



State of Ohio Environmental Protection Agency

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September 2, 2009

CERTIFIED MAIL
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Mr. Paul Curtis, Chief Operating Officer
Endres Processing, LLC
13420 Courthouse Blvd.
Rosemount, MN 55068

RE: Notice of Violation (NOV/HPF/GC4) to Endres Processing Ohio, LLC (0388010003) for failure to maintain ongoing compliance with March 1, 2006, Amended Consent Order and Permits-to-Install P0104599 issued May 7, 2009 and P0104532 issued March 16, 2009.

Dear Mr. Curtis:

On July 28, 2009, Ohio EPA received a complaint referral from the Occupational Safety and Health Administration (OSHA) citing concern that there appeared to be numerous violations of the Amended Consent Order (ACO) that Endres Processing Ohio, LLC (Endres) entered into on March 1, 2006 to resolve a previous enforcement action against Advanced Organics, Inc. Based on the claims made by OSHA, Northwest District Office, Division of Air Pollution Control (NWDO, DAPC) inspectors, Mohammad Smidi and I, performed an unannounced inspection of the facility on July 30, 2009. Additional visits to the facility were made on August 4 and 5, 2009, with Jan Tredway accompanying.

Based on our discussions, observations during the visits and a review of the company's files, our findings confirm multiple violations as follows:

1. Violations of Endres' ACO, effective March 1, 2006:
 - a. F001- dry blending material receiving and storage: Wheat midds, a grain product used during raw material mixing and/or finished product loading, was observed piled several feet outside of the unloading door and several feet high. The ACO requires the company to put forth effort to reduce odor and dust nuisance problems that have existed and requires the placement of all pre-production feedstock materials inside the building, as cited in Section VI, part 12.b. Fugitive dust emissions and odors from material handling operations has been a reoccurring source of complaints for the facility over the years. We recently expressed our concern about this exact issue in the September 12, 2008 NOV/follow-up letter to Ohio EPA's inspection conducted on May 21, 2008.

Section VI, part 12.a of the ACO requires that all pre- and post-production feedstock materials be stored behind doors that are in good working order and remain closed, except during delivery or removal of materials.

At the time of the inspection, an open overhead door in this area was observed and the company indicated the door frame was bent, there was no power and that it needed rails in order to go down. Upon my return on August 4, 2009, the door was still open and the company indicated that a contractor had been out, the frame had been replaced, power had been restored however, rails were still needed before it could be closed.

Section VI, part 12.h. of the ACO required exterior doors and walls to be repaired by May 31, 2006 and the company reported this milestone was achieved on April 13, 2006. The section also requires monthly inspections and repairs made within one week of noticing a problem. Records reviewed indicate that inspections of the exterior doors are being maintained, however no repairs have been made for a long time.

- b. F002- raw material mixing and storage operations: During the inspection, the overhead door for emissions unit F002 was observed to be open when no unloading of pre-production materials was taking place. At that time, company representatives indicated that they were unsure of how long the overhead door has not been operational, there was a power issue and the door frame was bent. Upon my return on August 4, 2009, the overhead door for this emission unit still wouldn't go down and company representatives again indicated that they were unsure why that was. It should be noted that a sign posted next to the overhead door states, "Door To Remain Closed At All Times Except During Unloading."

Inspectors also observed damaged building walls and raw material pushing its way out of the building. Areas of the walls next to F002 were mangled and torn. Another exterior door functioning as a wall had the bottom pulled away from the frame with raw material exposed and falling out. In front of the building, under the facility's name, raw material packaging could be seen between the wall seams.

Section VI, part 12.a. of the ACO requires pre-production material to be stored behind walls that are free of cracks or holes and exterior doors that are in good working order and that are to remain closed when unloading is not taking place. Part 11.h. required the exterior door and wall repairs be made by May 31, 2006. Based on the observed condition of the doors and walls, and the fact that Endres has not identified this as a potential issue of noncompliance, it is unknown how long Endres has been out of compliance with these ACO requirements.

