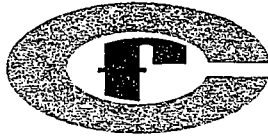


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CF Industries, Inc.
Phosphate Operations

January 29, 2004

Mr. Errin Pichard, P.E., Administrator
Emissions Monitoring Section
Bureau of Air Monitoring and Mobile Sources
Florida Department of Environmental Protection
2600 Blair Stone Road, MS-5505
Tallahassee, FL 32399-2400

Re: Proposed Alternative Monitoring Plan; Pichard E-mail Letter of January 13, 2004.

Dear Mr. Pichard:

CF Industries, Inc., looks forward to achieving a mutually acceptable conclusion with the Department on the alternative monitoring plan and related issues.

Regarding the issue of monitoring costs relative to expected environmental benefits, such considerations are an essential feature of the NESHAP program. In fact, a court recently held that an aspect of a NESHAP rule other than the actual emissions limits – in that case a compliance schedule – cannot “impose costly obligations on regulated entities without regard to the Clean Air Act’s purpose.” In the case of Chemical Manufacturers Assoc. v. EPA, 217 F.3d 861 (D.C. Cir. 2000), EPA promulgated MACT standards that included a bifurcated compliance schedule. Sources intending to install the necessary pollution controls had three years to do so, whereas sources planning to cease the regulated activity were afforded two years (this was referred to as the “early cessation” provision). The court determined that the early cessation provision would not reduce the amount of hazardous air pollutant emissions, and therefore held that EPA’s action in imposing costly obligations on regulated entities without producing an environmental benefit was unreasonable. Chemical Manufacturers expressly required that burdens imposed by EPA be related to environmental benefits, and indicated that the application of this concept applies not only to emission standards but also to associated compliance schedules. Similarly, EPA’s expensive Subparts AA and BB monitoring requirements should also have ascertainable environmental benefits.

CF’s point is that, if the rule applies, alternative monitoring is justified in part because subparts AA and BB will otherwise impose additional costly monitoring, record-

keeping, and reporting requirements on the phosphoric acid and fertilizer manufacturing lines, which release only small amounts of HF emissions (less than 10 pounds per day from all point sources combined). By any reasonable metric, the environmental benefits associated with the more intensive monitoring and other requirements will be negligible. Moreover, pervasive monitoring of operational parameters associated with these process lines already is required under other existing regulations and the Title V permit. In sum, the lack of a correlation between the costs of monitoring and discernible environmental benefits supports the approval of alternative requirements as proposed by CF Industries.

Regarding the suggestion in your e-mail that CF declare itself a major source of HAPs as a pre-requisite to moving ahead on the alternative monitoring issue, CF presently is engaged in good faith negotiations with the Department to develop a Settlement Stipulation that will entail additional testing and analysis to resolve the major source issue. A feature of the current draft of that Settlement Stipulation, as proposed by CF, is that it will include as an attachment an alternative monitoring plan that will be applicable in the event that additional testing finds CF's phosphate complex to be a major source of HAPs. This is an important aspect of the settlement process to CF, and therefore we would appreciate the opportunity to proactively resolve the remaining alternative monitoring plan issues. In the interest of furthering that process, CF will shortly provide, under separate cover, the information items requested in your e-mail letter.

On a related matter, CF has communicated with the Department with regard to its intention, in the near future, to seek permit approval to increase the sulfuric acid production rate at the Plant City Phosphate Complex. In that respect CF has been advised that it is the Department's intention to include the HF MACT regulations as applicable requirements in the construction permit approval associated with that production rate increase. CF offers two comments with respect to that possibility.

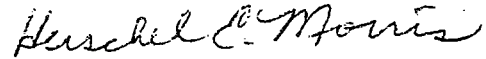
First and foremost, we believe that it is not necessary or appropriate to address the HF MACT issue in a construction permit modification addressing an unrelated production rate increase. The HF MACT applicability issue is being addressed in good faith in the development of a Settlement Stipulation relating to the Title V permit, based on what we have understood to be mutual concurrence amongst CF and the Department that it is preferable to resolve the issue on the basis of additional and more reliable data. This logical and even-handed approach would be short-circuited by including the HF MACT rule as an applicable requirement in another permit. We hope that the Department will not withdraw from its ongoing effort with CF to develop a basis for resolving the HF MACT issue based on good science.

Second, in the event that DEP perceives that the production rate permit must contain at least an acknowledgment of the HF MACT regulations, CF requests that it simply identify the regulation and state, in a footnote or otherwise, that applicability is being determined via additional testing.

Errin Pichard, P.E., Administrator
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Again, we appreciate the Department's courtesy and cooperation on these matters.

Very truly yours,



Herschel E. Morris
Vice President
Phosphate Operations and
General Manager

cc: Michael Cooke, DARM
Trina Vielhauer, DARM
Al Linero, DARM
Jim Pennington, DARM
Cindy Phillips, DARM
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Jerry Campbell, EPCHC
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