

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

MOREHOUSE BIOENERGY LLC

AI # 183215

PROCEEDINGS UNDER THE LOUISIANA  
ENVIRONMENTAL QUALITY ACT  
LA. R.S. 30:2001, ET SEQ.

\* Settlement Tracking No.  
\* SA-MM-19-0065  
\*  
\* Enforcement Tracking Nos.  
\* AE-CN-16-00436  
\* RE-CN-15-00240  
\*  
\*  
\*  
\*  
\*

SETTLEMENT

The following Settlement is hereby agreed to between Morehouse Bioenergy LLC (“Respondent”) and the Department of Environmental Quality (“DEQ” or “the Department”), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. (“the Act”).

I

Respondent is a limited liability company that owns and/or operates a wood pellet plant located in Bastrop, Morehouse Parish, Louisiana (“the Facility”).

II

On May 23, 2017, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. AE-CN-16-00436 (Exhibit 1).

On June 13, 2018, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. RE-CN-15-00240 (Exhibit 2).

III

Respondent denies it committed any violations or that it is liable for any fines, forfeitures

and/or penalties.

#### IV

Nonetheless, Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount of TWENTY THOUSAND AND NO/100 DOLLARS (\$20,000.00), of which One Thousand Six Hundred Ninety-Nine and 81/100 Dollars (\$1,699.81) represents the Department's enforcement costs, in settlement of the claims set forth in this agreement. The total amount of money expended by Respondent on cash payments to the Department as described above, shall be considered a civil penalty for tax purposes, as required by La. R.S. 30:2050.7(E)(1).

#### V

Respondent further agrees that the Department may consider the inspection report(s), permit record(s), the Consolidated Compliance Orders & Notices of Potential Penalty and this Settlement for the purpose of determining compliance history in connection with any future enforcement or permitting action by the Department against Respondent, and in any such action Respondent shall be estopped from objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

#### VI

This agreement shall be considered a final order of the Secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this agreement, except such review as may be required for interpretation of this agreement in any action by the Department to enforce this agreement.

## VII

This settlement is being made in the interest of settling the state's claims and avoiding for both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the Department considered the factors for issuing civil penalties set forth in La. R. S. 30:2025(E) of the Act.

## VIII

As required by law, the Department has submitted this Settlement Agreement to the Louisiana Attorney General for approval or rejection. The Attorney General's concurrence is appended to this Settlement Agreement.

## IX

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Morehouse Parish, Louisiana. The advertisement, in form and wording approved by the Department, announced the availability of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted an original proof-of-publication affidavit and an original public notice to the Department and, as of the date this Settlement is executed on behalf of the Department, more than forty-five (45) days have elapsed since publication of the notice.

## X

Payment is to be made within ten (10) days from notice of the Secretary's signature. If payment is not received within that time, this Agreement is voidable at the option of the Department. Payments are to be made by check, payable to the Department of Environmental Quality, and mailed or delivered to the attention of Accountant Administrator, Financial Services Division, Department of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana,

70821-4303. Each payment shall be accompanied by a completed Settlement Payment Form (Exhibit A).

XI

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

XII

Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his or her respective party, and to legally bind such party to its terms and conditions.

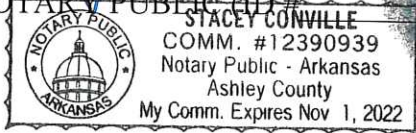
**MOREHOUSE BIOENERGY LLC**

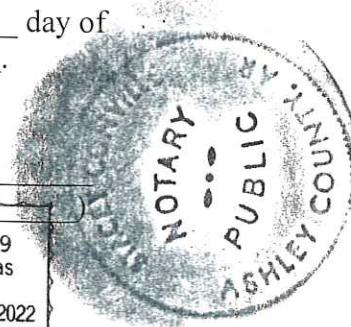
BY: Todd Tooken  
(Signature)

Todd Tooken  
(Printed)

TITLE: VP Commercial Ops

THUS DONE AND SIGNED in duplicate original before me this 3<sup>rd</sup> day of February, 20 20, at \_\_\_\_\_.

Stacey Conville  
NOTARY PUBLIC (ID # \_\_\_\_\_)  




(stamped or printed)

**LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY**  
Chuck Carr Brown, Ph.D., Secretary

BY: [Signature]  
\_\_\_\_\_  
Lourdes Iturralde, Assistant Secretary  
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 6<sup>th</sup> day of May, 20 20, at Baton Rouge, Louisiana.

[Signature]  
NOTARY PUBLIC (ID # 19181)

Perry Theriot  
(stamped or printed)

Approved: [Signature]  
\_\_\_\_\_  
Lourdes Iturralde, Assistant Secretary

JOHN BEL EDWARDS  
GOVERNOR



CHUCK CARR BROWN, Ph.D.  
SECRETARY

**State of Louisiana**  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
OFFICE OF ENVIRONMENTAL COMPLIANCE

May 23, 2017

CERTIFIED MAIL (7004 2510 0005 5763 0522)  
RETURN RECEIPT REQUESTED

**MOREHOUSE BIOENERGY LLC**  
c/o National Corporate Research, LTD  
Agent for Service of Process  
3867 Plaza Tower Drive, 1<sup>st</sup> Floor  
Baton Rouge, LA 70816

**RE: CONSOLIDATED COMPLIANCE ORDER  
& NOTICE OF POTENTIAL PENALTY  
ENFORCEMENT TRACKING NO. AE-CN-16-00436  
AGENCY INTEREST NO. 183215**

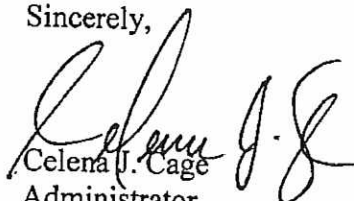
Dear Sir:

Pursuant to the Louisiana Environmental Quality Act (La. R.S. 30:2001, et seq.), the attached **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is hereby served on **MOREHOUSE BIOENERGY LLC (RESPONDENT)** for the violations described therein.

