant. The plant manager noted the high efficiencies achieved in VOC destruction by the incinerator and apparently believed that the curtains were not a significant part of the VOC capture system.

The governmental affairs manager expressed his concern that operating without the curtains in place could constitute a violation of the applicable permit. That evening, he brought his concern to the attention of senior management, who, in turn, directed that the curtains be hung immediately. On Friday, September 23, 1994, they were put in place, to remain so while the press is in operation.

At that point, the Company was aware of a possible violation of the permit, but not the duration of any such violation. We viewed possible noncompliance as a matter of grave concern and immediately retained Oertel, Hoffman, Fernandez & Cole as outside counsel, to investigate the facts concerning the use or nonuse of the plastic strip curtain during press operation and to promptly report their findings to us. The investigation consisted of interviewing the plant manager, other knowledgeable employees and managers, and reviewing permit applications, permits and other similar records.

Although there are discrepancies in the recollection of employees who have worked or are working at the facility, the following appears to have occurred:

1. From an unknown date, probably as long ago as 1990 and perhaps considerably before then, until September 22, 1994, the plastic strip curtains for press 5 were hung only during annual emissions compliance tests and during occasions such as scheduled inspections by the City RESD or Florida DEP.

2. The plant employees evidently believed that the curtains did not play an important part in the VOC capture system. The press operators found that the curtains obstructed their access to the press. Plant employees have acknowledged that, based upon the foregoing understandings, since 1990, the curtains were usually not in place.

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Alton W. Yates
October 27, 1994
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Not all employees or former employees interviewed agree with the extent of time we have reported, expressing opinions of shorter or longer duration.

3. The overall capture and transport efficiency (80%) and the destruction efficiency of the catalytic incinerator (95%) -- both established in the LAER Determination for press 5 -- also applied to press 4. The plant apparently followed the same practice with regard to use of the plastic strip curtain for press 4 as it did for press 5. However, press 4 had only 196.8 running hours in 1990 and has not been used since. Hence, any noncompliance with respect to the curtain use for press 4 probably occurred during a limited time.

Annual Operating Hours Limit

The Construction Permits (Special Condition No. 1) also imposed a maximum on the number of operating hours for press 5 (4228 hours per year) and 4 (6566 hours per year). On December 31, 1987, Lloyd H. Stebbins, P.E., our consulting engineer at the time, wrote Mr. J. E. Wosley, of the City's Bio-Environmental Services Division, concerning the need to redistribute operating hours and VOC pound per hour limits among presses 2, 4, and 5, and indicated his understanding that this had been agreed to. At one stage, a draft permit reflecting 5790 hours for press 5 was circulated (attached).

Unfortunately, the Construction Permits were never revised to reflect the redistribution. From 1990 to 1993, on a calendar year basis, the operating hour permit limit for press 5 (4228) was exceeded: 1990 (4712); 1991 (4893); 1992 (4968); and 1993 (5209). Before this month's oral report was made, the 4228 hour limit was reached (4405.75 hours by the time the press was shut down).

Plant personnel apparently believed that there was an understanding with your agencies that gave effect to the 5790 hour limit on press 5 proposed by Mr. Stebbins and later embodied in the draft permit (attached). It should be noted that, based on this (mis)understanding between 1990 and 1994, the plant filed numerous operating reports and annual license fee applications with the Department reflecting the true hours of operation for press 5, which exceeded the limit specified in the permit but were within the purported agreement.

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 Alton W. Yates
 October 27, 1994
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Compliance With Specific Conditions of the Construction Permit

As best we know at this time, emissions from the entire facility are under the total levels allowed by the existing permits for three presses at this facility even when press 5 operated without the curtains in place. However, there have been reported exceedances of limits established by specific conditions of the Construction Permit. VOC emission levels and hours of operation along with permit limits are set out below which are accurate as best we can determine at this time.

D-GRAPHICS EMISSIONS AND OPERATION DATA

<u>Press 5 only</u>	<u>Permit Limit</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
Lbs./Hr. Applied						
Compliance Test	178.55	155.3	207.4	166.2	165.5	
LAER Calculation		144.4	176.6	178.7	178.2	
Run Hours	4228	4712.9	4893.8	4968.0	5209.3	4405.75 (As of 10/18/94)
Capture Efficiency	80%	93.5%	90.3%	81.1%	85.6%	
Destruct Efficiency	95%	94.5%	93.6%	98.3%	96.3%	
Overall		85%	84.6%	79.7%	82.4%	

For your information, press 4 is permitted at 247.62 lbs./hr. Applied and 6566 hours of operation. Press 2 is permitted at 540 lbs./hr. Applied and 8760 hours of operation. Neither of these units has operated since 1990.