During our discussions with OSHA on August 14, 2009, they indicated that raw material was being stored outside of the building for an extended period of time due to the drying/processing operation being down. Section VI, part 12.b. prohibits raw material from being stored outside and requires it to be placed inside the building immediately. The company has never notified Ohio EPA of this violation.

- c. Building Walls: It was unclear from the records presented during the inspection whether or not the walls were being inspected on a monthly basis in accordance with Section VI, part 11.f. Based on our observation of the building's condition, repairs are certainly not being made within the one week of discovery timeframe allotted in the ACO.
- d. Building Roof: Upon entering the facility, numerous holes in the roof were observed stretching from the pre-production and finished feed loading (emissions unit F006) end of the building to above raw material grinding and conveyance, emissions unit F003. Some of these holes were of considerable size, reminiscent of the roof's condition back in 2005 when the Director issued findings, based on a "verified complaint" inspection, that operations at the facility were causing a public nuisance. During discussions with plant personnel on August 4, 2009, they indicated that quotes for the roof repair had been requested but repairs were still about three weeks away from starting.

Section VI, part 11.g. requires Endres to perform monthly inspections of the roof and repair any holes discovered within one week. Reviews of the facility's records demonstrate that inspections are being performed however; the repairs are not being made. A housekeeping record dated October 26, 2008 added "ROOF" to the list of housekeeping tasks with the corrective action listed as "Needs Work". Notes in the facility's production records also indicate the need for holes in the roof to be repaired.

- e. Housekeeping: Section VI, part 11.b requires Endres to implement a detailed daily and weekly housekeeping plan. It also requires that any corrective actions that are needed be done expeditiously. The records that Endres provided are incomplete/inaccurate and show corrective actions are not being done.

A review of the facility's housekeeping logs from May 28, 2008 to October 26, 2008 indicate that tasks were completed (check marks indicating completion), with statements such as, "needs work", "lots of paper", "leaking", "holes in burner-seam split" and "has not been done in long time" identified. The logs do not provide information on how, when or if these issues were corrected. Some issues, such as the task of blowdown/cleanup in production, are identified over and over and then marked as completed. A day or two later, the same issue is identified again.

- f. Ductwork: During the inspection, Ohio EPA made the decision to check out the ductwork on the roof because of concern for its condition due to a recent fire. We observed rusted ductwork with a patchwork of repair tape. In some cases, this tape was either holding whole pieces of ductwork together or it ran the length of a piece of ductwork. We did not expect to see this type of "temporary repair" on such an extensive basis and believe the intent of the ACO is that repairs be of a permanent nature.

When discussing the ductwork cleaning frequency with the company, weekly inspection logs were provided in accordance with part 11.e., yet it was unclear whether repairs were made within one week of discovery. The company indicated that the ductwork is being cleaned approximately every four to six weeks and, in some instances, between two and four inches of build-up has been discovered and needed to be removed. Please note that this is indicative of improper ductwork design and/or inadequate air flow.

- g. Unpermitted fugitive dust source (sawdust pile): During the inspection, I requested to read the line #2 cyclone pressure drops and was told that it was out behind the building. Upon walking outside, a sizeable pile of sawdust was observed. This pile was on the opposite side of the building from where the sawdust receiving and storage, emissions unit P903, is located. When asked how long the pile had been there, company representatives stated that they were unaware of its presence. Section VI, part 9 of the ACO specifically states that Endres agrees to refrain from "installing" an air contaminant source without first applying for and obtaining a permit to install (PTI).

Upon my return to the facility on August 4, 2009, the sawdust storage pile had been removed and disposed of.