Compliance is expected within the maximum time period established by each part of the **COMPLIANCE ORDER**. The violations cited in the **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** could result in the issuance of a civil penalty or other appropriate legal actions.

Any questions concerning this action should be directed to Antoinette Cobb at (225) 219-3072 or via email at [antoinette.cobb@la.gov](mailto:antoinette.cobb@la.gov).

Sincerely,

  
Celena J. Cage  
Administrator  
Enforcement Division

CJC/AFC/afc  
Alt ID No. 1920-00018  
Attachment



c: Morehouse BioEnergy LLC  
c/o Mr. Richard Lamb, Morehouse Plant Manager  
7070 Carl Road  
Bastrop, LA 71220



**STATE OF LOUISIANA  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
OFFICE OF ENVIRONMENTAL COMPLIANCE**

<b>IN THE MATTER OF</b>	*	
	*	
<b>MOREHOUSE BIOENERGY LLC</b>	*	<b>ENFORCEMENT TRACKING NO.</b>
<b>MOREHOUSE PARISH</b>	*	
<b>ALT ID NO. 1920-00018</b>	*	<b>AE-CN-16-00436</b>
	*	
	*	
	*	<b>AGENCY INTEREST NO.</b>
<b>PROCEEDINGS UNDER THE LOUISIANA</b>	*	
<b>ENVIRONMENTAL QUALITY ACT,</b>	*	<b>183215</b>
<b>La. R.S. 30:2001, ET SEQ.</b>	*	

**CONSOLIDATED**  
**COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY**

The following **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is issued to **MOREHOUSE BIOENERGY LLC (RESPONDENT)** by the Louisiana Department of Environmental Quality (the Department), under the authority granted by the Louisiana Environmental Quality Act (the Act), La. R.S. 30:2001, et seq., and particularly by La. R.S. 30:2025(C), 30:2050.2 and 30:2050.3(B).

**FINDINGS OF FACT**

I.

The Respondent owns and/or operates Wood Pellet Manufacturing Facility (the facility), a wood pellet manufacturer, located at 7070 Carl Road in Bastrop, Morehouse Parish, Louisiana. The facility currently operates under the authority of Title V Permit No. 1920-00018-V1 issued on February 14, 2014. The Respondent submitted a Notification of Construction Completion to the Department dated September 1, 2015. Construction was completed on August 31, 2015; the date of start-up operation was August 31, 2015.

II.

The Respondent submitted a test notification dated December 11, 2015 for the facility. The notification included a test protocol for initial emission compliance tests pursuant to



Title V Permit No. 1920-00018-V1. A revised protocol plan was received on January 6, 2016. The Respondent was required to demonstrate compliance for the following emission sources and pollutants:

EMISSION POINT NO. & DESCRIPTION	POLLUTANT	PERMITTED EMISSION LIMIT
EQT 0003 Regenerative Thermal Oxidizer	SO <sub>2</sub>	4.54 lb/hr
	NO <sub>x</sub>	55.00 lb/hr
	CO	37.05 lb/hr
	VOC	9.13 lb/hr
	PM <sub>10</sub>	15.00 lb/hr
	PM <sub>2.5</sub>	15.00 lb/hr
EQT 0021, 0023, & 0025 Primary Hammermills Pneumatic Systems 1, 3, & 5	VOC	2.41 lb/hr
	PM <sub>10</sub>	1.20 lb/hr 0.015 gr/dscf
	PM <sub>2.5</sub>	1.20 lb/hr
EQT 0027 & 0028 Secondary Hammermills Pneumatic Systems 1 & 2	VOC	2.41 lb/hr
	PM <sub>10</sub>	1.20 lb/hr 0.015 gr/dscf
	PM <sub>2.5</sub>	1.20 lb/hr
EQT 0009, 0011, & 0012 Pellet Cooler Pneumatic Systems 2, 4, & 5	VOC	0.72 lb/hr
	PM <sub>10</sub>	2.30lb/hr 0.015 gr/dscf
	PM <sub>2.5</sub>	2.30 lb/hr
EQT 0031 Pellet Loading System	VOC	3.47
	PM <sub>10</sub>	1.70 lb/hr 0.015 gr/dscf
	PM <sub>2.5</sub>	1.70 lb/hr

III.

- A. The emission tests were conducted between February 10-24, 2016. The test results dated April 21, 2016, were submitted to the Department reporting the following emission exceedances.

EMISSION POINT NO. & DESCRIPTION	POLLUTANT	PERMITTED EMISSION LIMIT	TEST RESULTS
EQT 0003 Regenerative Thermal Oxidizer	SO <sub>2</sub>	4.54 lb/hr	6.50 lb/hr
EQT 0021 Primary Hammermills Pneumatic System 1	VOC	2.41 lb/hr	3.91 lb/hr
EQT 0023 Primary Hammermills Pneumatic System 3	VOC	2.41 lb/hr	3.73 lb/hr
EQT 0025 Primary Hammermills Pneumatic System 5	VOC	2.41 lb/hr	4.13 lb/hr
EQT 0027 Secondary Hammermills Pneumatic System 1	VOC	2.41 lb/hr	3.42 lb/hr
EQT 0028 Secondary Hammermills Pneumatic System 2	VOC	2.41 lb/hr	4.25 lb/hr

Each exceedance of the permitted limits for SO<sub>2</sub> and VOC is a violation of Title V Permit No. 1920-00018-V1, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

- B. The Respondent failed to submit a permit application to the Department within forty-five (45) days to request a permit amendment or modification to reflect the results of the February 10-24, 2016 emission tests. Failure to submit the permit application within the appropriate time frame is a violation of LAC 33:III.523.A and La. R.S. 30:2057(A)(2). On or about August 11, 2016, the Department received the Respondent's Title V Air Permit Modification Application to revise the permit to reflect the results of emission tests.

