PERMIT
Under the Environmental Conservation Law (ECL)

IDENTIFICATION INFORMATION

Permit Type: Air State Facility
Permit ID: 9-5620-00046/02003
Effective Date: 05/05/2011 Expiration Date: No expiration date

Permit Issued To:DRY CREEK PRODUCTS LLC
51 EDWARD ST
ARCADE, NY 14009-1012

Contact: JASON HOLMBERG
926 ST RTE 49 W
ULYSSES, PA 16948-9364
(814) 848-9970

Facility: DRY CREEK PRODUCTS LLC
51 EDWARD ST
ARCADE, NY 14009

Contact: JASON HOLMBERG
926 ST RTE 49 W
ULYSSES, PA 16948-9364
(814) 848-9970

Description:
Dry Creek Products, Inc. is located in the Village of Arcade in Wyoming County. It manufactures wood fuel pellets using wood residues such as sawdust as well as ground up woodchips. The facility has been operating under an Air Minor Facility Registration but is now obtaining an Air State Facility (ASF).

This permit also includes a change in the owner from Dry Creek Products, Inc. (Mr. Palmer) to Dry Creek Products, LLC a subsidiary of BioMaxx, Inc.

Sawdust from lumber mills, green sawdust and green wood chips are delivered to Dry Creek by truck. It is stored in the raw material building which is a 150 ft by 75 ft three sided building. The wood chips are pulverized into smaller pieces by a grinder adjacent to the storage building. The green sawdust and pulverized wood chips are dried in a three pass rotary dryer, and then further reduced in size by another pulverizer before being sent to the pelletizing machines. Once the pellets are formed, they pass through an air cooler to reduce their temperature, stored in a silo as needed, bagged and then stored in a final product warehouse. Some of the dried sawdust and woodchips that leave the rotary drier are directed to the furnace. They are pneumatically conveyed to suspended fuel furnace where they are burned to provide the heat for the dryer.

This permit identifies four emission points (EP) at the facility. EP 10 is defined as the open side of the raw material storage building which is not a typical EP, but identified as an EP so emissions from the raw material storage building can be monitored. EP 20 is the exhaust stack of the biomass furnace when it is starting up and is located at the top of the furnace. Once the furnace exhaust is hot enough, it is drawn through the dryer and wet scrubber where it exhausts out EP 21 which is at the top of the scrubber. When the furnace is exhausting out EP 21 it is

drawing combustion air through EP 20. EP 30 is the exhaust for the baghouse which receives the dust from all of the sizing, pelletizing, pellet cooling and pellet packaging processes that follow the drum dryer.

The permit sets visible emission (opacity) restrictions on all of the emission points which require monitoring each work shift or daily. There are particulate emission limits on the furnace, wet scrubber and baghouse emission points which require emission testing upon request from the Department. On August 20, 2010 a particulate compliance test was conducted on the scrubber emissions and passed with a result of 0.030 gr/dscf. During the test the scrubber slurry recirculation rate averaged 184 gallons per minute so a minimum limit of 170 gallons per minute is included in the permit. This provides for some system fluxuations, such as when makeup water is added. During the same testing the centrifuge that removes solids from a portion of the scrubber slurry was processing 14.6 gallons per minute, so a lower processing limit of 14 gallons per minute is included in the permit. The permit also requires the plant to inspect the duct work of the dust collection system and the dried sawdust conveyance system for leaks on a weekly basis.

By acceptance of this permit, the permittee agrees that the permit is contingent upon strict compliance with the ECL, all applicable regulations, the General Conditions specified and any Special Conditions included as part of this permit.

Permit Administrator: LISA PORTER
270 MICHIGAN AVE
BUFFALO, NY 14203-2915

Authorized Signature: _____ Date: ___ / ___ / _____

Notification of Other State Permittee Obligations

Item A: Permittee Accepts Legal Responsibility and Agrees to Indemnification

The permittee expressly agrees to indemnify and hold harmless the Department of Environmental Conservation of the State of New York, its representatives, employees and agents ("DEC") for all claims, suits, actions, and damages, to the extent attributable to the permittee's acts or omissions in connection with the compliance permittee's undertaking of activities in connection with, or operation and maintenance of, the facility or facilities authorized by the permit whether in compliance or not in any compliance with the terms and conditions of the permit. This indemnification does not extend to any claims, suits, actions, or damages to the extent attributable to DEC's own negligent or intentional acts or omissions, or to any claims, suits, or actions naming the DEC and arising under article 78 of the New York Civil Practice Laws and Rules or any citizen suit or civil rights provision under federal or state laws.

Item B: Permittee's Contractors to Comply with Permit

The permittee is responsible for informing its independent contractors, employees, agents and assigns of their responsibility to comply with this permit, including all special conditions while acting as the permittee's agent with respect to the permitted activities, and such persons shall be subject to the same sanctions for violations of the Environmental Conservation Law as those prescribed for the permittee.

