Indiana Occupational Safety and Health Administration 402 West Washington Street Room W195

Indianapolis, IN 46204-2751

Phone: 317/232-1979 Fax: 317/233-8509



Certified mail # 7003 1010 0003 5731 1460 9-2-10

Safety Order and Notification of Penalty

To:

Superior Oil Company, Inc., and its successors 1402 North Capitol Avenue Suite 100 Indianapolis, IN 46202

Inspection Site:

400 West Regent Street Indianapolis, IN 46225

Inspection Number: 314360348

Inspection Date(s): 06/17/2010 - 06/29/2010

Issuance Date: 09/02/2010

The violation(s) described in this Safety Order and Notification of Penalty is (are) alleged to have occurred on or about the day(s) the inspection was made unless

otherwise indicated within the description given below.

An inspection of your place of employment has revealed conditions which we believe do not comply with the provisions of the Indiana Occupational Safety and Health Act (Indiana Code Chapter 22-8-1.1) or the standards or rules adopted thereunder. Accordingly, enclosed please find safety order(s) and notification(s) of penalty describing such violation(s) with references to applicable standards, rules, or provisions of the statute and stating the amount of any penalty(ies).

Informal Conference - Please be advised that it may be possible to informally settle any potential dispute without initiating the more elaborate proceedings brought on by a petition for review. Prior to filing a petition for review, you may request an informal conference concerning any of the results of the inspection (safety orders, penalties, abatement dates, etc.) by contacting the Indiana Department of Labor/IOSHA, preferably by telephone, in a prompt manner. Please be advised that a request for an informal conference cannot extend the fifteen working day period for filing a petition for review. Informal conferences frequently resolve any possible disputes, and therefore you are urged to take advantage of this opportunity. Because of the limited time period and in order to facilitate scheduling, any requests for an informal conference should be made promptly upon your receipt of the safety order(s) and notification(s) of penalty.

Right to Contest - You are hereby also notified that you are entitled to seek administrative review of the safety order(s), penalty(ies), or both by filing a written petition for review at the above address <u>postmarked</u> within fifteen working days of your receipt of the safety order(s) and notification(s) of penalty. ("Working days" means

Mondays through Fridays, but does not include Saturdays, Sundays, legal holidays under a state statute or days on which the Indiana Department of Labor's offices are closed during regular business hours). If you do not file such a petition for review (contest), the safety order(s) and penalty(ies) shall be deemed final orders of the Board of Safety Review and not subject to review by any court or agency. The issuance of a safety order does not constitute a finding that a violation has occurred unless no petition for review is filed, or if a petition for review (contest) is filed, it must contain a statement of its basis and should reference the above inspection number. Upon receipt of your petition for review, we will affirm, amend or dismiss the safety order(s) and notification(s) of penalty. If we affirm, your petition for review will be granted (unless it was not timely) and the dispute will be certified by the Board of Safety Review for further proceedings. The Board of Safety Review is an independent agency appointed by the governor with authority to conduct hearings and to issue decisions concerning disputed safety order(s) and notification(s) of penalty, your petition for review shall be deemed moot. However, you will then be given an opportunity to file a petition for review concerning the amended safety order(s) and notification(s) of penalty.

Please be advised that an employee or representative of employees may file a petition for review to contest the reasonableness of the time stated in the safety order(s) for the abatement of any violation.

Posting - Upon receipt of any safety order(s) you are required to post such safety order(s), or a copy thereof, unedited, at or near each place an alleged violation referred to in the safety order(s) occurred. However, if your operations are such that it is not practicable to post the safety order(s) at or near each place of alleged violation, such safety order(s) shall be posted, unedited, in a prominent place where it will be readily observable by all affected employees. For example, if you are engaged in activities which are physically dispersed, the safety order(s) may be posted at the location from which the employees operate to carry out their activities. You must take steps to ensure that the safety order is not altered, defaced, or covered by other material. Posting shall be until the violation is abated, or for three working days, whichever is longer.

Penalties - Penalties are due within fifteen (15) working days of receipt of this notification unless contested. Abatement does not constitute payment of penalties.

Abatement - The conditions cited in the safety order(s) must be corrected (abated) on or before the date shown for each item on the safety order(s) and notification(s) of penalty unless:

- (1) You file a petition for review concerning the violation, in which case the full abatement period shall commence from the issuance of a final decision by the Board of Safety Review or the courts which requires compliance with the safety order; or
 - (2) The abatement period is extended by the granting of a petition for modification of abatement date.