#### IV.

On or about June 23, 2016, the Department conducted a Full Compliance Evaluation Inspection to determine the Respondent's degree of compliance with the Act, the Air Quality Regulations, and all applicable permits. A subsequent file review was conducted on or about February 1, 2017. While the Department's investigation is not yet complete, the following violations were noted during the course of the inspection and/or file review:

- A. During the course of the inspection, the inspector noted the facility currently does not have Method 9 certified employees or a Continuous Opacity Monitoring System (COMs) installed to determine opacity readings for the Regenerative Thermal Oxidizer (EQT 0003), the Fire Pump Engine (EQT 0019), and the Emergency Generator (EQT 0020). Each failure to have a Method 9 certified employee or a COMs installed is a violation of Specific Requirements 52, 91, and 105 of Title V Permit No. 1920-00018-V1, LAC 33:III.501.C.4, LAC 33:III.1101.B. and La. R.S. 30:2057(A)(2)
- B. During the course of the inspection, the inspector noted the following sources were onsite, but not listed as emission points or insignificant activities in the facility's permit application or permit: two (2) diesel tanks, one (1) used oil tank, and one (1) caustic tank. The modification of the facility prior to the submittal of a permit application is a violation of LAC 33:III.501.C.1 and La. R.S. 30:2057(A)(2). The unauthorized operation of each emission point prior to the issuance of a permit is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2). On or about August 11, 2016, the Department received the Respondent's Title V Air Permit Modification Application to incorporate the sources.
- C. In the updated 2016 First Semiannual Monitoring Report dated January 19, 2017, the Respondent reported the following emission exceedances:

EMISSION POINT NO. & DESCRIPTION	POLLUTANT	PERMITTED EMISSION LIMIT (in max. lb/hr)	DURATION	ACTUAL EMISSION RATE (in lb/hr)
EQT 0021 Primary Hammermill Pneumatic System 1	VOC	2.41	January 2016	4.26
			February 2016	4.94
			March 2016	3.29
			April 2016	4.60
			May 2016	5.30
			June 2016	6.38
EQT 0021 Primary Hammermill Pneumatic System 1	Methanol	0.02	January 2016	0.0362
			February 2016	0.0421
			March 2016	0.0280
			April 2016	0.0391
			May 2016	0.0451
			June 2016	0.0543
EQT 0021 Primary Hammermill Pneumatic System 1	Formaldehyde	0.05	January 2016	0.0724
			February 2016	0.0842
			March 2016	0.0560
			April 2016	0.0783
			May 2016	0.0901
			June 2016	0.1085
EQT 0021 Primary Hammermill Pneumatic System 1	Acetaldehyde	0.02	January 2016	0.0362
			February 2016	0.0421
			March 2016	0.0280
			April 2016	0.0391
			May 2016	0.0451
			June 2016	0.0543
EQT 0022 Primary Hammermill Pneumatic System 2	VOC	2.41	January 2016	4.26
			February 2016	4.94
			March 2016	3.29
			April 2016	4.60
			May 2016	5.30
			June 2016	6.38
EQT 0022 Primary Hammermill Pneumatic System 2	Methanol	0.02	January 2016	0.0362
			February 2016	0.0421
			March 2016	0.0280
			April 2016	0.0391
			May 2016	0.0451
			June 2016	0.0543
EQT 0022 Primary Hammermill Pneumatic System 2	Formaldehyde	0.05	January 2016	0.0724
			February 2016	0.0842
			March 2016	0.0560
			April 2016	0.0783
			May 2016	0.0901
			June 2016	0.1085
EQT 0022 Primary Hammermill Pneumatic System 2	Acetaldehyde	0.02	January 2016	0.0362
			February 2016	0.0421
			March 2016	0.0280
			April 2016	0.0391
			May 2016	0.0451
			June 2016	0.0543

EMISSION POINT NO. & DESCRIPTION	POLLUTANT	PERMITTED EMISSION LIMIT (in max. lb/hr)	DURATION	ACTUAL EMISSION RATE (in lb/hr)
EQT 0023 Primary Hammermill Pneumatic System 3	VOC	2.41	January 2016	4.26
			February 2016	4.94
			March 2016	3.29
			April 2016	4.60
			May 2016	5.30
			June 2016	6.38
EQT 0023 Primary Hammermill Pneumatic System 3	Methanol	0.02	January 2016	0.0362
			February 2016	0.0421
			March 2016	0.0280
			April 2016	0.0391
			May 2016	0.0451
			June 2016	0.0543
EQT 0023 Primary Hammermill Pneumatic System 3	Formaldehyde	0.05	January 2016	0.0724
			February 2016	0.0842
			March 2016	0.0560
			April 2016	0.0783
			May 2016	0.0901
			June 2016	0.1085
EQT 0023 Primary Hammermill Pneumatic System 3	Acetaldehyde	0.02	January 2016	0.0362
			February 2016	0.0421
			March 2016	0.0280
			April 2016	0.0391
			May 2016	0.0451
			June 2016	0.0543
EQT 0024 Primary Hammermill Pneumatic System 4	VOC	2.41	January 2016	4.26
			February 2016	4.94
			March 2016	3.29
			April 2016	4.60
			May 2016	5.30
			June 2016	6.38
EQT 0024 Primary Hammermill Pneumatic System 4	Methanol	0.02	January 2016	0.0362
			February 2016	0.0421
			March 2016	0.0280
			April 2016	0.0391
			May 2016	0.0451
			June 2016	0.0543
EQT 0024 Primary Hammermill Pneumatic System 4	Formaldehyde	0.05	January 2016	0.0724
			February 2016	0.0842
			March 2016	0.0560
			April 2016	0.0783
			May 2016	0.0901
			June 2016	0.1085
EQT 0024 Primary Hammermill Pneumatic System 4	Acetaldehyde	0.02	January 2016	0.0362
			February 2016	0.0421
			March 2016	0.0280
			April 2016	0.0391
			May 2016	0.0451
			June 2016	0.0543