Item C: Permittee Responsible for Obtaining Other Required Permits

The permittee is responsible for obtaining any other permits, approvals, lands, easements and rights-of-way that may be required to carry out the activities that are authorized by this permit.

Item D: No Right to Trespass or Interfere with Riparian Rights

This permit does not convey to the permittee any right to trespass upon the lands or interfere with the riparian rights of others in order to perform the permitted work nor does it authorize the impairment of any rights, title, or interest in real or personal property held or vested in a person not a party to the permit.

LIST OF CONDITIONS

DEC GENERAL CONDITIONS
General Provisions
Facility Inspection by the Department
Relationship of this Permit to Other Department Orders and Determinations
Applications for permit renewals, modifications and transfers
Permit modifications, suspensions or revocations by the Department
Facility Level
Submission of application for permit modification or renewal-REGION 9 HEADQUARTERS

DEC GENERAL CONDITIONS
****** General Provisions ******
GENERAL CONDITIONS - Apply to ALL Authorized Permits.

Condition 1: Facility Inspection by the Department
Applicable State Requirement: ECL 19-0305

Item 1.1:
The permitted site or facility, including relevant records, is subject to inspection at reasonable hours and intervals by an authorized representative of the Department of Environmental Conservation (the Department) to determine whether the permittee is complying with this permit and the ECL. Such representative may order the work suspended pursuant to ECL 71-0301 and SAPA 401(3).

Item 1.2:
The permittee shall provide a person to accompany the Department's representative during an inspection to the permit area when requested by the Department.

Item 1.3:
A copy of this permit, including all referenced maps, drawings and special conditions, must be available for inspection by the Department at all times at the project site or facility. Failure to produce a copy of the permit upon request by a Department representative is a violation of this permit.

Condition 2: Relationship of this Permit to Other Department Orders and Determinations
Applicable State Requirement: ECL 3-0301 (2) (m)

Item 2.1:
Unless expressly provided for by the Department, issuance of this permit does not modify, supersede or rescind any order or determination previously issued by the Department or any of the terms, conditions or requirements contained in such order or determination.

Condition 3: Applications for permit renewals, modifications and transfers
Applicable State Requirement: 6 NYCRR 621.11

Item 3.1:
The permittee must submit a separate written application to the Department for renewal, modification or transfer of this permit. Such application must include any forms or supplemental information the Department requires. Any renewal, modification or transfer granted by the Department must be in writing.

Item 3.2:
The permittee must submit a renewal application at least 180 days before expiration of permits for Title V Facility Permits, or at least 30 days before expiration of permits for State Facility Permits.

Item 3.3:
Permits are transferrable with the approval of the department unless specifically prohibited by the statute, regulation or another permit condition. Applications for permit transfer should be submitted prior to actual transfer of ownership.

Condition 4: Permit modifications, suspensions or revocations by the Department
Applicable State Requirement: 6 NYCRR 621.13

Item 4.1:
The Department reserves the right to modify, suspend, or revoke this permit in accordance with 6NYCRR Part 621. The grounds for modification, suspension or revocation include:

a) materially false or inaccurate statements in the permit application or supporting papers;
b) failure by the permittee to comply with any terms or conditions of the permit;
c) exceeding the scope of the project as described in the permit application;
d) newly discovered material information or a material change in environmental conditions, relevant technology or applicable law or regulations since the issuance of the existing permit;
e) noncompliance with previously issued permit conditions, orders of the commissioner, any provisions of the Environmental Conservation Law or regulations of the Department related to the permitted activity.

****** Facility Level ******

Condition 5: Submission of application for permit modification or renewal-REGION 9 HEADQUARTERS
Applicable State Requirement: 6 NYCRR 621.6 (a)

Item 5.1:
Submission of applications for permit modification or renewal are to be submitted to:
NYSDEC Regional Permit Administrator
Region 9 Headquarters
Division of Environmental Permits
270 Michigan Avenue
Buffalo, NY 14203-2915
(716) 851-7165

Permit Under the Environmental Conservation Law (ECL)

ARTICLE 19: AIR POLLUTION CONTROL - AIR STATE FACILITY PERMIT

IDENTIFICATION INFORMATION

Permit Issued To:DRY CREEK PRODUCTS LLC
51 EDWARD ST
ARCADE, NY 14009-1012

Facility: DRY CREEK PRODUCTS LLC
51 EDWARD ST
ARCADE, NY 14009

Authorized Activity By Standard Industrial Classification Code:
2499 - WOOD PRODUCTS, NEC

Permit Effective Date: 05/05/2011 Permit Expiration Date: No expiration date.