It should be noted that we believe the press normally operated without curtains during this period and thus the reported emission amounts may not accurately reflect what the emissions were during representative operating conditions. We also included information on two different ways of computing the limit on "pounds per hour" of VOC applied to the substrate, although we believe the proper method under the permit would be based on the compliance test rather than a method based on material balance.

Messrs. Ernest Frey and
Alton W. Yates
October 27, 1994
Page 5

Related Issues

We wish to inform you of the following matters which we do not believe constitute material noncompliance. However, in the interest of full disclosure, we bring them to your attention.

Among other equipment-related work that may have taken place, the plant replaced the stack, heat exchangers and fan at the facility in 1992. According to personnel at the plant, the City of Jacksonville BESD was notified prior to commencing the work in 1992 but no permits were obtained for this work. The City requested the press be shut down while this work was performed and the plant complied with that request. The catalytic incinerator was replaced in 1994. No consultation took place prior to such work and no permit was obtained. It is believed that a demonstration can be made that there was no increase in emissions due to the replacements and that it resulted in improved incinerator efficiency and a decrease in emissions and thus it does not appear that a permit was required.

There was also a partial change in the type of label made at the plant early 1990. The plant began producing heat sensitive labels in addition to a previous type. The same rotogravure printing process continued to be used and the same type of raw material. No permits were obtained for that change and it appears that none were required.

We will request that these matters be further addressed in the audit of the facility by the outside environmental consultant specified in the Emergency Order.

Corrective Measures

We make no effort to justify nor do we excuse the selective use of the plastic strip curtains. We have taken, or will take, the following corrective actions to ensure that all of our employees understand the importance of strict compliance with environmental standards and that the situation at the facility is remedied. Several of the steps set out below were mentioned during our October 17-18 oral reports, and have since been incorporated into the Petition for Emergency Enforcement Order and the Emergency Order issued by the Secretary Wetherell on October 24, 1994.

Messrs. Ernest Frey and
Alton W. Yates
October 27, 1994
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Corrective Actions Taken

1. The curtains were put in place on September 23, 1994 and the plant employees have been notified that the curtains must be in place at all times during which the press is operating.
2. An investigation by the Company using outside legal counsel was commenced promptly upon learning of the noncompliance.
3. The possible noncompliance was self-reported to the City and DEP.
4. The Company shut press 5 down on October 18, 1994 at 7:40 a.m. to avoid further exceedances of the limit in the Construction Permit on hours of operation.

Additional Corrective Actions To Be Taken or Being Taken

5. Employees will be instructed, and warnings posted, that all capture and control equipment must remain in place, while the press is running. This will be reemphasized at least once each shift, and a log maintained to document that the instructions were given. This has been done and continues.
6. The Company will provide its plant manager and press operators at the facility with training to operate the facility in compliance with Department permits and rules. Within ten days from the date of the Emergency Order, the facility will provide the Department with a plan and a schedule for providing such training to its facility managers.
7. An outside environmental consultant, Ed Barber and Associates, acceptable to the agency has been engaged by the Company to review current practices at the facility effective Friday, October 28, 1994. The consultant will report the results of the review to the Department, City, and Company within ten days of being engaged (November 7, 1994). The Company will exercise its best efforts to remedy, to the extent practicable, any issues raised by the review within 30 days and will report to the Department and City its progress in addressing issues raised in the review. All these items are anticipated to be included in the terms of a Consent Order.
8. Additional VOC capture and control equipment known as "sweeps" will be installed at press and floor level to capture additional VOCs and direct them to the incinerator (any creditable

Messrs. Ernest Frey and
Alton W. Yates
October 27, 1994
Page 7

emission reductions or offsets will be reserved). Plans and a time schedule for installation of additional VOC capture and control equipment have been provided to the Department and City. The installation is planned for Sunday, October 30, 1994.

9. The Company has retained an independent consultant, Ed Barber and Associates, effective October 28, 1994. He was approved by the Department and City to conduct regular daily inspections to ensure that all VOC emission limiting standards or requirements in the permit and the Emergency Order are met.

10. It is evident that the Company's environmental management system for the Consumer Packaging Division did not function properly in this instance. Given the factual discrepancies, it is not altogether clear at this point where in the system the breakdown took place. As that is resolved, disciplinary action will be taken against employees at fault. We want to make sure we have all the facts understood and reconciled as best we can before action is taken, to ensure fairness to the employees involved.