EMISSION POINT NO. & DESCRIPTION	POLLUTANT	PERMITTED EMISSION LIMIT (in max. lb/hr)	DURATION	ACTUAL EMISSION RATE (in lb/hr)
EQT 0025 Primary Hammermill Pneumatic System 5	VOC	2.41	January 2016	4.26
			February 2016	4.94
			March 2016	3.29
			April 2016	4.60
			May 2016	5.30
			June 2016	6.38
EQT 0025 Primary Hammermill Pneumatic System 5	Methanol	0.02	January 2016	0.0362
			February 2016	0.0421
			March 2016	0.0280
			April 2016	0.0391
			May 2016	0.0451
			June 2016	0.0543
EQT 0025 Primary Hammermill Pneumatic System 5	Formaldehyde	0.05	January 2016	0.0724
			February 2016	0.0842
			March 2016	0.0560
			April 2016	0.0783
			May 2016	0.0901
			June 2016	0.1085
EQT 0025 Primary Hammermill Pneumatic System 5	Acetaldehyde	0.02	January 2016	0.0362
			February 2016	0.0421
			March 2016	0.0280
			April 2016	0.0391
			May 2016	0.0451
			June 2016	0.0543
EQT 0026 Primary Hammermill Pneumatic System 6	VOC	2.41	January 2016	4.26
			February 2016	4.94
			March 2016	3.29
			April 2016	4.60
			May 2016	5.30
			June 2016	6.38
EQT 0026 Primary Hammermill Pneumatic System 6	Methanol	0.02	January 2016	0.0362
			February 2016	0.0421
			March 2016	0.0280
			April 2016	0.0391
			May 2016	0.0451
			June 2016	0.0543
EQT 0026 Primary Hammermill Pneumatic System 6	Formaldehyde	0.05	January 2016	0.0724
			February 2016	0.0842
			March 2016	0.0560
			April 2016	0.0783
			May 2016	0.0901
			June 2016	0.1085
EQT 0026 Primary Hammermill Pneumatic System 6	Acetaldehyde	0.02	January 2016	0.0362
			February 2016	0.0421
			March 2016	0.0280
			April 2016	0.0391
			May 2016	0.0451
			June 2016	0.0543

EMISSION POINT NO. & DESCRIPTION	POLLUTANT	PERMITTED EMISSION LIMIT (in max. lb/hr)	DURATION	ACTUAL EMISSION RATE (in lb/hr)
EQT 0027 Secondary Hammermill Pneumatic System 1	VOC	2.41	June 2016	2.67
EQT 0028 Secondary Hammermill Pneumatic System 2	VOC	2.41	June 2016	2.67
EQT 0029 Secondary Hammermill Pneumatic System 3	VOC	2.41	June 2016	2.67
EQT 0031 Pellet Loading System Pneumatic System Filter	Methanol	0.05	January 2016	0.1117
			February 2016	0.1115
			March 2016	0.1115
			April 2016	0.1115
			May 2016	0.1114
			June 2016	0.1116
EQT 0031 Pellet Loading System Pneumatic System Filter	Formaldehyde	0.11	January 2016	0.2232
			February 2016	0.2230
			March 2016	0.2230
			April 2016	0.2229
			May 2016	0.2229
			June 2016	0.2231
EQT 0031 Pellet Loading System Pneumatic System Filter	Acetaldehyde	0.05	January 2016	0.1117
			February 2016	0.1115
			March 2016	0.1115
			April 2016	0.1115
			May 2016	0.1114
			June 2016	0.1116

Each emission exceedance is a violation of Title V Permit No. 1920-00018-V1, LAC 33:III.501.C.4, and La. R.S. 30:2057(A)(1) and 30:2057(A)(2). On or about August 11, 2016, the Department received the Respondent's Title V Air Permit Modification Application to increase emission rates for the sources.

### COMPLIANCE ORDER

Based on the foregoing, the Respondent is hereby ordered:

#### I.

To take, immediately upon receipt of this **COMPLIANCE ORDER**, any and all steps necessary to meet and maintain compliance with the Air Quality Regulations, including but not limited to, achieving and maintaining compliance with the emissions limitations as permitted in Title V Permit No. 1920-00018-V1.

#### II.

To submit to the Enforcement Division, within thirty (30) days after receipt of this **COMPLIANCE ORDER**, a written implementation plan for achieving compliance with the opacity



requirements as related to the violations cited in Paragraph IV.A. of the **FINDINGS OF FACT** portion of this action.

**III.**

To submit to the Enforcement Division, within thirty (30) days after receipt of this **COMPLIANCE ORDER**, a written report that includes a detailed description of the circumstances surrounding the cited violations and actions taken or to be taken to achieve compliance with the Order Portion of this **COMPLIANCE ORDER**. This report and all other reports or information required to be submitted to the Enforcement Division by this **COMPLIANCE ORDER** shall be submitted to:

Office of Environmental Compliance  
Post Office Box 4312  
Baton Rouge, Louisiana 70821-4312  
**Attn: Antoinette Cobb**  
**Re: Enforcement Tracking No. AE-CN-16-00436**  
**Agency Interest No. 183215**

**THE RESPONDENT SHALL FURTHER BE ON NOTICE THAT:**

**I.**

The Respondent has a right to an adjudicatory hearing on a disputed issue of material fact or of law arising from this **COMPLIANCE ORDER**. This right may be exercised by filing a written request with the Secretary no later than thirty (30) days after receipt of this **COMPLIANCE ORDER**.

**II.**

The request for an adjudicatory hearing shall specify the provisions of the **COMPLIANCE ORDER** on which the hearing is requested and shall briefly describe the basis for the request. This request should reference the Enforcement Tracking Number and Agency Interest Number, which are located in the upper right-hand corner of the first page of this document and should be directed to the following:

Department of Environmental Quality  
Office of the Secretary  
Post Office Box 4302  
Baton Rouge, Louisiana 70821-4302  
**Attn: Hearings Clerk, Legal Division**  
**Re: Enforcement Tracking No. AE-CN-16-000436**  
**Agency Interest No. 183215**



III.

