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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 7
11201 RENNER BOULEVARD
LENEXA, KANSAS 66219

EXPEDITED SETTLEMENT AGREEMENT (ESA)

DOCKET NO.: CAA-07-2015-0015

This ESA is issued to: Prairie Horizon Agri-Energy, LLC

At: 1664 East 100 Road, Phillipsburg, Kansas 67661

for violating Section 112(r)(7) of the Clean Air Act.

The United States Environmental Protection Agency, Region 7 (EPA) and Prairie Horizon Agri-Energy, LLC (Respondent), have agreed to a settlement of this action before filing of a complaint, and thus this action is simultaneously commenced and concluded pursuant to Rules 22.13(b) and 22.18(B)(2) of the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties, Issuance of Compliance or Corrective Action Orders, and the Revocation, Termination or Suspension of Permits (Consolidated Rules), 40 C.F.R. §§ 22.13(b), 22.18(b)(2).

The Complainant, by delegation of the Administrator of the EPA, is the Director of the Air and Waste Management Division. The Respondent is Prairie Horizon Agri-Energy, LLC, 1664 East 100 Road, Phillipsburg, Kansas 67661.

This is an administrative action for the assessment of civil penalties instituted pursuant to Section 113(d) of the Clean Air Act (CAA). Pursuant to Section 113(d) of the CAA, 42 U.S.C. § 7413(d), the Administrator and the Attorney General jointly determined that cases which meet the criteria set forth in EPA's policy entitled "Use of Expedited Settlements in Addressing Violations of the Clean Air Act Chemical Accident Prevention Provision, 40 C.F.R. Part 68," dated January 5, 2004, are appropriate for administrative penalty action.

ALLEGED VIOLATIONS

On December 3 and 4, 2013, an authorized representative of the EPA conducted a compliance inspection of the Respondent's facility located at 1664 East 100 Road, Phillipsburg, Kansas, to determine compliance with the Risk Management Plan (RMP) regulations promulgated at 40 C.F.R. Part 68 under Section 112(r) of the CAA. The EPA found that the Respondent had violated regulations implementing Section 112(r) of the CAA by failing to comply with the regulations as noted on the enclosed Risk Management Program Inspection Findings (RMP Findings), which is hereby incorporated by reference.

SETTLEMENT

In consideration of Respondent's size of business, its full compliance history, its good faith effort to comply, and other factors as justice may require, and upon consideration of the

entire record, the parties enter into the ESA in order to settle the violations, described in the enclosed RMP Findings, for the total penalty amount of **\$12,600**.

This settlement is subject to the following terms and conditions:

The Respondent by signing below waives any objections that it may have regarding jurisdiction, neither admits nor denies the specific factual allegations contained herein and in the RMP Findings, and consents to the assessment of the penalty as stated above. Respondent waives its rights to a hearing afforded by Section 113(d)(2)(A) of the CAA, 42 U.S.C. § 7413(d)(2)(A), and to appeal this ESA. Each party to this action shall bear its own costs and fees, if any. Respondent also certifies, subject to civil and criminal penalties for making a false submission to the United States Government, that the Respondent has corrected the violations listed in the enclosed RMP Findings and has sent a cashier's check or certified check (payable to the "United States Treasury") in the amount of **\$12,600** in payment of the full penalty amount to the following address:

U.S. Environmental Protection Agency
Fines and Penalties
Cincinnati Finance Center
P.O. Box 979077
St. Louis, Missouri 63197-9000

The Docket Number of this ESA is CAA-07-2015-0015, and must be included on the check.

This original ESA, a copy of the completed RMP Findings, and a copy of the check must be sent by certified mail to:

Christine Hoard
Chemical Risk Information Branch
U.S. Environmental Protection Agency, Region 7
11201 Renner Boulevard
Lenexa, Kansas 66219.

A copy of the check must also be sent to:

Kathy M. Robinson
Regional Hearing Clerk
U.S. Environmental Protection Agency, Region 7
11201 Renner Boulevard
Lenexa, Kansas 66219.

Upon Respondent's submission of the signed original ESA, the EPA will take no further civil action against Respondent for the alleged violations of the CAA referenced in the RMP

Findings. The EPA does not waive any other enforcement action for any other violations of the CAA or any other statute.

If the signed original ESA with an attached copy of the check is not returned to the EPA Region 7 office at the above address in correct form by the Respondent within 45 days of the date of Respondent's receipt of it (90 days if an extension is granted), the proposed ESA is withdrawn, without prejudice to EPA's ability to file an enforcement action for the violations identified herein and in the RMP Findings.

This ESA is binding on the parties signing below.

This ESA is effective upon filing with the Regional Hearing Clerk.

FOR RESPONDENT:

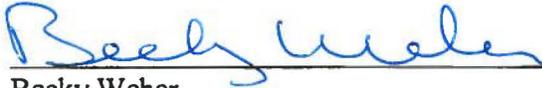


Date: 4-27-15

Name (print): Michael J. Ehart

Title (print): CEO
Prairie Horizon Agri-Energy, LLC

FOR COMPLAINANT:



Becky Weber
Director
Air and Waste Management Division
EPA Region 7

Date: 5/6/15

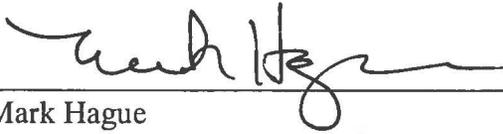


Kent Johnson
Assistant Regional Counsel
Office of Regional Counsel
EPA Region 7

Date: 5/7/15

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I hereby ratify the ESA and incorporate it herein by reference. It is so ORDERED.



