

Inspection Information and Narrative

Establishment Name: Verso Paper Corporation

Penalty Credits

Number of Employees: 268 Size Credit: 0 Good Faith: 20 History: 10

Basis for Penalty Credits

- Size: Calculated from the total maximum national employment in the previous 12 months as stated by the employer.
- Good Faith: Based on the evaluation of the employer's safety and health program as summarized below.
- Past History: Based on prior related history.

Evaluation of Employer's Overall Safety and Health Program:

The company is currently a MN Sharp Company that was reissued on February 15, 2009 and is good through 2014.

AWAIR: OSHI reviewed the company's, "A Written Accident and Injury Reduction Plan (AWAIR). The plan shows it is current as of 6-29-07. Outreach was given on complete annual reviews including goals and objectives.

Right-To-Know Program: The Company's written Right-To-Know Program was reviewed. It included program requirements, labeling, MSDS's, and Safety Rules while handling chemicals. The written program showed it was current as of April 13, 2011. Training records provided showed employees had taken Annual Hazardous Communications as recent as January 2012. Printouts from training course were provided.

Lockout/Tagout - OSHI reviewed current general written Lockout/Tagout Procedures. The procedures were last updated 4-4-12. Records show employees have been trained in the General Lockout/Tagout Procedures and complete an Annual Lockout Proficiency Electronic Course (Ecourse).

Lockout/Tagout - Machine Specific Procedures for start-up and shut down of the #3 Paper Mill Equipment were requested and the procedures provided were reviewed by OSHI.

The lockout/tagout procedures were listed as the following: Department - #3 Paper Machine; Equipment Description - Pulper #2 - Rereeler (West); Equipment #503-0541.01; and Last verified date - 01-24-12. General procedures for the Gap Former Startup Procedure (3 pages) and Gap Former Shutdown (no Bailout) with 2 pages were provided by the employer representatives. The procedures for the Gap Former Shutdown included shutting the drilled well pump.

Annual Lockout/Tagout Audits were requested, but written certification was not provided. It was noted on the specific procedures for Equipment #305-0541.01 the procedures were revised on four different dates as follows: Revision #1, 10-28-03; Revision #2, 07-31-06; Revision #3, 01-26-09; and Revision #4, 01-24-12.

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Fire Extinguisher Training - The Company provided a written copy of a "Hands-On Fire Extinguisher/Hose Station Use Handout" dated October 2009. The training was conducted for employees on how to use fire extinguishers, types of fires and extinguishers to be used on the different types of fire, and training records were provided showing training was conducted on several days in October 2009.

Fire Brigade Team: The Company has a Fire Brigade Team that responds to fires when notified over a Public Assistant Speaker System. Employees receive training on a regular basis. Copies of some of the handouts used during training sessions were provided. Training included Fire Fighting Level 1 and 2 requirements. Training records provided show training held on some of the following dates: February 2011, May 2011, August 2011, February 2012, and May 2012. Material was dated October 2011. Training forms with employees' signatures were provided.

A copy of all employee safety training received by [REDACTED] was provided. [REDACTED]

[REDACTED]

[REDACTED] verified safety training for required items was being conducted.

OSHA 300 Log summaries for the past three years were provided and reviewed.

Narrative Comments

A. Purpose and Scope of Investigation:

The purpose of the inspection was due to a fatality #20120054 and the scope was partial.

B. Description of Site, Product, Processes, Equipment, Etc.:

The Verso Paper Corporation located in Sartell, MN was established in 1905. The Sartell Mill produces lightweight coated papers for offset and rotogravure printing and was located at 100 East Sartell Street, Sartell, MN.

The Sartell Mill had three paper machines, but due to the economy and customer demands, only #3 Paper Machine was in operation at the time of the accident.