PMAs - The petition for modification of abatement date is a manner in which you may seek additional time to correct (abate) a violation without having to file a petition for review concerning the safety order, or after the expiration of the time period to file such a petition for review when it becomes apparent that you need extra time to abate the violation. A petition for modification of abatement date shall be in writing and shall include the following information:

- (1) All steps you have taken, and the dates of such actions, in an effort to achieve compliance during the prescribed abatement period.
 - (2) The specific additional abatement time necessary in order to achieve compliance.
- (3) The reasons such additional time is necessary, including the unavailability of professional or technical personnel or of materials and equipment, or because necessary construction or alteration of facilities cannot be completed by the original abatement date.
- (4) All available interim steps being taken to safeguard employees against the cited hazard during the abatement period.
- (5) A certification that a copy of the petition has been posted, and if appropriate, served on the authorized representative of affected employees, and a certification of the date upon which such posting and service was made.

A petition for modification of abatement date shall be filed with the Indiana Department of Labor/IOSHA no later than the close of the next working day following the date on which abatement was originally required. A later-filed petition shall be accompanied by the employer's statement of exceptional circumstances explaining the delay. A copy of such petition shall be posted in a conspicuous place where all affected employees will have notice thereof or near such location where the violation occurred. The petition shall remain posted until the time period for the filing of a petition for review of the Commissioner's granting or denying the petition expires. Where affected employees are represented by an authorized representative, said representative shall be served a copy of such petition.

Notification of Corrective Action - Correction of the alleged violations which have an abatement period of thirty (30) days or less should be reported in writing to us promptly upon correction. A "Letter of Abatement" form and an "Abatement Photographs" worksheet are enclosed for your assistance in providing adequate documentation of abatement. Reports of corrections should show specific corrective action on each alleged violation and the date of such action. On alleged violations with abatement periods of more than thirty (30) days, a written progress report should be submitted, detailing what has been done, what remains to be done, and the time needed to fully abate each such violation. When the alleged violation is fully abated, we should be so advised. Timely correction of an alleged violation does not affect the initial proposed penalty.

Followup Inspections - Please be advised that a followup inspection may be made for the purpose of ascertaining that you have posted the safety order(s) and corrected the alleged violations. Failure to correct an alleged violation may result in additional penalties for each day that the violation has not been corrected.

Employer Discrimination Unlawful - The law prohibits discrimination by an employer against an employee for filing a complaint or for exercising any rights under this Act. An employee who believes that he/she has been discriminated against may file a complaint no later than 30 days after the discrimination occurred with the Indiana Department of Labor/IOSHA at the address shown above.

Notice to Employees - The law gives an employee or his/her representative the opportunity to object to any

| abatement date set for a violation if he/she believes the date to be unreasonable. The contest must be mailed to the Indiana Department of Labor/IOSHA at the address shown above within fifteen (15) working days (excluding weekends and State holidays) or receipt by the employer of this safety order and penalty. |
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| If you wish additional information, you may direct such requests to us at the address or telephone number stated above. |

Indiana Department of Labor
Indiana Occupational Safety and Health Administration



NOTICE TO EMPLOYEES OF INFORMAL CONFERENCE

| An informal conference has been scheduled with IOSHA to discuss the safety order(s) issued | | |
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| on 09/02/2010. The conference will be held at the IOSHA office located at 402 West | | |
| Washington Street, Room W195, Indianapolis, IN 46204 on at | | |
| Employees and/or representatives of employees have a right to attend | | |
| an informal conference. | | |
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Occupational Safety and Health Administration

Inspection

n 314360348

Number: Inspection Dates:

06/17/2010 - 06/29/2010

Issuance Date: 09/02/2010



Safety Order and Notification of Penalty

Company Name: Superior Oil Company, Inc.

Inspection Site: 400 West Regent Street, Indianapolis, IN 46225

The alleged violations below have been grouped because they involve similar or related hazards that may increase the potential for illness or injury resulting from an accident.

Safety Order 1 Item 1a Type of Violation: Serious

29 CFR 1910.106(h)(7)(i)[a]: Precautions shall be taken to prevent the ignition of flammable vapors. Sources of ignition include but are not limited to open flames; lightning; smoking; cutting and welding; hot surfaces; frictional heat; static, electrical, and mechanical sparks; spontaneous ignition, including heat-producing chemical reactions; and radiant heat:

Building #2 - There were no temperature control parameters in the mixing procedure for Blend S-2092 to prevent the exothermic reaction from exceeding the flashpoint and the boiling point of the solvent (methanol). About 45,000 lbs. of Blend S-2092 were manufactured per batch, and batches were run on a quarterly basis.