Mark Hague
Acting Regional Administrator

Date: 5-15-15

Risk Management Program Inspection Findings
CAA § 112(r) Violations

Prairie Horizon Agri-Energy, LLC
1664 East 100 Road
Phillipsburg, Kansas 67661
Docket No. CAA-07-2015-0015

COMPLETE THIS FORM AND RETURN IT WITH THE ESA.

VIOLATIONS

PENALTY AMOUNT

Management [68.15(a) & (c)] \$1,200
The owner or operator failed to develop a management system to oversee the implementation of the risk management program element. Failed to document other persons responsible for implementing individual requirements of the risk management program and defined the lines of authority through an organization chart or similar document
Facility addressed this post inspection.

Hazard Assessment
Defining off-site impacts [68.30(c)] *No penalty assessed*
The owner or operator failed to use the most recent Census data, or other updated information to estimate the population.
Facility addressed this post inspection.

Review and update [68.36(a)] \$1,200
The owner or operator failed to review and update the off-site consequence analysis at least once every five years.
How was this addressed: This was addressed in a re submission of the RMP submitted April 30th 2015

Prevention Program
Safety Information [68.65(d)(2)] \$1,500
The owner or operator failed to ensure that the process is designed in compliance with recognized and generally accepted good engineering practices.
Facility addressed this post inspection.

Prevention Program
Process Hazard Analysis [68.67(c)(6-7)] \$600
The owner or operator failed to ensure that the process hazard analysis addressed human factors and a qualitative evaluation of a range of possible safety and health effects of failure to controls.
Facility addressed this post inspection.

Process Hazard Analysis [68.67(e)] \$1,500
The owner or operator failed to establish a system to promptly address the team's findings and recommendations; assure that the recommendations are resolved in a timely manner and that the resolution is documented; document what actions are to be taken; complete actions as soon as possible; develop a written schedule of when these actions are to be completed; communicate the actions to operating, maintenance and other employees whose work assignments are in the process and who may be affected by the recommendations or actions.
Facility addressed this post inspection.

Prevention Program
Operating Procedures [68.69(a)(1)(iii), (a)(2)(i-ii), (a)(4)] \$1,500
The owner or operator failed to develop and implement written operating procedures that provide clear instructions for safely conducting activities involving temporary operations, consequences of deviation, steps required to correct or avoid deviation or safety system and their functions.
Facility addressed this post inspection.

Prevention Program
Training [68.71(a)(1) & (b)] \$1,500
The owner or operator failed to initially train in an overview of the process and in the operating procedures. The owner or operator failed to provide refresher training at least every three years, or more often if necessary, to each employee involved in operating a process to assure that the employee understands and adheres to the current operating procedures of the process.
Facility addressed this post inspection.

Prevention Program
Mechanical Integrity [68.73(d)(3)] \$900
The owner or operator failed to ensure the frequency of inspections and tests of process equipment is consistent with applicable manufactures' recommendations, good engineering practices, and prior operating experience.
Facility addressed this post inspection.

Prevention Program
Compliance Audits [68.79(a) & (d)] \$1,200
The owner or operator failed to certify that the stationary source has evaluated compliance with the provisions of the prevention program at least every three years to verify that the developed procedures and practices are adequate and being followed. The owner or operator failed to promptly determine and document an appropriate response to each of the findings of the compliance audit and document that deficiencies have been corrected.
Facility addressed this post inspection.

Employee Participation [68.83(a)] \$600
The owner or operator failed to develop a written plan of action regarding the implementation of the employee participation.
Facility addressed this post inspection.

Contractors [68.87(b)(1)] \$900
The owner or operator failed to obtain and evaluate information regarding the contract owner or operator's safety performance and program.
Facility addressed this post inspection.

Emergency Response [68.90(b)(3)] *No penalty assessed*
The owner or operator failed to have appropriate mechanisms in place to notify emergency responders when there is need for a response.
Facility addressed this post inspection.

Total Penalty \$12,600

Calculation of Adjusted Penalty

1st Reference the Multipliers for calculating proposed penalties for violations found during RMP inspection matrix. Finding the column for 10-100 employees and the row for >10 times the threshold quantity of 10,000 pounds of flammable mixture as listed in 40 C. F. R. Part 68.130 for the amount in a process gives a multiplier factor of 1.0. Therefore, the multiplier for Prairie Horizon Agri-Energy, LLC = 1.0

***No adjusted penalty since multiplier is 1*

Total Penalty **\$12,600**

This section must be also completed and signed by **Prairie Horizon Agri-Energy, LLC:**

The approximate cost to correct the above items: \$ 12,050⁰⁰

Compliance staff name: Vicki Hanchett

Signed: Vicki Hanchett Date: 4/27/15

IN THE MATTER OF Prairie Horizon Agri-Energy, LLC, Respondent
Docket No. CAA-07-2015-0015

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing Order was sent this day in the following manner to the addressees:

Copy by email to Attorney for Complainant:

hoard.christine@epa.gov

Copy by First Class Mail to:

Michael J. Ehair, CEO
Prairie Horizon Agri-Energy, LLC
1664 East 100 Road
Phillipsburg, Kansas 67661

Dated: 5/18/15



Kathy Robinson
Kathy Robinson
Hearing Clerk, Region 7