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On the morning of Monday, May 28 an employee discovered a 3" water line valve leaking. A meeting was held with management and maintenance personnel and it was determined the #3 Paper Machine and supporting equipment would be shut down so the valve could be replaced. During the shutdown of the #3 paper machine and supporting equipment, the drilled well pump was shut down per shutdown procedures. The drilled well is only used during the summer months and is shut down completely during the winter months.

The shutdown of the drilled well pump caused a decrease in the water flow to the air compressors located in the compressor room. There were five Gardner Denver Electra-Saver Stationary Base Mounted Compressors, two air receiver tanks manufactured by Wheeler Tank Manufacturing Company and two chiller units located above the air compressors.

Prior to the accident three of the five air compressors were in operation, #3, #4, and #5. Air compressors #4 and #5 shutdown due to high temperatures while #3 air compressor continued to run. When its internal temperature reached over 300 degrees F, it started on fire and immediately after that, the mill air receiver tank ruptured from an explosion inside of the tank. The air compressors were changed from air cooled to water cooled in the latter part of 2010.

The two air receiver tanks were listed as 16' tall and 7' in diameter per drawings provided. One air receiver tank was designated Instrument Air and the other air receiver tank was designated Mill Air.

During the explosion of the Mill Air Receiver Tank, one employee was fatally injured and four other employees were taken to the emergency room for treatment.

Since this was a partial inspection due to a fatality the scope of the facility was limited. Other equipment on site and part of the inspection included some of the areas: #3 paper machine, roll former equipment, core equipment area, fire extinguishers, and forklifts. This does not include all of the equipment on site.

C. Opening Conference Notes:

On May 29, 2012, OSHI B3600 entered the facility at 100 East Sartell Street, Sartell, MN and met Contacts #1 and #2 at the security station. OSHI presented his credentials, and informed them of the purpose and scope of the inspection. OSHI was then taken to a conference room where other company representatives and union representatives gathered. OSHI presented his credentials to those listed in the contact section, and informed them of the purpose and scope of the inspection. An opening conference was then conducted using the MN OSHA Inspection Worksheet as a guide.

D. Walkaround Inspection Notes:

On May 29, 2012, a partial walkaround of the outside of the building where the accident occurred was conducted. The walkaround was limited due to the fact that emergency personnel from the fire

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department were in the process of controlling the fire from the accident. Contact #9 stated it would be approximately 2-3 days before people could enter the area where the accident occurred.

OSHI B3600 [REDACTED] did partial walkaround inspections on May 29th, May 30th, June 5th, 6th, 7th, 8th, 13th, 14th, 19th, 21st, and July 9th of 2012. [REDACTED]

[REDACTED]

During the walkaround inspections inside of the plant, the OSHI wore the following PPE: Safety Glasses, Safety shoes (steel toed), hard hat, and a high visibility vest. Rubber boots were worn over the safety shoes as needed in wet areas.

E. Closing Conference Notes:

A closing conference was held on November 14, 2012 in the Conference Room at the Verso Paper Corporation located in Sartell, MN. Contacts #1, #3, #4, #5, #6, #8, #35, & #48 participated in person, while Contacts #1 and #5 participated in the closing conference via the telephone.

OSHI B3600 used the Minnesota OSHA Investigation Worksheet was used as a guide to ensure all appropriate items were addressed. The OSHI discussed the proposed citations, penalties for the citations as discussed in the Minnesota OSHA Workplace Inspections and right to contest within 20 calendar days after receiving citations.

Abatement dates were not discussed since the citations were considered abated when the employer representative informed the OSHI the facility was being closed down and the operations would not be started back up during the inspection process.

The OSHI left the following handouts with both the Company and the Union Representatives: Minnesota Workplace Inspections Booklet and the Minnesota OSHA Enforcement Division Contact Information Sheet.

F. Summary of Complaint or Accident Findings:

On May 28, 2012 at approximately 11:20 am an explosion occurred at the Verso Paper Corporation located at 100 East Sartell Street in Sartell, MN resulting in one employee being fatally injured and four other employees being sent to a local hospital where they were treated and released.