- h. Implementation of written training procedure for dryer operators: Part 11.k. requires Endres to develop and implement training procedures for all dryer operators. The purpose of this training is to educate the employees on how the system should operate and be maintained in addition to making them aware of the environmental requirements the facility must uphold. Monthly reports submitted by Endres state that this milestone was completed on April 25, 2006, however, based on our discussions with employees and a review of control equipment data sheets/production records, it is obvious that they do not understand the environmental requirements. This issue will be further discussed in 2.a. below.
- i. Cyclone pressure drop readings: Part 11.o. requires daily pressure drop reading of the cyclones controlling P901 and P902. Production records for 4th quarter 2008 do not include pressure drop readings; however they are included in the records for 1st quarter 2009. In those records there are numerous readings made for each cyclone that are out of the specified pressure drop range and no indication that any corrective actions were taken as required. This issue is cited again in 2.b.i. below for permit violations.
- j. Monthly progress reports: As required under Section VIII, Endres has provided Ohio EPA with monthly progress reports. At a minimum, these reports are to identify the company's progress toward compliance, any difficulties experienced during the reporting period and how they were addressed and list target and completion dates for ACO milestones. More importantly, these reports are to include information on "any actual or potential noncompliance with the terms of this Consent Order".

- k. The reports provided by Endres have not mentioned or addressed even one of the items listed above as being a potential noncompliance issue.
2. Violations of PTI P0104599 issued May 7, 2009 for two animal feed driers and processing lines, emissions units P901 and P902:
 - a. Maximum process weight rate: PTI P0104532, issued on December 12, 2008 was administratively modified through P0104599 to include operational restrictions on the air pollution control equipment serving P901 and P902 during times of malfunction. Over the history of this facility and through previous permitting that took place, Ohio EPA structured the facility's permit emission limitations based on a maximum physical capacity of 30 tons/hour of combined raw material input for both dryers. No testing of emissions from these dryers was ever conducted at input rates greater than 30 tons/hr.

While working on P0104532, various higher process weight rates were presented by the company and each time, Ohio EPA questioned whether the equipment had been modified to allow for the requested higher inputs. Each time, Endres stated that no modifications had been made. Ohio EPA spent much time and effort trying to discern the maximum combined process weight rate for the dryers and the company has always based it on a combination of raw material input and fuel.

Stack testing, that was conducted on May 21, 2008 to gather information for the permit modifications to allow for the burning of paper and plastic material as fuel, was required to be done at "maximum capacity". Although the company operated the dryers at a combined maximum process input rate of only 26.7 tons/hour, we agreed permit P0104532 would be structured to reflect a maximum system capacity of 30 tons/hour when both dryers are operated. Since the company specified this was the physical maximum capacity of the units operating at the same time, recordkeeping to show compliance with the process weight rate was not required.

During the inspection on July 30, 2009, company representatives were questioned on the process weight rates at which they had been operating. We were told that they were averaging 22-23 tons/hr of product. Further review of the July 2009 production records raised concern that the 30 tons/hour input rate was being exceeded.

When I returned to the facility on August 4, 2009, I requested additional production records and went to the dryer control room to speak with the operator. I asked where the numbers for the gross tons on the production log for each line came from. What were identified are the two green belts coming out of each drier as the dried material heads to the sifters. When asked where the raw material going into the driers is weighed, I was told it was on the red belt. I asked if that information was recorded on the production sheet and was told no.

Jan Tredway and I returned to the facility on August 5, 2009 where the meaning behind the 30 tons/hour process weight rate was explained further. When we inquired about the shrink factor the facility applied i.e. the reduction of the mass of the material as it went through the dryers, we were told it was 20%. Based on this discussion, we were told by the plant manager that they had probably exceeded the 30 tons/hour raw material input rate.

Ohio EPA's belief that the maximum process weight rate has been exceeded is verified in Endres' production records. In reviewing seven month of production data (October 1, 2008- March 31, 2009 and July 2009), it appears that as early as October 17, 2008 the facility began exceeding the maximum process weight rate at various times and continues to do so. A production sheet dated November 8, 2008 even notes that the raw tons tracked is finished material.