11. If any necessary approval is granted to move press 4 next to press 5, total enclosure of both will be proposed as an additional permit modification to ensure that the capture system cannot be bypassed, and to reduce emissions for the total facility below the level now produced from press 5 alone.

Conclusion

We hope you will judge this report (and earlier verbal reports) and the actions being taken as evidence of the Company's good faith and strong commitment to address environmental concerns. In that regard, we believe it likely that the past selective use of curtains would not have come to regulatory attention had they simply been replaced and strict guidelines issued on their remaining in place. We felt, however, that honestly reporting the facts as soon as we discovered

Messrs. Ernest Frey and
Alton W. Yates
October 27, 1994
Page 8

them was the only policy to follow. We regret the situation we have reported and will do our utmost to prevent its recurrence.

Sincerely,

Terry Cole
Michael C. Farrar *for*
Vice President
Environmental and
Governmental Affairs

c: Howard Rhodes
Jeff Braswell
Pete Fodor
Steve Pace
Jim Pennington
Greg Radlinski
Dana Brown

I N T E R O F F I C E M E M O R A N D U M

Date: 26-Oct-1994 01:44pm EST
From: Jeff Braswell TAL
BRASWELL J
Dept: Office General Counsel
Tel No: 904/488-9730
SUNCOM: 278-9730

TO: See Below

Subject: D-Graphics

Here is the proposed schedule for compliance with the Emergency Order entered on Monday, and the schedule of events we hope to implement for the next 30 days. Please feel free to contact me if you have any questions.

J.B.

Friday, October 28

2:30 Meeting with Air and OGC
3:00 Meeting with Air, OGC and BESD
3:30 Terry Cole and Bob Williams will give a briefing on the in-house investigation and their findings, as well as an update on compliance with Emergency Order.

Wednesday, November 2

Draft Consent Order completed (OGC and BESD)
Draft Intent to Modify Permit completed (Air Permitting)
Penalties calculated (BESD and Air Enforcement)
Intent for Publication prepared (Air Permitting)

Friday, November 4

A.M. (TBA) Meet with Bob Williams, Terry Cole and Mike Ferrar
Deliver Draft Consent Order
Inform them of the calculated penalties
Deliver Draft Intent to Modify Permit
Deliver intent language to be published

Tuesday, November 8

A.M (TBA) Meet with representatives of Jefferson Smurfit
Sign Consent Order
Take delivery of the penalties
Sign Intent to Modify Permit
Signed intent must be delivered to the District and BESD by 5:00 P.M.

Wednesday, November 9

Publish Intent in the paper

Wednesay, November 23

30th day of Emergency Order
14th day after Publication

Distribution:

TO: Howard Rhodes	TAL	(RHODES_H)
TO: Ernie Frey	JAX	(FREY_E @ A1 @ JAX1)
TO: Christopher Kirts	JAX	(KIRTS_C @ A1 @ JAX1)
TO: Peter Fodor	TAL	(FODOR_P)
TO: Bruce Mitchell	TAL	(MITCHELL_B)
TO: Jim Pennington	TAL	(PENNINGTON_J)
TO: Jonathan Holtom	TAL	(HOLTOM_J)
TO: William Leffler	TAL	(LEFFLER_W)
TO: John Brown	TAL	(BROWN_J)
TO: Patricia Comer	TAL	(COMER_P)

10/18/94

~~29/4228~~
(9228)
8760

- Jefferson Smurfit -

- T/C
- AC permit →
 - Other problems → therefore no more response on AC
 - Running w/o curtains for some time →
- M.F.
- ENV. Job + govt coord
 - (Press #4) → no curtains press #5; don't go to meeting w/o curtains; curtains reinstalled; off some dust
 - Met w/ Ernie Frey yesterday; Braswell attended
- BW
- Action plan →
- M.F.
- Here for JS. - one of 150 facilities
- TC
- Running tests ~~w/o~~ with curtains → done properly
 - or if they knew someone was coming; perhaps 2 yrs
- M.F.
- Will try to determine why - env. system broke down
- M.F.
- Excess hours - hours reported -
 - Press #5 shutdown as of 7:40 on 10/18/94
- BW.
- Oct 3 → exceeded (4228) hrs.

- M.F.
- a) Complete INV - will provide report w/i 2 weeks.
 - b) Retraining
 - c) LTR across company.
 - d) Must follow permit
 - e) Not looking for scapegoat

M.F. - Want to run test w/o ^{curtains} in place -; JB says NO!

BW • 21 Sept - Determined close to hrs.

→ Start-up

BW Called M.F. → tell manager to get curtains up