LIST OF CONDITIONS

FEDERALLY ENFORCEABLE CONDITIONS
Facility Level
1 6 NYCRR 212.4 (c): Compliance Demonstration
2 6 NYCRR 212.4 (c): Compliance Demonstration
3 6 NYCRR 212.6 (a): Compliance Demonstration
Emission Unit Level

EU=0-00002,EP=S0021

4 6 NYCRR 212.4 (c): Compliance Demonstration
5 6 NYCRR 212.4 (c): Compliance Demonstration
6 6 NYCRR 212.4 (c): Compliance Demonstration

EU=0-00003,EP=S0030

7 6 NYCRR 212.4 (c): Compliance Demonstration

STATE ONLY ENFORCEABLE CONDITIONS
Facility Level
8 ECL 19-0301: Contaminant List
9 6 NYCRR 201-1.4: Unavoidable noncompliance and violations
10 6 NYCRR Subpart 201-5: Emission Unit Definition
11 6 NYCRR 211.2: Visible Emissions Limited
Emission Unit Level
12 6 NYCRR Subpart 201-5: Emission Point Definition By Emission Unit
13 6 NYCRR Subpart 201-5: Process Definition By Emission Unit

EU=0-00001
14 6 NYCRR 211.2: Compliance Demonstration

EU=0-00003
15 6 NYCRR 211.2: Compliance Demonstration

FEDERALLY ENFORCEABLE CONDITIONS
****** Facility Level ******

NOTIFICATION OF GENERAL PERMITTEE OBLIGATIONS
This section contains terms and conditions which are federally enforceable. Permittees may also have other obligations under regulations of general applicability

Item A: Sealing - 6 NYCRR 200.5

The Commissioner may seal an air contamination source to prevent its operation if compliance with 6 NYCRR Chapter III is not met within the time provided by an order of the Commissioner issued in the case of the violation. Sealing means labeling or tagging a source to notify any person that operation of the source is prohibited, and also includes physical means of preventing the operation of an air contamination source without resulting in destruction of any equipment associated with such source, and includes, but is not limited to, bolting, chaining or wiring shut control panels, apertures or conduits associated with such source.

No person shall operate any air contamination source sealed by the Commissioner in accordance with this section unless a modification has been made which enables such source to comply with all requirements applicable to such modification.

Unless authorized by the Commissioner, no person shall remove or alter any seal affixed to any contamination source in accordance with this section.

Item B: Acceptable Ambient Air Quality - 6 NYCRR 200.6

Notwithstanding the provisions of 6 NYCRR Chapter III, Subchapter A, no person shall allow or permit any air contamination source to emit air contaminants in quantities which alone or in combination with emissions from other air contamination sources would contravene any applicable ambient air quality standard and/or cause air pollution. In such cases where contravention occurs or may occur, the Commissioner shall specify the degree and/or method of emission control required.

Item C: Maintenance of Equipment - 6 NYCRR 200.7

Any person who owns or operates an air contamination source which is equipped with an emission control device shall operate such device and keep it in a satisfactory state of maintenance and repair in accordance with ordinary and necessary practices, standards and procedures, inclusive of manufacturer's specifications,

required to operate such device effectively.

Item D: Unpermitted Emission Sources - 6 NYCRR 201-1.2

If an existing emission source was subject to the permitting requirements of 6 NYCRR Part 201 at the time of construction or modification, and the owner and/or operator failed to apply for a permit for such emission source then the following provisions apply:

(a) The owner and/or operator must apply for a permit for such emission source or register the facility in accordance with the provisions of Part 201.

(b) The emission source or facility is subject to all regulations that were applicable to it at the time of construction or modification and any subsequent requirements applicable to existing sources or facilities.

Item E: Emergency Defense - 6 NYCRR 201-1.5

An emergency constitutes an affirmative defense to an action brought for noncompliance with emissions limitations or permit conditions for all facilities in New York State.

(a) The affirmative defense of emergency shall be demonstrated through properly signed, contemporaneous operating logs, or other relevant evidence that:

(1) An emergency occurred and that the facility owner and/or operator can identify the cause(s) of the emergency;

(2) The equipment at the permitted facility causing the emergency was at the time being properly operated;

(3) During the period of the emergency the facility owner and/or operator took all reasonable steps to minimize levels of emissions that exceeded the emission standards, or other requirements in the permit; and

(4) The facility owner and/or operator notified the Department within two working days after the event occurred. This notice must contain a description of the emergency, any steps taken to mitigate emissions, and corrective actions taken.

(b) In any enforcement proceeding, the facility owner and/or operator seeking to establish the occurrence of an emergency has the burden of proof.

(c) This provision is in addition to any emergency or upset provision contained in any applicable requirement.

Item F: Recycling and Salvage - 6 NYCRR 201-1.7

Where practical, any person who owns or operates an air contamination source shall recycle or salvage air contaminants collected in an air cleaning device according to the requirements of 6 NYCRR.