Upon the Respondent's timely filing a request for a hearing, a hearing on the disputed issue of material fact or of law regarding this **COMPLIANCE ORDER** may be scheduled by the Secretary of the Department. The hearing shall be governed by the Act, the Administrative Procedure Act (La. R.S. 49:950, et seq.), and the Department's Rules of Procedure. The Department may amend or supplement this **COMPLIANCE ORDER** prior to the hearing, after providing sufficient notice and an opportunity for the preparation of a defense for the hearing.

IV.

This **COMPLIANCE ORDER** shall become a final enforcement action unless the request for hearing is timely filed. Failure to timely request a hearing constitutes a waiver of the Respondent's right to a hearing on a disputed issue of material fact or of law under Section 2050.4 of the Act for the violation(s) described herein.

V.

The Respondent's failure to request a hearing or to file an appeal or the Respondent's withdrawal of a request for hearing on this **COMPLIANCE ORDER** shall not preclude the Respondent from contesting the findings of facts in any subsequent penalty action addressing the same violation(s), although the Respondent is estopped from objecting to this **COMPLIANCE ORDER** becoming a permanent part of its compliance history.

VI.

Civil penalties of not more than twenty-seven thousand five hundred dollars (\$27,500) for each day of violation for the violation(s) described herein may be assessed. For violations which occurred on August 15, 2004, or after, civil penalties of not more than thirty-two thousand five hundred dollars (\$32,500) may be assessed for each day of violation. The Respondent's failure or refusal to comply with this **COMPLIANCE ORDER** and the provisions herein will subject the Respondent to possible enforcement procedures under La. R.S. 30:2025, which could result in the assessment of a civil penalty in an amount of not more than fifty thousand dollars (\$50,000) for each day of continued violation or noncompliance.

VII.

For each violation described herein, the Department reserves the right to seek civil penalties in any manner allowed by law, and nothing herein shall be construed to preclude the right to seek such penalties.

## NOTICE OF POTENTIAL PENALTY

### I.

Pursuant to La. R.S. 30:2050.3(B), you are hereby notified that the issuance of a penalty assessment is being considered for the violation(s) described herein. Written comments may be filed regarding the violation(s) and the contemplated penalty. If you elect to submit comments, it is requested that they be submitted within ten (10) days of receipt of this notice.

### II.

Prior to the issuance of additional appropriate enforcement action(s), you may request a meeting with the Department to present any mitigating circumstances concerning the violation(s). If you would like to have such a meeting, please contact Antoinette Cobb at (225) 219-3072 within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**.

### III.

The Department is required by La. R.S. 30:2025(E)(3)(a) to consider the gross revenues of the Respondent and the monetary benefits of noncompliance to determine whether a penalty will be assessed and the amount of such penalty. Please forward the Respondent's most current annual gross revenue statement along with a statement of the monetary benefits of noncompliance for the cited violation(s) to the above named contact person within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**. Include with your statement of monetary benefits the method(s) you utilized to arrive at the sum. If you assert that no monetary benefits have been gained, you are to fully justify that statement. If the Respondent chooses not to submit the requested most current annual gross revenues statement within ten (10) days, it will be viewed by the Department as an admission that the Respondent has the ability to pay the statutory maximum penalty as outlined in La. R.S. 30:2025.

### IV.

The Department assesses civil penalties based on LAC 33:I.Subpart1.Chapter7. To expedite closure of this **NOTICE OF POTENTIAL PENALTY** portion, the Respondent may offer a settlement amount to resolve any claim for civil penalties for the violation(s) described herein. The Respondent may offer a settlement amount, but the Department is under no obligation to enter into settlement negotiations. The decision to proceed with a settlement is at the discretion of the Department. The settlement offer amount may be entered on the attached "**CONSOLIDATED COMPLIANCE ORDER AND NOTICE OF POTENTIAL PENALTY REQUEST TO CLOSE**" form. The Respondent must include a justification of the offer. **DO NOT** submit payment of the offer amount with

the form. The Department will review the settlement offer and notify the Respondent as to whether the offer is or is not accepted.

V.

This **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is effective upon receipt.

Baton Rouge, Louisiana, this 23<sup>rd</sup> day of May, 2017.



\_\_\_\_\_  
Lourdes Iturralde  
Assistant Secretary  
Office of Environmental Compliance

Copies of a request for a hearing and/or related correspondence should be sent to:

Louisiana Department of Environmental Quality  
Office of Environmental Compliance  
Enforcement Division  
P.O. Box 4312  
Baton Rouge, LA 70821-4312  
Attention: Antoinette Cobb

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY  
 OFFICE OF ENVIRONMENTAL COMPLIANCE  
 ENFORCEMENT DIVISION  
 POST OFFICE BOX 4312  
 BATON ROUGE, LOUISIANA 70821-4312

CONSOLIDATED COMPLIANCE ORDER &  
 NOTICE OF POTENTIAL PENALTY  
 REQUEST TO CLOSE



Enforcement Tracking No.	AE-CN-16-00436	Contact Name	Antoinette Cobb
Agency Interest (AI) No.	183215	Contact Phone No.	(225) 219-3072
Alternate ID No.	1920-00018		
Respondent:	Morehouse Bioenergy LLC	Facility Name:	Wood Pellet Manufacturing Facility
	c/o National Corporate Research, LTD	Physical Location:	7070 Carl Road
	Agent for Service of Process		
	3867 Plaza Tower Drive, 1 <sup>st</sup> Floor	City, State, Zip:	Bastrop, LA 71220
	Baton Rouge, LA 70816	Parish:	Morehouse

**STATEMENT OF COMPLIANCE**

STATEMENT OF COMPLIANCE	Date Completed	Copy Attached?
A written report was submitted in accordance with Paragraph III of the "Order" portion of the COMPLIANCE ORDER.		
All necessary documents were submitted to the Department within 30 days of receipt of the COMPLIANCE ORDER in accordance with Paragraph(s) II of the "Order" portion of the COMPLIANCE ORDER.		
All necessary documents were submitted to the Department within 45 days of receipt of the COMPLIANCE ORDER in accordance with Paragraph(s) ? of the "Order" portion of the COMPLIANCE ORDER.		
All necessary documents were submitted to the Department within 90 days of receipt of the COMPLIANCE ORDER in accordance with Paragraph(s) ? of the "Order" portion of the COMPLIANCE ORDER.		
All items in the "Findings of Fact" portion of the COMPLIANCE ORDER were addressed and the facility is being operated to meet and maintain the requirements of the "Order" portion of the COMPLIANCE ORDER. Final compliance was achieved as of:		

**SETTLEMENT OFFER (OPTIONAL)**

*(check the applicable option)*

The Respondent is not interested in entering into settlement negotiations with the Department with the understanding that the Department has the right to assess civil penalties based on LAC 33:1.Subpart1.Chapter7.