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The following is a summary of events that led to the accident resulting in a fatality at Verso Paper Company:

On the morning of May 28, 2012, [REDACTED] discovered a leaking valve on a 3" water line in the basement under the #3 Paper Machine. A meeting between management for maintenance and production was held and it was determined that they would shut down the #3 Paper Machine and equipment in the supporting areas such as the Thermal Pulp and Bleach Areas [REDACTED] shutting down [REDACTED] equipment under normal procedures without using locks to isolate energy sources. [REDACTED] shut down the drill well pump according to [REDACTED] procedures and then started performing service work which included cleaning filters, batch washing the mills, and hooking up and disconnecting hoses. [REDACTED] was required to wear a rubber personal protective suit since [REDACTED] was dealing with chemicals. [REDACTED] When [REDACTED] went to turn the drilled well pump back on [REDACTED] someone had already turned the pump back on. This verifies [REDACTED] did not utilize lockout procedures. Annual audits for the lockout procedure were requested, but were not provided.

Turning the drilled well pump off (which is used only during the summer months) caused a decreased flow of water to the Gardner Denver Air Compressors.

Compressor Room:

There are five Gardner-Denver Air Compressor units (hereafter referred to as AC #1, #2, etc.), with two air receiver tanks (One for Mill Air and one for Instrument Air) and two chiller/dryer units located on the floor above the air compressors.

Data provided by the company shows that AC #4 and AC #5 stopped running at approximately 10:10am. [REDACTED] sent to the air compressor room to check on the air compressors. [REDACTED] AC #4 and AC #5 were not running [REDACTED] started AC #2 up and called [REDACTED] to check on starting AC #1 [REDACTED] it had a tag on it stating do not run because of vibration problems. [REDACTED] got a call from the control room operator stating there was an alarm for the plant air, [REDACTED] went upstairs to check on dryers [REDACTED] the green light on the system showing the dryers were ok and running. [REDACTED] came back downstairs [REDACTED] then [REDACTED] got called back to the power plant building due to other problems with scrubber unit.

[REDACTED] a loud air release noise that lasted approximately 3 seconds [REDACTED] some smoke or light haze, [REDACTED] fire shoot up and out of AC #3 approximately 3'-6' up in the air.

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[REDACTED] immediately paged
for the fire brigade to report to the core area. [REDACTED] fire shoot out of AC #3 [REDACTED]
[REDACTED] turned around to run out of the area
[REDACTED] had taken 3-4 steps [REDACTED] the loud explosion and went flying. [REDACTED]

There was a fire involving the AC #3 unit prior to the explosion. The AC #3 is a Gardner-Denver Electra-Saver Stationary Base Mounted Compressor. It is a single-stage, positive displacement rotary machine using meshing helical rotors to effect compression. The unit used AEON 4000 Compressor Oil manufactured by Gardner-Denver. The oil had a Flash Point of 210 degrees F.

The mill air receiver tank exploded causing damage to the building and contents of the building. The Mill Air Receiver Tank is 7' in diameter and 16' in height from ground floor to top of the tank including the bottom ring. It was manufactured by Wheeler Tank Manufacturing Company located in St. Paul, MN. It was built in 1981 and the serial number is 81846 and had a U RT - 3 stamp. The drawing for the tank showed the following information:

W.P. 125 # PSI

T. P. 188 # PSI

The tank was 3/8" thick and was listed at 550cu.ft. The Instrument Air Receiver Tank was similar in style and size. The difference between the two tanks is that the air from the compressors goes directly into the Mill Air Receiver Tank after the oil separator and then through a dryer while air going into the Instrument Air Receiver Tank goes through a dryer first before going into the tank.

Data provided by the company shows AC #4 stopped running at 10:06:24 am when the oil measurement temperature reached 200.7953 degrees F and AC #5 stopped running at 10:07:52 am when the oil measurement temperature reached 205.0787 degrees F.