Item G: Prohibition of Reintroduction of Collected Contaminants to the Air - 6 NYCRR 201-1.8

No person shall unnecessarily remove, handle, or cause to be handled, collected air contaminants from an air cleaning device for recycling, salvage or disposal in a manner that would reintroduce them to the outdoor atmosphere.

Item H: Proof of Eligibility for Sources Defined as Exempt Activities - 6 NYCRR 201-3.2 (a)

The owner and/or operator of an emission source or unit that is eligible to be exempt, may be required to certify that it operates within the specific criteria described in 6 NYCRR Subpart 201-3. The owner or operator of any such emission source must maintain all required records on-site for a period of five years and make them available to representatives of the Department upon request. Department representatives must be granted access to any facility which contains emission sources or units subject to 6 NYCRR Subpart 201-3, during normal operating hours, for the purpose of determining compliance with this and any other state and federal air pollution control requirements, regulations, or law.

Item I: Proof of Eligibility for Sources Defined as Trivial Activities - 6 NYCRR 201-3.3 (a)

The owner and/or operator of an emission source or unit that is listed as being trivial in 6 NYCRR Part 201 may be required to certify that it operates within the specific criteria described in 6 NYCRR Subpart 201-3. The owner or operator of any such emission source must maintain all required records on-site for a period of five years and make them available to representatives of the Department upon request. Department representatives must be granted access to any facility which contains emission sources or units subject to 6 NYCRR Subpart 201-3, during normal operating hours, for the purpose of determining compliance with this and any other state and federal air pollution control requirements, regulations, or law.

Item J: Required Emission Tests - 6 NYCRR 202-1.1

An acceptable report of measured emissions shall be submitted, as may be required by the Commissioner, to ascertain compliance or noncompliance with any air pollution code, rule, or regulation. Failure to submit a report acceptable to the Commissioner within the time stated shall be sufficient reason for the Commissioner to suspend or deny an operating permit. Notification and acceptable procedures are specified in 6 NYCRR Subpart 202-1.

Item K: Visible Emissions Limited - 6 NYCRR 211.3
Except as permitted by a specific part of this Subchapter and for open fires for which a restricted burning permit has been issued, no person shall cause or allow any air contamination source to emit any material having an opacity equal to or greater than 20 percent (six minute average) except for one continuous six-minute period per hour of not more than 57 percent opacity.

Item L: Open Fires Prohibitions - 6 NYCRR 215.2
Except as allowed by section 215.3 of 6 NYCRR Part 215, no person shall burn, cause, suffer, allowor permit the burning of any materials in an open fire.

Item M: Permit Exclusion - ECL 19-0305
The issuance of this permit by the Department and the receipt thereof by the Applicant does not and shall not be construed as barring, diminishing, adjudicating or in any way affecting any legal, administrative or equitable rights or claims, actions, suits, causes of action or demands whatsoever that the Department may have against the Applicant for violations based on facts and circumstances alleged to have occurred or existed prior to the effective date of this permit, including, but not limited to, any enforcement action authorized pursuant to the provisions of applicable federal law, the Environmental Conservation Law of the State of New York (ECL) and Chapter III of the Official Compilation of the Codes, Rules and Regulations of the State of New York (NYCRR). The issuance of this permit also shall not in any way affect pending or future enforcement actions under the Clean Air Act brought by the United States or any person.

Item N: Federally Enforceable Requirements - 40 CFR 70.6 (b)
All terms and conditions in this permit required by the Act or any applicable requirement, including any provisions designed to limit a facility's potential to emit, are enforceable by the Administrator and citizens under the Act. The Department has, in this permit, specifically designated any terms and conditions that are not required under the Act or under any of its applicable requirements as being enforceable under only state

regulations.

FEDERAL APPLICABLE REQUIREMENTS
The following conditions are federally enforceable.

Condition 1: Compliance Demonstration
Effective between the dates of 05/05/2011 and Permit Expiration Date

Applicable Federal Requirement:6 NYCRR 212.4 (c)

Item 1.1:
The Compliance Demonstration activity will be performed for the facility:
The Compliance Demonstration applies to:

Emission Unit: 0-00002 Emission Point: S0021

Emission Unit: 0-00003 Emission Point: S0030

Item 1.2:
Compliance Demonstration shall include the following monitoring:

Monitoring Type: RECORD KEEPING/MAINTENANCE PROCEDURES
Monitoring Description:

1) Annually, the baghouse and wet scrubber systems shall be internally inspected by manufacturer representatives. A report documenting the findings and recommendations shall be provided to Dry Creek.

2) Any work performed as a result of these inspections shall be recorded in the visible emission log.

3) A copy of the inspection findings and recommendations report shall be submitted to the department annually.