Date By Which Violation Must be Abated: 09/29/2010 Proposed Penalty: \$1,375.00

Safety Order 1 Item 1b Type of Violation: Serious

29 CFR 1910.119(f)(1): The employer did not develop and implement written operating procedures that provided clear instructions for safety conducting activities in each covered process consistent with the process safety information and which addressed the elements listed in 29 CFR 1910.119(f)(1)(i) through (f)(1)(iv):

Building #2 - The mixing procedure for a production process where more than 10,000 lbs. of methanol (Class IB flammable liquid) was used in an exothermic reaction to produce 45,000 lb. batches of Blend S-2092 (Class IB flammable liquid, corrosive) did not include all necessary information.

ABATEMENT NOTE: Written operating procedures must cover at least the following elements: (i) steps for each operating phase; (ii) operating limits; (iii) safety and health considerations; and, (iv) safety systems and their functions.

Date By Which Violation Must be Abated:

09/29/2010

Inspection

314360348

Number:

Inspection Dates:

06/17/2010 -

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09/02/2010



Occupational Safety and Health Administration

Company Name:

Superior Oil Company, Inc.

Inspection Site:

400 West Regent Street, Indianapolis, IN 46225



Safety Order 1 Item 2 Type of Violation:

Serious

29 CFR 1910.106(h)(7)(iii)[c]: Locations where flammable vapor-air mixtures could have existed under abnormal conditions and for a distance beyond Division 1 locations were not classified as Division 2 in accordance with Subpart S of this part:

Building #2 Southeast Wall - The Marathon Electric fan (13 1/2" up from the floor) which was mounted on the sidewall of this building was not rated for a Class 1, Division 2 area. More than 10,000 lbs of methanol (Class IB liquid) was added to three nearby production vessels where it was used in an exothermic reaction to produce Blend S-2092.

Date By Which Violation Must be Abated:

09/29/2010

Proposed Penalty:

\$1,375.00

Safety Order 1 Item 3 Type of Violation:

Serious

29 CFR 1910.119(d)(1)(i): Process safety information pertaining to the hazards of the highly hazardous chemicals in the process did not contain toxicity information:

Building #2 - Chemical toxicity information was not included on the material safety data sheets or as part of a process safety management program. More than 10,000 lbs. of methanol (Class IB flammable liquid) was used in an exothermic reaction on a quarterly basis to make 45,000 lb. batches of Blend S-2092 (Class IB flammable liquid, corrosive).

Date By Which Violation Must be Abated:

09/29/2010

Proposed Penalty:

\$1,375.00

Occupational Safety and Health Administration

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Company Name:

Superior Oil Company, Inc.

Inspection Site:

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The alleged violations below have been grouped because they involve similar or related hazards that may increase the potential for illness or injury resulting from an accident.

Safety Order 1 Item 4a Type of Violation:

Serious

29 CFR 1910.119(d)(2)(i): Process safety information pertaining to the technology of the process did not include the elements specified in 29 CFR 1910.119(d)(2)(i)(A) through (E):

Building #2 - No process safety information was available for a production process where more than 10,000 lbs. of methanol (Class IB flammable liquid) was used in an exothermic reaction to produce 45,000 lb. batches of Blend S-2092 (Class IB flammable liquid, corrosive) on a quarterly basis.

ABATEMENT NOTE: Process safety information must include at least the following: [A] a block flow diagram or simplified process flow diagram; [B] process chemistry; [C] maximum intended inventory; [D] safe upper and lower limits for such items as temperatures, pressures, flows or compositions, and; [E] an evaluation of the consequences of deviations, including those affecting the safety and health of employees.

Date By Which Violation Must be Abated:

09/29/2010

Proposed Penalty:

\$1,375.00

Safety Order 1 Item 4b Type of Violation:

Serious

29 CFR 1910.119(d)(3)(i): Process safety information pertaining to the equipment in the process did not include the elements specified in 29 CFR 1910.119(d)(3)(i)(A) through (H):

Building #2 - No process safety information was compiled for a production process where more than 10,000 lbs. of methanol (Class IB flammable liquid) was used in an exothermic reaction to produce 45,000 lb. batches of Blend S-2092 (Class IB flammable liquid, corrosive) on a quarterly basis.

ABATEMENT NOTE: Process safety information must include at least the following: [A] materials of construction; [B] piping and instrument diagrams; [C] electrical classification; [D] relief system design and design basis; [E] ventilation system design; [F] design codes and standards employed; [G] material and energy balances for process built after May 26, 1992; and [H] safety systems (eg. interlocks, detection or suppression systems).

Date By Which Violation Must be Abated:

09/29/2010

Occupational Safety and Health Administration

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Number:

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Safety Order 1 Item 5 Type of Violation:

29 CFR 1910.119(e)(1): The employer did not perform an initial process hazard analysis (hazard evaluation) on processes covered by process safety management (PSM):

Serious

Building #2 - No process hazard analysis (PHA) was available for a production process where more than 10,000 lbs. of methanol (Class IB flammable liquid) was used in an exothermic reaction to produce Blend S-2092 (Class IB flammable liquid, corrosive). Operators produced 45,000 lb. batches of Blend S-2092 on a quarterly basis.