Data from Air Compressor #3 shows the oil temperature to be 236.9 degrees F at 10:10am, 288.4 at 10:30 am, 308.1 at 10:40 am, and stayed at 308 until the time of the explosion.

At 10:10 am on 5-28-12 the compressor cooling water flow showed 13.9 g.p.m. compared to 200's starting at 12:01pm on 5-27-12, below 100 g.p.m. at 7:54 am on 5-28-12. It then ran in the low 80's or high 70's until 10:05am on 5-28-12 when it showed 11.9 and 0.0 at 10:12 am.

Documents provided by company showed a report that involved changing the method for cooling the oil for the five Gardner Denver Air Compressors. The project changed the method for cooling the oil for being air cooled to water cooled. The project also included the addition of a master control system. The old system did not allow the controls for the Air Compressors to communicate with each other. The project was completed in 2010. Engineering for the project was designed by SW & B.

**Minnesota Department of Labor and Industry
Occupational Safety and Health Division**

Inspection Number: 316534742
Optional Report No.: 00312
OSHI ID: B3600
Inspection Date(s): 05/29/2012 - 11/14/2012

Inspection Information and Narrative

Establishment Name: Verso Paper Corporation

G. Notes:

Minnesota Department of Labor and Industry

Occupational Safety and Health Division

443 Lafayette Road

St. Paul, MN 55155-4307

Phone: 651-284-5050 FAX: 651-284-5741

Citation and Notification of Penalty

To:

Verso Paper Corporation
6775 Lenox Center Court, Suite 400
Memphis, TN 38115

Inspection Number: 316534742

OSHI ID: B3600

Optional Report No.: 00312

Inspection Date(s): 05/29/2012 - 11/14/2012

Issuance Date: 11/15/2012

Inspection Site:

100 East Sartell Street
Sartell, MN 56377

The violation(s) described in this Citation 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.

This Citation and Notification of Penalty (this Citation) describes violations of the Minnesota Occupational Safety and Health Act of 1973 (the Act). The penalty amounts listed herein are based on these violations. You must abate the violations referred to in this Citation by the dates listed and pay the penalties, unless within 20 calendar days from your receipt of this Citation you file a Notice of Contest with the Commissioner of the Department of Labor and Industry. Your contestation rights and other employer and employee rights and responsibilities are set out in the first three pages of this Citation. The description of alleged violations begins on page 5 of this Citation.

EMPLOYER AND EMPLOYEE RIGHTS AND RESPONSIBILITIES

Posting - The Act requires that a copy of this Citation shall be promptly posted at or near each place that an alleged violation referred to in the citation occurred or, if not practicable, in a prominent place where it will be readily visible by all affected employees. If uncontested, this Citation must remain posted until all alleged violations cited therein are corrected, or for 20 days, whichever is longer. If contested, this Citation must remain posted until the contestation is resolved.

Penalty Payment - Payment of all penalties is to be made by check or money order payable to "Minnesota Department of Labor and Industry, MNOSHA", and remitted to the Occupational Safety and

Health Division at P.O. Box 64025, St. Paul, MN, 55164-0025, within 20 calendar days following receipt of this Citation. After 60 days, unpaid penalties shall increase 25 percent and shall accrue an additional interest of 10 percent per month compounded monthly until the fine is paid in full.

Effective August 1, 2003, the minimum \$25,000 penalty issued to employers with fewer than 50 employees for serious citations connected to the death of an employee may be made in five payments of \$5,000. The first \$5,000 payment is due within 20 calendar days following receipt of this Citation. The 2nd-5th payments of \$5,000 are due on the next four anniversary dates of this Citation becoming a Final Order. The Commissioner may elect to waive the 2nd-5th \$5,000 payment if in the preceding year the employer receives no citations. MNOSHA will provide written notice of the 2nd-5th payments dates or of any penalty waiver.