Ohio EPA has determined that, by operating at input rates far exceeding 30 tons/hr., Endres is operating in violation of the emissions limitations established in P0104599, OAC rule 3745-31-10 through 20, OAC rule 3745-31-05 and ORC 3704.05. Endres also failed to report these emissions exceedances in accordance with the PTI's General Terms and Conditions and ORC 3704.05 for 4th quarter 2008 and 1st quarter 2009 in the deviation reports that were submitted. Second quarter 2009 production records were not requested during my visits, however, those records were recently received and will be reviewed for additional violations.

- b. Air pollution control equipment: The emissions from P901 and P902 are controlled by two cyclones (one for each line), followed in series by a venturi scrubber/demisters, a wet electrostatic precipitator (WESP) and a regenerative thermal oxidizer (RTO), all installed in November 2007. The PTI outlines a comprehensive list of monitoring parameters for each piece of control equipment to ensure that it is operating properly and meeting the required destruction efficiency or vendor guaranteed removal efficiency.
 - i. Cyclones: Production records for 4th quarter 2008 do not include pressure drop readings; however they are included in the records for 1st quarter 2009. In those records there are numerous readings made for each cyclone that are out of the specified ranges with no information outlining the corrective actions taken to correct the deviations. Failure to comply with the monitoring and recordkeeping requirements for the cyclones, in addition to Endres' failure to report the deviations, are violations of P0104599, issued May 7, 2009, OAC rule 3745-31-05 and ORC 3704.05.
 - ii. Venturi scrubber: During the inspection on July 30, we requested to see the control room gauges to take readings of the various control equipment. At that time, the scrubber pressure drop was reading 0.0 inches of water whereas the PTI requires it to be operating in a range of 0-20.5 inches of water (Please note that 0 is an improper lower range for a scrubber).

We were told that the gauge hasn't been operating properly for a period of time. Outside of the control room we observed several leaks, including one at a pump that formed dirty, brown foam.

The issue of how the facility was measuring the scrubber pressure drop was discussed further on the August 4, 2009 visit. When asked how and where the readings were taken, it was explained that pressure drop readings were not taken in the control room but at the demister magnahelic gauges on the backside of the equipment. (It should be noted this was never indicated in the permit application and, therefore, the permit does not contain proper monitoring requirements.) I was instructed not to touch anything because the black sludge-like material from the last cleaning of the scrubber/demisters would not come off.

This material was everywhere, including on the magnahelic gauges. Once the gauge covers were cleaned off, I asked what ranges they were reading for demister #1 and #2. I was told that they didn't know the proper range for either demister but, when demister #2 got to 2 inches of water, it was time for the demisters to be cleaned.

Endres' PTI specifically states that they "shall install, operate and maintain equipment to continuously monitor..." the venture scrubber's operating parameters. The PTI goes on to say that this equipment "shall be installed, calibrated, operated, and maintained in accordance with the manufacturer's recommendations, instructions and operating manual(s)." Based on my observations during my visits to the facility and our discussions, it doesn't appear that the company is doing either.

In addition to operating and maintaining this equipment, Endres is required to review its records and report any deviations of the scrubber operating parameters. A review of Endres' "WESP RTO Daily Sheets" from January 1 through August 3, 2009, showed several occasions when the pressure drop was out of range but no information is provided on whether any corrective action was taken to address the deviation. Endres' failure to comply with the monitoring and recordkeeping requirements for the scrubber and failure to report the deviations is a violation of P0104599, issued May 7, 2009 and ORC 3704.05.

Ohio EPA had discussions with the company about their control equipment cleaning schedule and was told that after the first six months of operation, they started experiencing "problems" and established a cleaning schedule. According to the company, a major cleaning of the control equipment takes place about every two months. It should be noted that outside of the control room, a piece of the demister deck had been removed and was coated in a thick black material. It was believed that the rest of the decks were in similar condition and Endres was planning on installing new upper and lower demister decks the following week.