In order to resolve any claim for civil penalties for the violations in NOTICE OF POTENTIAL PENALTY (AE-CN-16-00436), the Respondent is interested in entering into settlement negotiations with the Department and would like to set up a meeting to discuss settlement procedures.

In order to resolve any claim for civil penalties for the violations in NOTICE OF POTENTIAL PENALTY (AE-CN-16-00436), the Respondent is interested in entering into settlement negotiations with the Department and offers to pay \$ \_\_\_\_\_ which shall include LDEQ enforcement costs and any monetary benefit of non-compliance.

- Monetary component = \$ \_\_\_\_\_
- Beneficial Environmental Project (BEP) component (optional)= \$ \_\_\_\_\_
- **DO NOT SUBMIT PAYMENT OF THE OFFER WITH THIS FORM- the Department will review the settlement offer and notify the Respondent as to whether the offer is or is not accepted.**

The Respondent has reviewed the violations noted in NOTICE OF POTENTIAL PENALTY (AE-CN-16-00436) and has attached a justification of its offer and a description of any BEPs if included in settlement offer.

**CERTIFICATION STATEMENT**

*I certify, under provisions in Louisiana and United States law that provide criminal penalties for false statements, that based on information and belief formed after reasonable inquiry, the statements and information attached and the compliance statement above, are true, accurate, and complete. I also certify that I do not owe outstanding fees or penalties to the Department for this facility or any other facility I own or operate. I further certify that I am either the Respondent or an authorized representative of the Respondent.*

Respondent's Signature	Respondent's Printed Name	Respondent's Title
Respondent's Physical Address	Respondent's Phone #	Date

**MAIL COMPLETED DOCUMENT TO THE ADDRESS BELOW:**

Louisiana Department of Environmental Quality  
 Office of Environmental Compliance  
 Enforcement Division  
 P.O. Box 4312  
 Baton Rouge, LA 70821  
 Attn: Antoinette Cobb





JOHN BEL EDWARDS  
GOVERNOR

CHUCK CARR BROWN, Ph.D.  
SECRETARY

**State of Louisiana**  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
OFFICE OF ENVIRONMENTAL COMPLIANCE

June 13, 2018

CERTIFIED MAIL (7016 2140 0000 3607 5363)  
RETURN RECEIPT REQUESTED

**MOREHOUSE BIOENERGY LLC**

c/o Cogency Global Inc.  
Agent for Service of Process  
3867 Plaza Tower Dr., 1st Floor  
Baton Rouge, LA 70816

**RE: CONSOLIDATED COMPLIANCE ORDER  
& NOTICE OF POTENTIAL PENALTY  
ENFORCEMENT TRACKING NO. RE-CN-15-00240  
AGENCY INTEREST NO. 183215**

Dear Sir:

Pursuant to the Louisiana Environmental Quality Act (La. R.S. 30:2001, et seq.), the attached **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is hereby served on **MOREHOUSE BIOENERGY LLC (RESPONDENT)** for the violations described therein.

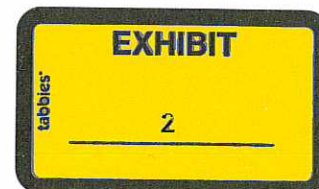
Compliance is expected within the maximum time period established by each part of the **COMPLIANCE ORDER**. The violations cited in the **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** could result in the issuance of a civil penalty or other appropriate legal actions.

Any questions concerning this action should be directed to Kelly O'Neal at (225) 219-3932.

Sincerely,

Celena J. Cage  
Administrator  
Enforcement Division

CJC/KAO/kao  
Alt ID No. N/A  
Attachment



**STATE OF LOUISIANA  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
OFFICE OF ENVIRONMENTAL COMPLIANCE**

**IN THE MATTER OF**

**MOREHOUSE BIOENERGY LLC  
MOREHOUSE PARISH  
ALT ID NO. N/A**

**PROCEEDINGS UNDER THE LOUISIANA  
ENVIRONMENTAL QUALITY ACT,  
La. R.S. 30:2001, ET SEQ.**

\*  
\*  
\*  
\*  
\*  
\*  
\*  
\*  
\*

**ENFORCEMENT TRACKING NO.**

**RE-CN-15-00240**

**AGENCY INTEREST NO.**

**183215**

**CONSOLIDATED**

**COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY**

The following **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is issued to **MOREHOUSE BIOENERGY LLC (RESPONDENT)** by the Louisiana Department of Environmental Quality (the Department), under the authority granted by the Louisiana Environmental Quality Act (the Act), La. R.S. 30:2001, et seq., and particularly by La. R.S. 30:2025(C), 30:2050.2 and 30:2050.3(B).

**FINDINGS OF FACT**

**I.**

The Respondent owns and/or operates a wood pellet plant known to the Department as Morehouse Bioenergies located at 7070 Carl Road in Bastrop, Morehouse Parish, Louisiana.

**II.**

On or about December 22, 2014, the Department conducted an inspection at the above referenced facility to determine the degree of compliance with the Act and the supporting Regulations. While the investigation by the Department is not yet complete, the following violations were noted during the course of the inspection:

- A. The Respondent failed to secure licensed or registered radioactive material from unauthorized removal or access, in violation of LAC 33:XV.445.A. Specifically, a ten (10) mCi Cs-137 density gauge source, serial number 0038/13, was shipped to the



Respondent and signed for at the facility. However, the source could not be accounted for at the facility. The project supervisor for the site stated that a package was received from Berthold Technologies and sent to the Respondent's trailer for signature and receipt. A representative for the Respondent brought the box back to the project supervisor. He took pictures of the box and the contents. The source portion of the gauge was not in the box. The Respondent was unable to locate the source and an additional source was ordered. The Respondent notified the Department of the missing source on or about November 21, 2014.