Monitoring Frequency: AS REQUIRED - SEE PERMIT MONITORING DESCRIPTION
Reporting Requirements: ANNUALLY (CALENDAR)
Reports due 30 days after the reporting period.
The initial report is due 1/30/2012.
Subsequent reports are due every 12 calendar month(s).

Condition 2: Compliance Demonstration
Effective between the dates of 05/05/2011 and Permit Expiration Date

Applicable Federal Requirement:6 NYCRR 212.4 (c)

Item 2.1:
The Compliance Demonstration activity will be performed for the facility:
The Compliance Demonstration applies to:

Emission Unit: 0-00002 Emission Point: S0020

Emission Unit: 0-00002 Emission Point: S0021

Emission Unit: 0-00003 Emission Point: S0030

Regulated Contaminant(s):
CAS No: 0NY075-00-0 PARTICULATES

Item 2.2:
Compliance Demonstration shall include the following monitoring:

Monitoring Type: INTERMITTENT EMISSION TESTING
Monitoring Description:

1.) The particulate emissions shall not exceed 0.050 grains per dry standard cubic feet from each emission point.

2.) Upon written request from the Department, the facility shall conduct an emission compliance stack test. An emission testing protocol shall be submitted within 30 days of the request for testing. A compliance emission test must be conducted within 60 days of the Department approving the protocol. An emission test report shall be submitted to the Department for review and approval within 30 days of the emission testing.

Upper Permit Limit: 0.050 grains per dscf
Reference Test Method: EPA Method 5
Monitoring Frequency: AS REQUIRED - SEE PERMIT MONITORING DESCRIPTION
Averaging Method: 1-HOUR AVERAGE
Reporting Requirements: AS REQUIRED - SEE MONITORING DESCRIPTION

Condition 3: Compliance Demonstration
Effective between the dates of 05/05/2011 and Permit Expiration Date

Applicable Federal Requirement:6 NYCRR 212.6 (a)

Item 3.1:
The Compliance Demonstration activity will be performed for the facility:
The Compliance Demonstration applies to:

Emission Unit: 0-00002 Emission Point: S0020

Emission Unit: 0-00002 Emission Point: S0021

Emission Unit: 0-00003 Emission Point: S0030

Regulated Contaminant(s):
CAS No: 0NY075-00-0 PARTICULATES

Item 3.2:
Compliance Demonstration shall include the following monitoring:

Monitoring Type: MONITORING OF PROCESS OR CONTROL DEVICE PARAMETERS AS SURROGATE

Monitoring Description:

1.) No persons shall cause or allow emissions having an average opacity during any six consecutive minutes of 20 percent or greater from any process emission source, except only the emission of uncombined water.

2.) The facility will assess opacity compliance by conducting daily visible emission observations, during daylight hours, to determine if visible emissions are being emitted from each referenced emission point. The observation shall be made while the source is operating.

3.) The visible emissions observation shall be made from a position so that the observer can discount the presence of condensed water vapor in the plume and have the sun behind them as required by EPA Method 9. Information about the visual observation shall be recorded in the visible emission observation log, including whether visible emissions were observed (excluding water vapor), whether emissions of uncombined water vapor were observed, the location from which the observation was made, the wind direction, the date and time, the name of the person making the observation, and a description of the pertinent activities occurring at the time of the observation. When a visual observation is not made because the process is not operating, the log shall reflect that.

4.) If visual emissions other than uncombined water are observed, then facility personnel shall check various facility operating parameters which could be the root cause of the observed opacity. Required corrective actions will be undertaken and a follow-up visual emissions observation will be performed to evaluate the effectiveness of such corrective actions. The results of the follow-up visual emissions observation will be recorded in the visible emission observation log, as will the corrective actions.

5.) If visual emissions other than uncombined water are still observed after the implementation of corrective actions, then opacity readings shall be made in accordance with EPA Method 9 by a person who was trained to read visible opacity emissions according to EPA Method 9. The opacity reading, plume characteristics (color, attached or detached, etc.), direction plume is going, time, date, and

observer's name shall be recorded in the visible emission observation log book which is kept on site and will be made available to Department staff upon request during normal business hours. When an accurate opacity reading cannot be made due to conditions beyond the Permittee's control, such as strong winds or heavy precipitation, the log shall reflect the reason why an accurate reading could not be made.

6.) The facility shall have at least two employees who are certified to make opacity readings according to EPA Method 9. These certified opacity readers will train plant staff how to read opacity according to EPA Method 9. The certified opacity readers shall be recertified every six months as required by EPA Method 9. The certified opacity readers shall retrain plant staff every six months. Copies of the EPA Method 9 Certificates, the name and date each employee was trained and a copy of the material used for training shall be kept on site and made available to department staff upon request.