ABATEMENT NOTE: A process hazard analysis must address the following: (i) the hazards of the process; (ii) the identification of any previous incident which had a likely potential for catastrophic consequences in the workplace; (iii) engineering and administrative controls applicable to the hazards and their interrelationships such as appropriate application of detection methodologies to provide early warning of releases; (iv) consequences of failure of engineering and administrative controls; (iv) facility siting; (v) human factors; and (vi) a qualitative evaluation of a range of the possible safety and health effects of failure of controls on employees in the workplace.

Date By Which Violation Must be Abated: 09/29/2010 Proposed Penalty: \$1,375.00

<u>Safety Order 1 Item 6</u> Type of Violation:

Serious

29 CFR 1910.119(j)(2): The employer did not establish and implement written procedures to maintain the on-going mechanical integrity of process equipment:

Building #2 - No policies and/or procedures to address mechanical integrity issues were developed for a production process where more than 10,000 lbs. of methanol (Class IB flammable liquid) was used in an exothermic reaction to produce 45,000 lb. batches of Blend S-2092 (Class IB flammable liquid, corrosive) on a quarterly basis.

ABATEMENT NOTE: Written mechanical integrity procedures must address at a minimum inspection and maintenance for all process equipment pressure vessels and storage tanks, piping systems, relief and vent systems and devices, emergency shutdown systems, controls, and pumps.

Date By Which Violation Must be Abated: 09/29/2010
Proposed Penalty: \$1,375.00

Inspection

314360348

Number:

Inspection Dates:

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Occupational Safety and Health Administration

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Serious Safety Order 1 Item 7 Type of Violation:

29 CFR 1910.119(1)(1): The employer did not establish and implement written procedures to manage changes to process chemicals, technology, equipment, and procedures; and, changes to facilities that affect a covered process:

Building #2 - No procedures were developed regarding management of change to a production process where more than 10,000 lbs. of methanol (Class IB flammable liquid) was used in an exothermic reaction to produce 45,000 lb. batches of Blend S-2092 (Class IB flammable liquid, corrosive).

ABATEMENT NOTE: Management of change procedures must address issues such as but not limited to changes in process chemicals, technology, equipment, procedures, and facility that may affect the covered process.

Date By Which Violation Must be Abated:

09/29/2010

Proposed Penalty:

\$1,375.00

Serious Safety Order 1 Item 8 Type of Violation:

29 CFR 1910.151(c): Where employees were exposed to injurious corrosive materials, suitable facilities for quick drenching or flushing of the eyes and body were not provided within the work area for immediate emergency use:

Building #2 - The eyewash station was not on the same floor level where operators added more than 4,400 lbs. of sodium hydroxide, anhydrous solid (corrosive) to the production tank. This task was done on an approximately quarterly basis in the production of 45,000 lb. batches of Blend S-2092 (Class IB flammable liquid, corrosive). Employees would have to travel down a flight of stairs to reach the eyewash station in the event they were splashed in the eyes and/or face.

Date By Which Violation Must be Abated:

09/29/2010

Proposed Penalty:

\$1,100.00

Robert A. Kattau

Director, Industrial Compliance

Indiana Occupational Safety and Health Administration 402 West Washington Street Room W195

Indianapolis, IN 46204-2751

Phone: 317/232-1979 Fax: 317/233-8509



INVOICE/DEBT COLLECTION NOTICE

| Company | Name: |
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|---------|-------|

Superior Oil Company, Inc.

Inspection Site:

400 West Regent Street, Indianapolis, IN 46225

Issuance Date:

09/02/2010

Summary of Penalties for Inspection Number

314360348

Safety Order 01, Serious

\$10,725.00

Total Proposed Penalties

\$10,725.00

Penalties are due within fifteen (15) working days of receipt of this notification unless contested. Make your check or money order payable to: "Indiana DOL/IOSHA". Please indicate IOSHA's Inspection Number (indicated above) on the remittance.

IOSHA does not agree to any restrictions or conditions or endorsements put on any check or money order for less than full amount due, and will cash the check or money order as if these restrictions, conditions, or endorsements do r exist.

Corrective action, taken by you for each alleged violation should be submitted to this office on or about the abatement dates indicated on the Safety Order and Notification of Penalty.

A work sheet has been provided to assist in providing the required abatement information. A completed copy of this work sheet should be posted at the worksite with the safety order(s).

Robert A. Kattau

Director, Industrial Compliance

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