- B. The Respondent failed to register the Berthold Technologies unit shielding Model LB 7440-F-CR, serial number 37625-11972 soil density gauge with the Office of Environmental Compliance and provide the name, title, and telephone number of the responsible person designated as a representative of the general license, in violation of LAC 33:XV.322.D.3.I.ii. Specifically, the Respondent failed to submit a DRC-21 form for a General License registration certificate with the applicable information for the soil density gauge.

### COMPLIANCE ORDER

Based on the foregoing, the Respondent is **hereby ordered**:

I.

To take, immediately upon receipt of this **COMPLIANCE ORDER**, any and all steps necessary to meet and maintain compliance with the Radiation Protection Regulations.

II.

To institute procedures, immediately upon receipt of this **COMPLIANCE ORDER**, to ensure licensed or registered radioactive material is secured from unauthorized removal or access.

III.

To submit, within thirty (30) days after receipt of this **COMPLIANCE ORDER**, a completed Form DRC-21 for the Berthold Technologies unit shielding Model LB 7440-F-CR, serial number 37625-11972 soil density gauge, to the Office of Environmental Compliance, Licensing & Registrations Section Post Office Box 4312, Baton Rouge, Louisiana, 70821, in accordance with LAC 33:XV.322.D.3.

IV.

To submit to the Enforcement Division, within thirty (30) days after receipt of this **COMPLIANCE ORDER**, a written report that includes a detailed description of the circumstances surrounding the cited violations and actions taken or to be taken to achieve compliance with the Order Portion of this **COMPLIANCE ORDER**. This report and all other reports or information required to be submitted to the Enforcement Division by this **COMPLIANCE ORDER** shall be submitted to:

Office of Environmental Compliance  
Post Office Box 4312  
Baton Rouge, Louisiana 70821-4312  
**Attn: Kelly O'Neal**  
**Re: Enforcement Tracking No. RE-CN-15-00240**  
**Agency Interest No. 183215**

**THE RESPONDENT SHALL FURTHER BE ON NOTICE THAT:**

I.

The Respondent has a right to an adjudicatory hearing on a disputed issue of material fact or of law arising from this **COMPLIANCE ORDER**. This right may be exercised by filing a written request with the Secretary no later than thirty (30) days after receipt of this **COMPLIANCE ORDER**.

II.

The request for an adjudicatory hearing shall specify the provisions of the **COMPLIANCE ORDER** on which the hearing is requested and shall briefly describe the basis for the request. This request should reference the Enforcement Tracking Number and Agency Interest Number, which are located in the upper right-hand corner of the first page of this document and should be directed to the following:

Department of Environmental Quality  
Office of the Secretary  
Post Office Box 4302  
Baton Rouge, Louisiana 70821-4302  
**Attn: Hearings Clerk, Legal Division**  
**Re: Enforcement Tracking No. RE-CN-15-00240**  
**Agency Interest No. 183215**

III.

Upon the Respondent's timely filing a request for a hearing, a hearing on the disputed issue of material fact or of law regarding this **COMPLIANCE ORDER** may be scheduled by the Secretary of the Department. The hearing shall be governed by the Act, the Administrative Procedure Act (La. R.S.

49:950, et seq.), and the Division of Administrative Law (DAL) Procedural Rules. The Department may amend or supplement this **COMPLIANCE ORDER** prior to the hearing, after providing sufficient notice and an opportunity for the preparation of a defense for the hearing.

IV.

This **COMPLIANCE ORDER** shall become a final enforcement action unless the request for hearing is timely filed. Failure to timely request a hearing constitutes a waiver of the Respondent's right to a hearing on a disputed issue of material fact or of law under Section 2050.4 of the Act for the violation(s) described herein.

V.

The Respondent's failure to request a hearing or to file an appeal or the Respondent's withdrawal of a request for hearing on this **COMPLIANCE ORDER** shall not preclude the Respondent from contesting the findings of facts in any subsequent penalty action addressing the same violation(s), although the Respondent is estopped from objecting to this **COMPLIANCE ORDER** becoming a permanent part of its compliance history.

VI.

Civil penalties of not more than twenty-seven thousand five hundred dollars (\$27,500) for each day of violation for the violation(s) described herein may be assessed. For violations which occurred on August 15, 2004, or after, civil penalties of not more than thirty-two thousand five hundred dollars (\$32,500) may be assessed for each day of violation. The Respondent's failure or refusal to comply with this **COMPLIANCE ORDER** and the provisions herein will subject the Respondent to possible enforcement procedures under La. R.S. 30:2025, which could result in the assessment of a civil penalty in an amount of not more than fifty thousand dollars (\$50,000) for each day of continued violation or noncompliance.

VII.

For each violation described herein, the Department reserves the right to seek civil penalties in any manner allowed by law, and nothing herein shall be construed to preclude the right to seek such penalties.

**NOTICE OF POTENTIAL PENALTY**

I.

Pursuant to La. R.S. 30:2050.3(B), you are hereby notified that the issuance of a penalty assessment is being considered for the violation(s) described herein. Written comments may be filed

regarding the violation(s) and the contemplated penalty. If you elect to submit comments, it is requested that they be submitted within ten (10) days of receipt of this notice.

II.

Prior to the issuance of additional appropriate enforcement action(s), you may request a meeting with the Department to present any mitigating circumstances concerning the violation(s). If you would like to have such a meeting, please contact Kelly O'Neal at (225) 219-3932 within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**.

III.