7.) In the event the EPA Method 9 reading exceeds 20% opacity, the facility shall conduct an inspection of the process and particulate control device, and undertake corrective action so that the reading no longer exceeds 20% opacity in the exhaust plume. The corrective actions taken and the follow up opacity observation shall be recorded in the visible emission observation log book.

8.) In the event the corrective action fails to minimize the opacity of the emissions, the facility shall have a trained EPA Method 9 observer (as described in paragraph 6 above) make three consecutive EPA Method 9 observations, each 6-minutes in duration, and report these to the Department within 1 business day (via fax – 716-851-7009). These shall be recorded in the visible emission observation log book with the date, time and observer's name.

9.) Annually report a summary of the visible emissions observations and opacity readings by submitting a copy of the visual observation and opacity reading log which shall include any corrective actions taken and the results of these actions.

Parameter Monitored: OPACITY
Upper Permit Limit: 20 percent
Reference Test Method: EPA Method 9
Monitoring Frequency: DAILY
Averaging Method: 6-MINUTE AVERAGE (METHOD 9)
Reporting Requirements: ANNUALLY (CALENDAR)

Reports due 30 days after the reporting period.
The initial report is due 1/30/2012.
Subsequent reports are due every 12 calendar month(s).

****** Emission Unit Level ******

Condition 4: Compliance Demonstration
Effective between the dates of 05/05/2011 and Permit Expiration Date

Applicable Federal Requirement:6 NYCRR 212.4 (c)

Item 4.1:
The Compliance Demonstration activity will be performed for:

Emission Unit: 0-00002 Emission Point: S0021

Regulated Contaminant(s):
CAS No: 0NY075-00-0 PARTICULATES

Item 4.2:
Compliance Demonstration shall include the following monitoring:

Monitoring Type: MONITORING OF PROCESS OR CONTROL DEVICE PARAMETERS AS SURROGATE

Monitoring Description:

1) A centrifuge is use to remove solids from the wet scrubber slurry. The centrifuge must process at least 14 gallons of slurry per minute.

2) The slurry flow rate readings shall be made at least once per shift and recorded in a log with the date, time of observation and the name of the observer.

3) The centrifuge shall operate whenever the scrubber is operating. An alarm system shall be used to notify operators if the centrifuge is not operating.

4) If the scrubber solution processed by the centrifuge rate is below the above rate, then the process and equipment must be inspected to identify the problem and to take corrective actions'. The identified problem and corrective actions shall be recorded in the log.

5) If the corrective actions do not bring the flow rate above the minimum flow than the Department shall be notified within one business day (phone - 716-851-7130, fax 716-851-7009).

Parameter Monitored: VOLUMETRIC FLOW RATE
Lower Permit Limit: 14 gallons per minute

Monitoring Frequency: PER SHIFT
Averaging Method: MINIMUM - NOT TO FALL BELOW STATED VALUE AT ANY TIME
Reporting Requirements: UPON REQUEST BY REGULATORY AGENCY

Condition 5: Compliance Demonstration
Effective between the dates of 05/05/2011 and Permit Expiration Date

Applicable Federal Requirement:6 NYCRR 212.4 (c)

Item 5.1:
The Compliance Demonstration activity will be performed for:

Emission Unit: 0-00002 Emission Point: S0021

Regulated Contaminant(s):
CAS No: 0NY075-00-0 PARTICULATES

Item 5.2:
Compliance Demonstration shall include the following monitoring:

Monitoring Type: MONITORING OF PROCESS OR CONTROL DEVICE PARAMETERS AS SURROGATE
Monitoring Description:

1) The wet scrubber for the drying drum and the biomass furnace will be operated within the manufacturer's prescribed pressure drop range of 1 to 4 inches of water column for the air flow.

2) Pressure drop readings shall be made at least once per shift and recorded in a log with the date, time of observation and observer's name.

3) If the pressure drop is outside of the manufacture's prescribed range, then the process and equipment must be inspected to identify the problem and to take corrective actions'. The identified problem and corrective actions shall be recorded in the log.

4) If the corrective actions do not bring the pressure drop within the correct range than the Department shall be notified within one business day (phone 716-851-7130, fax 716-851-7009).

Parameter Monitored: PRESSURE CHANGE
Lower Permit Limit: 1 inches of water
Upper Permit Limit: 4 inches of water
Monitoring Frequency: PER SHIFT
Averaging Method: RANGE - NOT TO FALL OUTSIDE OF STATED RANGE AT ANY TIME
Reporting Requirements: UPON REQUEST BY REGULATORY AGENCY

Condition 6: Compliance Demonstration
Effective between the dates of 05/05/2011 and Permit Expiration Date

Applicable Federal Requirement:6 NYCRR 212.4 (c)

Item 6.1:
The Compliance Demonstration activity will be performed for:

Emission Unit: 0-00002 Emission Point: S0021

Regulated Contaminant(s):
CAS No: 0NY075-00-0 PARTICULATES

Item 6.2:
Compliance Demonstration shall include the following monitoring:

Monitoring Type: MONITORING OF PROCESS OR CONTROL DEVICE PARAMETERS AS SURROGATE
Monitoring Description:

1) The wet scrubber circulating liquid flow rate must be greater than 170 gallons per minute.