Finally, a situation occurred during our August 5, 2009 visit. Jan Tredway and I were discussing the scrubber's operation with Endres personnel outside of the control room. For about 15 to 20 minutes we were standing in the brown, murky water that was lying all around the system due to cleaning that had taken place earlier. A rubber boot for the pump that was leaking during an earlier visit was also being replaced.

The company stated that the scrubber water "attacked" rubber and had also eaten through people's work shoes. Later that day, Jan checked his work boots. Large chunks of the rubber sole and heel had been eaten away.

- iii. WESP: Discussion about cleaning of the WESP indicates that a significant amount of material is removed during the cleaning process. The WESP has a constant feed of clean water to it. However, this dirty water then goes to the scrubber. Ohio EPA is concerned that the water being fed to the scrubber contains a higher loading of material than initially believed.
 - iv. RTO: Endres' control system cleaning also addresses pressure increases at the RTO. When asked if a burnout was conducted to alleviate this problem, I was told that this system cannot perform burnouts. Further clarification on the cleaning revealed that about six months after operating the control equipment, the ceramic media started plugging and the RTO pressure started to increase. It was determined that salts were glazing the media and thus causing the pressure increase. To deal with the problem, the RTO is periodically flooded with water to dissolve the salts.
- c. Malfunctions/Complaints: The Standard Terms and Conditions of P0104599 state that malfunctions of the emissions unit or its air pollution control equipment shall be reported in accordance with OAC rule 3745-15-06. We have evidence that Endres has failed to report these malfunctions in violation of OAC rule 3745-15-06 and is frequently sending emissions through the bypass stack. Each time emissions are routed through the bypass stack, we believe the facility is causing a public nuisance in violation of OAC rule 3745-15-07. Complaints are increasing.
3. Violation of PTI P0104532 issued March 16, 2009 for sawdust receiving and storage, emission unit P903:
- a. Failure to report malfunction: A review of the production logs from July 2009 indicate that there were operational issues with P903 on July 4, 2009 that resulted in a "huge pile of dust on the roof" resulting in unpermitted fugitive dust emissions. Endres failed to report this malfunction and is therefore in violation of P0104532, OAC rule 3745-15-06 and ORC 3704.05.

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The original RTO was catastrophically compromised due to no pretreatment of the airstream and salts fouling the ceramic media. The engineering studies that followed this incident concluded that the best method for removing the salts and fine particulates was the use of a wet scrubber and WESP. This new control equipment is just shy of two years old and we believe the current maintenance practices are inadequate and, as such, its life expectancy is in jeopardy. We also have serious concerns about the efficiency of the particulate control system, believe the frequency of malfunctions is increasing and the company's ability to operate the dryers in continuous compliance is highly questionable.

Endres is operating in contempt of the ACO and its permits. Ohio EPA requests a meeting within two weeks of receiving this NOV to discuss Endres' plan for addressing all of these issues. Ohio EPA is aware of Endres' desire for a new PTI to remove the current dryers and install a larger drying line by the end of the year. We find that time frame unworkable in light of the current violations and the fact that we have yet to receive an application.

The company should also provide a written response to this letter by September 30, 2009. It should be submitted to Ohio EPA, Northwest District Office and contain a comprehensive compliance plan to remedy the observed situations and prevent these, or any similar such situations, from occurring in the future.

Please note that the submission of information to respond to this letter does not constitute a waiver of Ohio EPA's authority to seek civil penalties pursuant to ORC section 3704.06. This matter is being referred to our Enforcement Section and the Attorney General's Office for resolution. Please note that the violations cited above are subject to the stipulated penalties in the ACO.

If the company has any questions and/or comments concerning this letter, please contact me at the above address, by calling (419) 373-4112, or electronically via e-mail at jennifer.jolliff@epa.state.oh.us.

Sincerely,



Jennifer L. Jolliff
Division of Air Pollution Control

/csl

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