Notification of Corrective Action - Progress reports on correction of alleged violations not immediately abated as observed by the occupational safety and health investigator shall be submitted on the Progress Report form provided with this Citation. Written progress reports must be mailed to the address shown on the top of page 1 of this Citation by the latest abatement date on the citation, or within 30 days after receipt of the citation, whichever is earlier. Reports must state the specific corrective action taken on each cited item, the date of such action and the anticipated abatement date of uncompleted items. Additional written progress reports shall be submitted every thirty days until the items are fully abated. Facsimile (FAX) transmittal is acceptable.

All alleged violations not contested must be corrected by the abatement date specified in this Citation. A followup inspection may be made for the purpose of ascertaining that the employer has corrected the alleged violations and posted this Citation as required by the Act. Failure to correct an alleged violation by the abatement date on this Citation may result in further penalties for each day the alleged violation has not been corrected.

Petition for Modification of Abatement Date (PMA) - If, due to factors beyond reasonable control, compliance cannot be achieved by the abatement day on the citation, the employer may file a Petition for Modification of Abatement Date (PMA) to obtain an extension of the abatement time period. The PMA must be in writing and received at the address shown on the top of page 1 of this Citation prior to the expiration of the abatement date on the citation. Facsimile (FAX) transmittal of a PMA is acceptable. A copy of the PMA must be posted for ten days in the location where this Citation is posted. A copy of the PMA must also be served upon authorized employee representatives.

The employer's written petition must describe:

- 1) The action that has been taken so far to achieve compliance;
- 2) The amount of additional time needed for compliance;
- 3) The reasons why additional time is needed;
- 4) A description of the interim steps that will be taken to safeguard employees against the cited hazard;
- 5) A statement that employees have been notified of the PMA filing.

Employees have the right to file a written objection to the Commissioner regarding the employer's PMA request. A copy of the objection must be served on the employer within 10 days of the employer's posting of the PMA. The employee objection must be received by the Commissioner within 15 days of the

employer's PMA request. Facsimile (FAX) transmittal is acceptable.

Employer Right to Contest - The employer has the right to a hearing to contest any or all parts of this Citation. If the employer wishes to contest, the employer must fully complete and notarize the attached NOTICE OF CONTEST AND SERVICE TO AFFECTED EMPLOYEES (Notice of Contest form) and file it with the Commissioner at the address shown on the top of page 1 of this Citation within 20 calendar days of receiving the citation.

Important: To be considered filed, all parts of the Notice of Contest form must be completed and the completed form must be deposited in the United States mail and postmarked, or otherwise timely received by the Commissioner at the above address within 20 calendar days after the date this Citation is received by the employer. Facsimile (FAX) transmittal is acceptable, followed by the mailed original within 5 days. If the employer fails to file the Notice of Contest form on time, this Citation and Notification of Penalty becomes a final order of the Commissioner which is not subject to review by any court or agency and the Occupational Safety and Health Division may file and enforce the penalty as a district court judgment without further notice or additional proceedings pursuant to Minnesota Statute § 16D.17.

Employee Right to Contest - An employee or authorized representative of employees has the right to a hearing to contest this Citation by filing a letter with the Commissioner of the Department of Labor and Industry at the address shown on page 1 within 20 calendar days of the employer's receipt of this Citation.

Important: To be considered filed, an employee letter of contest must be deposited in the United States mail and postmarked, or otherwise timely received by the Commissioner at the above address within 20 calendar days after the date this Citation is received by the employer. Facsimile (FAX) transmittal is acceptable, followed by the mailed original within 5 days. If the employee fails to file a letter of contest on time, this Citation and Notification of Penalty becomes a final order of the Commissioner which is not subject to review by any court or agency and the Occupational Safety and Health Division may file and enforce the penalty as a district court judgment without further notice or additional proceedings pursuant to Minnesota Statute § 16D.17.