2) The circulating flow rate readings shall be made at least once per shift and recorded in a log with the date, time of observation and the name of the observer.

3) If the scrubber solution flow rate is below the above rate, then the process and equipment must be inspected to identify the problem and to take corrective actions'. The identified problem and corrective actions shall be recorded in the log.

4) If the corrective actions do not bring the flow rate above the minimum flow than the Department shall be notified within one business day (phone - 716-851-7130, fax 716-851-7009).

Parameter Monitored: VOLUMETRIC FLOW RATE
Lower Permit Limit: 170 gallons per minute
Monitoring Frequency: PER SHIFT
Averaging Method: MINIMUM - NOT TO FALL BELOW STATED VALUE AT ANY TIME
Reporting Requirements: UPON REQUEST BY REGULATORY AGENCY

Condition 7: Compliance Demonstration
Effective between the dates of 05/05/2011 and Permit Expiration Date

Applicable Federal Requirement:6 NYCRR 212.4 (c)

Item 7.1:
The Compliance Demonstration activity will be performed for:

Emission Unit: 0-00003 Emission Point: S0030

Regulated Contaminant(s):
CAS No: 0NY075-00-0 PARTICULATES

Item 7.2:
Compliance Demonstration shall include the following monitoring:

Monitoring Type: MONITORING OF PROCESS OR CONTROL DEVICE PARAMETERS AS SURROGATE
Monitoring Description:

1) The baghouse will be operated within the manufacturer's prescribed pressure drop range of 1 to 6 inches of water column across the bags.

2) Pressure drop readings shall be made at least once per shift and recorded in a log with the date, time of observation and the name of the observer.

3) If the pressure drop is outside of the manufacture's prescribed range, then the process and equipment must be inspected to identify the problem and to take corrective actions'. The identified problem and corrective actions shall be recorded in the log.

4) If the corrective actions do not bring the pressure drop within the correct range than the Department shall be notified within one business day (phone 716-851-7130, fax 716-851-7130).

Parameter Monitored: PRESSURE CHANGE
Lower Permit Limit: 1 inches of water
Upper Permit Limit: 6 inches of water
Monitoring Frequency: PER SHIFT
Averaging Method: RANGE - NOT TO FALL OUTSIDE OF STATED RANGE AT ANY TIME
Reporting Requirements: UPON REQUEST BY REGULATORY AGENCY

STATE ONLY ENFORCEABLE CONDITIONS
****** Facility Level ******

NOTIFICATION OF GENERAL PERMITTEE OBLIGATIONS
This section contains terms and conditions which are not federally enforceable. Permittees may also have other obligations under regulations of general applicability

Item A: **Public Access to Recordkeeping for Facilities With State Facility Permits - 6 NYCRR 201-1.10 (a)**
Where emission source owners and/or operators keep records pursuant to compliance with the operational flexibility requirements of 6 NYCRR Subpart 201-5.4(b)(1) , and/or the emission capping requirements of 6 NYCRR Subparts 201-7.2(d), 201-7.3(f), 201-7.3(g), 201-7.3(h)(5), 201-7.3(i) and 201-7.3(j), the Department will make such records available to the public upon request in accordance with 6 NYCRR Part 616 - Public Access to Records. Emission source owners and/or operators must submit the records required to comply with the request within sixty working days of written notification by the Department of receipt of the request.

Item B: **General Provisions for State Enforceable Permit Terms and Condition - 6 NYCRR Part 201-5**
Any person who owns and/or operates stationary sources shall operate and maintain all emission units and any required emission control devices in compliance with all applicable Parts of this Chapter and existing laws, and shall operate the facility in accordance with all criteria, emission limits, terms, conditions, and standards in this permit. Failure of such person to properly operate and maintain the effectiveness of such emission units and emission control devices may be sufficient reason for the Department to revoke or deny a permit.

The owner or operator of the permitted facility must maintain all required records on-site for a period of five years and make them available to representatives of the Department upon request. Department representatives must be granted access to any facility regulated by this Subpart, during normal operating hours, for the purpose of determining compliance with this and any other state and federal air pollution control requirements, regulations or law.

STATE ONLY APPLICABLE REQUIREMENTS
The following conditions are state only enforceable.

Condition 8: Contaminant List
Effective between the dates of 05/05/2011 and Permit Expiration Date

Applicable State Requirement:ECL 19-0301

Item 8.1:
Emissions of the following contaminants are subject to contaminant specific requirements in this permit(emission limits, control requirements or compliance monitoring conditions).