The Department is required by La. R.S. 30:2025(E)(3)(a) to consider the gross revenues of the Respondent and the monetary benefits of noncompliance to determine whether a penalty will be assessed and the amount of such penalty. Please forward the Respondent's most current annual gross revenue statement along with a statement of the monetary benefits of noncompliance for the cited violation(s) to the above named contact person within ten (10) days of receipt of this **NOTICE OF POTENTIAL PENALTY**. Include with your statement of monetary benefits the method(s) you utilized to arrive at the sum. If you assert that no monetary benefits have been gained, you are to fully justify that statement. If the Respondent chooses not to submit the requested most current annual gross revenues statement within ten (10) days, it will be viewed by the Department as an admission that the Respondent has the ability to pay the statutory maximum penalty as outlined in La. R.S. 30:2025.

IV.

The Department assesses civil penalties based on LAC 33:I.Subpart1.Chapter7. To expedite closure of this **NOTICE OF POTENTIAL PENALTY** portion, the Respondent may offer a settlement amount to resolve any claim for civil penalties for the violation(s) described herein. The Respondent may offer a settlement amount, but the Department is under no obligation to enter into settlement negotiations. The decision to proceed with a settlement is at the discretion of the Department. The settlement offer amount may be entered on the attached "**CONSOLIDATED COMPLIANCE ORDER AND NOTICE OF POTENTIAL PENALTY REQUEST TO CLOSE**" form. The Respondent must include a justification of the offer. **DO NOT** submit payment of the offer amount with the form. The Department will review the settlement offer and notify the Respondent as to whether the offer is or is not accepted.

V.

This **CONSOLIDATED COMPLIANCE ORDER & NOTICE OF POTENTIAL PENALTY** is effective upon receipt.

Baton Rouge, Louisiana, this 13<sup>th</sup> day of June, 2018.



\_\_\_\_\_  
Lourdes Iturralde  
Assistant Secretary  
Office of Environmental Compliance

Copies of a request for a hearing and/or related correspondence should be sent to:

Louisiana Department of Environmental Quality  
Office of Environmental Compliance  
Enforcement Division  
P.O. Box 4312  
Baton Rouge, LA 70821-4312  
Attention: Kelly O'Neal

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY

OFFICE OF ENVIRONMENTAL COMPLIANCE

ENFORCEMENT DIVISION

CONSOLIDATED COMPLIANCE ORDER &

POST OFFICE BOX 4312

NOTICE OF POTENTIAL PENALTY

BATON ROUGE, LOUISIANA 70821-4312

REQUEST TO CLOSE



Enforcement Tracking No.	RE-CN-15-00240	Contact Name	Kelly O'Neal
Agency Interest (AI) No.	183215	Contact Phone No.	(225) 219-3932
Alternate ID No.	N/A		
Respondent:	MOREHOUSE BIOENERGY LLC	Facility Name:	Morehouse Bioenergies
	c/o National Corporate Research, Ltd.	Physical Location:	7070 Carl Rd.
	Agent for Service of Process		
	3867 Plaza Tower Dr., 1st Floor	City, State, Zip:	Bastrop, LA 71220
	Baton Rouge, LA 70816	Parish:	MOREHOUSE

**STATEMENT OF COMPLIANCE**

STATEMENT OF COMPLIANCE	Date Completed	Copy Attached?
A written report was submitted in accordance with Paragraph IV of the "Order" portion of the COMPLIANCE ORDER.		
All necessary documents were submitted to the Department within 30 days of receipt of the COMPLIANCE ORDER in accordance with Paragraph III of the "Order" portion of the COMPLIANCE ORDER.		
All items in the "Findings of Fact" portion of the COMPLIANCE ORDER were addressed and the facility is being operated to meet and maintain the requirements of the "Order" portion of the COMPLIANCE ORDER. Final compliance was achieved as of:		

**SETTLEMENT OFFER (OPTIONAL)**

*(check the applicable option)*

<input type="checkbox"/>	The Respondent is not interested in entering into settlement negotiations with the Department with the understanding that the Department has the right to assess civil penalties based on LAC 33:1.Subpart1.Chapter7.
<input type="checkbox"/>	In order to resolve any claim for civil penalties for the violations in NOTICE OF POTENTIAL PENALTY (7016 2140 0000 3607 5363), the Respondent is interested in entering into settlement negotiations with the Department and would like to set up a meeting to discuss settlement procedures.
<input type="checkbox"/>	In order to resolve any claim for civil penalties for the violations in NOTICE OF POTENTIAL PENALTY (7016 2140 0000 3607 5363), the Respondent is interested in entering into settlement negotiations with the Department and offers to pay \$ _____ which shall include LDEQ enforcement costs and any monetary benefit of non-compliance. <ul style="list-style-type: none"> <li>• Monetary component = \$ _____</li> <li>• Beneficial Environmental Project (BEP) component (optional)= \$ _____</li> <li>• <b>DO NOT SUBMIT PAYMENT OF THE OFFER WITH THIS FORM-</b> the Department will review the settlement offer and notify the Respondent as to whether the offer is or is not accepted.</li> </ul>
<input type="checkbox"/>	The Respondent has reviewed the violations noted in NOTICE OF POTENTIAL PENALTY (7016 2140 0000 3607 5363) and has attached a justification of its offer and a description of any BEPs if included in settlement offer.

**CERTIFICATION STATEMENT**

*I certify, under provisions in Louisiana and United States law that provide criminal penalties for false statements, that based on information and belief formed after reasonable inquiry, the statements and information attached and the compliance statement above, are true, accurate, and complete. I also certify that I do not owe outstanding fees or penalties to the Department for this facility or any*

<i>other facility I own or operate. I further certify that I am either the Respondent or an authorized representative of the Respondent.</i>		
Respondent's Signature	Respondent's Printed Name	Respondent's Title
Respondent's Physical Address	Respondent's Phone #	Date
<b>MAIL COMPLETED DOCUMENT TO THE ADDRESS BELOW:</b>		
Louisiana Department of Environmental Quality Office of Environmental Compliance Enforcement Division P.O. Box 4312 Baton Rouge, LA 70821 Attn: Kelly O'Neal		