Employee Right to Party Status - Affected employees or their authorized employee representatives may elect to participate as parties in the formal contested case hearing before the start of the hearing by filing written notice with the Commissioner at the address shown above. The notice must contain the employees' names, addresses, authorized employee representatives, if any, and a statement that they are affected employees of the cited employer.

Employer Discrimination Unlawful - Employees who believe that they have been discharged or otherwise discriminated against by any person because the employees have exercised any right authorized under the provisions of Minnesota Statute § 182.674, may, within 30 days after such alleged discrimination occurs, file a complaint with the Commissioner of the Department of Labor and Industry at the address shown above, alleging the discriminatory act.

PENALTY INFORMATION

Types of Violations - There are 5 types of violations that may be cited by MNOSHA. They are: Nonserious, Serious, Willful, Repeat and Failure to Abate.

Penalties - In cases not involving the death of an employee, the law allows the following maximum penalties: Nonserious, \$7,000; Serious, \$7,000; Willful, \$70,000; Repeat, \$70,000; and Failure to Abate, \$7,000 per day the violation remains unabated. If a Willful or Repeat violation caused or contributed to the death of an employee, however, MNOSHA is compelled by law to assess the employer a total non-negotiable penalty of at least \$50,000 for all citations connected to the employee's death. If there are no Willful or Repeat violations among the violations that caused or contributed to the employee's death, MNOSHA must assess the employer a non-negotiable penalty of at least \$25,000 for each citation connected to the employee's death. The following violations are not subject to these minimums and will be processed according to MNOSHA's ordinary penalty system: (a) any serious violations issued to an employer with fewer than 50 employees when the victim of a workplace fatality owned a controlling interest in the business unless the Commissioner determines that a fine shall be assessed, and (b) any violations found during a fatality investigation but determined not to be connected to the death of an employee.

Credits - A penalty for a violation may be credited by as much as 95 percent, depending on the employer's good faith (up to 30%), size of business (up to 55%), and previous violation history (up to 10%). The penalties which appear on the Citation and Notification of Penalty have been reduced by the credits described.

Minnesota
Department of Labor and Industry
Occupational Safety and Health Division

Inspection Number: 316534742
Inspection Date(s): 05/29/2012 - 11/14/2012
Issuance Date: 11/15/2012
OSHI ID: B3600
Optional Report No.: 00312

Citation and Notification of Penalty

Company Name: Verso Paper Corporation
Inspection Site: 100 East Sartell Street, Sartell, MN 56377

Citation 01 Item 001 Type of Violation: **Serious**

29 CFR 1910.147(c)(4)(i): Procedures were not developed, documented and utilized for the control of potentially hazardous energy when employees were engaged in activities covered by this section:

On May 28, 2012 the employer failed to ensure specific lockout/tagout procedures for the #3 Paper Machine were followed when maintenance and service work was being performed on the equipment.

Date By Which Violation Must Be Abated:
Penalty:

Corrected During Inspection
\$34,300.00

Minnesota
Department of Labor and Industry
Occupational Safety and Health Division

Inspection Number: 316534742
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Issuance Date: 11/15/2012
OSHI ID: B3600
Optional Report No.: 00312

Citation and Notification of Penalty

Company Name: Verso Paper Corporation
Inspection Site: 100 East Sartell Street, Sartell, MN 56377

Citation 01 Item 002 Type of Violation: **Serious**

29 CFR 1910.147(c)(6)(i): The employer did not conduct a periodic inspection of the energy control procedure at least annually to ensure that the procedure and the requirement of this standard were being followed:

The employer failed to conduct periodic inspections of the energy control procedures at least annually to ensure the requirements were being followed when the entire #3 paper machine was being shut down so maintenance and servicing of the equipment could be conducted.

Date By Which Violation Must Be Abated:
Penalty:

Corrected During Inspection
\$4,900.00

Ken B. Peterson, Commissioner
MN Department of Labor and Industry