Environmental Appeal Involving RG Steel To Proceed

Randall Chase, AP Business Writer

WILMINGTON, Del. (AP) — A Delaware bankruptcy judge ruled Tuesday that environmentalists can proceed with a federal court appeal in a dispute involving water quality monitoring at an RG Steel facility near Baltimore.

RG Steel, the nation's fourth-largest flat-rolled steel manufacturer, sought bankruptcy protection in late May, citing financial struggles with low steel prices and high raw material costs.

Bankruptcy filings routinely bring a halt to all litigation involving the debtor, but environmentalists asked U.S. Bankruptcy Judge Kevin Carey to lift the automatic stay in RG Steel's case so they could proceed with an appeal filed just a few weeks before the company's bankruptcy filing.

Following a brief hearing Tuesday, Carey granted the motion by the Chesapeake Bay Foundation, Blue Water Baltimore Inc. and others for permission to pursue their appeal.

Carey said there was nothing in the record presented to him to suggest that allowing the appeal to proceed would interfere in any significant way with RG Steel's bankruptcy case or its plans to sell the Sparrows Point steel mill just outside Baltimore.

The appeal challenges the approval by a federal judge in Maryland of an agreement between RG Steel and government regulators regarding water-quality monitoring near the Sparrows Point steel mill outside Baltimore. Environmentalists contend that the scope of the monitoring is too narrow.

After a lengthy dispute over monitoring for toxic contaminants at the Sparrows Point site, RG Steel reached an agreement with the U.S. Environmental Protection Agency and Maryland environmental regulators late last year requiring the company to sample sediments no more than 50 feet offshore.

Environmentalists contend that contaminants have been found much farther offshore and that the scope of the monitoring agreement, which stems from a 1997 consent decree between environmental regulators and the mill's former owner, Bethlehem Steel Corp., should be expanded.

"It's been quite a challenging process just to get to this point," Chesapeake Bay Foundation attorney Christine Tramontana told Carey in asking that the appeal be allowed to proceed.

Tramontana argued that the appeal could proceed on a separate track and would not interfere with the efficient management of RG Steel's bankruptcy.

But David Gise, an attorney for RG Steel, expressed concern that the appeal could force the company to divert scare financial resources from the bankruptcy case as RG Steel works to sell its steel mills in Maryland, Ohio and West Virginia.

"These are debtors who essentially are living hand-to-mouth and very close to their budget," he told Carey.

Gise also argued that RG Steel's environmental obligations at Sparrows Point are sure to be a factor weighed by any potential purchaser of the steel mill, and that the purchaser should be allowed to decide how best to deal with the environmentalists' claims.

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