CAS No: 0NY075-00-0
Name: PARTICULATES

Condition 9: Unavoidable noncompliance and violations
Effective between the dates of 05/05/2011 and Permit Expiration Date

Applicable State Requirement:6 NYCRR 201-1.4

Item 9.1:
At the discretion of the commissioner a violation of any applicable emission standard for necessary scheduled equipment maintenance, start-up/shutdown conditions and malfunctions or upsets may be excused if such violations are unavoidable. The following actions and recordkeeping and reporting requirements must be adhered to in such circumstances.

(a) The facility owner and/or operator shall compile and maintain records of all equipment maintenance or start-up/shutdown activities when they can be expected to result in an exceedance of any applicable emission standard, and shall submit a report of such activities to the commissioner's representative when requested to do so in writing or when so required by a condition of a permit issued for the corresponding air contamination source except where conditions elsewhere in this permit which contain more stringent reporting and notification provisions for an applicable requirement, in which case they supercede those stated here. Such reports shall describe why the violation was unavoidable and shall include the time, frequency and duration of the maintenance and/or start-up/shutdown activities and the identification of air contaminants, and the estimated emission rates. If a facility owner and/or operator is subject to continuous stack monitoring and quarterly reporting requirements, he need not submit reports for equipment maintenance or start-up/shutdown for the facility to the commissioner's representative.

(b) In the event that emissions of air contaminants in excess of any emission standard in 6 NYCRR Chapter III Subchapter A occur due to a malfunction, the facility owner and/or operator shall report such malfunction by telephone to the commissioner's representative as soon as possible during normal working hours, but in any event not later than two working days after becoming aware that the malfunction occurred. Within 30 days thereafter, when requested in writing by the commissioner's representative, the facility owner and/or operator shall submit a written report to the commissioner's representative describing the malfunction, the corrective action taken, identification of air contaminants, and an estimate of the emission rates. These reporting requirements are superceded by conditions elsewhere in this permit which contain reporting and notification provisions for applicable requirements more stringent than those above.

(c) The Department may also require the owner and/or operator to include in reports

described under (a) and (b) above an estimate of the maximum ground level concentration of each air contaminant emitted and the effect of such emissions depending on the deviation of the malfunction and the air contaminants emitted.

(d) In the event of maintenance, start-up/shutdown or malfunction conditions which result in emissions exceeding any applicable emission standard, the facility owner and/or operator shall take appropriate action to prevent emissions which will result in contravention of any applicable ambient air quality standard. Reasonably available control technology, as determined by the commissioner, shall be applied during any maintenance, start-up/shutdown or malfunction condition subject to this paragraph.

(e) In order to have a violation of a federal regulation (such as a new source performance standard or national emissions standard for hazardous air pollutants) excused, the specific federal regulation must provide for an affirmative defense during start-up, shutdowns, malfunctions or upsets.

Condition 10: Emission Unit Definition
Effective between the dates of 05/05/2011 and Permit Expiration Date

Applicable State Requirement:6 NYCRR Subpart 201-5

Item 10.1:
The facility is authorized to perform regulated processes under this permit for:
Emission Unit: 0-00001
Emission Unit Description:
The raw material storage and preparation emission unit contains a raw material containment structure (75 ft x 150 ft) which is roofed and completely enclosed on three sides. It is utilized to store green sawdust, woodchips and dry sawdust. The enclosure contains a grinder which is utilized for wood chip size reduction. This grinder is enclosed in such a manner as to minimize the potential for fugitive particulate emissions generated by the grinding operation to escape from the raw material containment structure. This emission unit is a potential source of only fugitive emissions (particulates) and does not contain any point source emissions.

Building(s): RMC

Item 10.2:
The facility is authorized to perform regulated processes under this permit for:
Emission Unit: 0-00002
Emission Unit Description:
The raw material drying emission unit contains both raw material processing and air emission control equipment. Processing equipment includes a solid fuel suspension, burner triple pass rotary drum dryer and product recovery dropbox and cyclone. Air exiting the cyclone is passed through a wet scrubber for particulate removal prior to atmospheric discharge. A purge stream containing particulates removed by the wet scrubber is passed through

a centrifuge for particulate removal. Fresh make up water is added to the wet scrubbers circulating scrubbing liquid. Particulates recovered by the centrifuge are added to the dryer's feed raw material. This emission unit contains two point source emission discharges (burner startup stack S0020 and wet scrubber discharge stack S0021). The solid fuel suspension burner which utilizes dried sawdust as fuel is utilized to provide the heated air required for operation of the rotary drum dryer. The hot air is utilized to remove moisture from the green wood as it passes through the dryer. A portion of the dried material is utilized as fuel by the solid fuel suspension burner. The remainder of the dried material is utilized to produce pellets.

Building(s): DRYER

Item 10.3:
The facility is authorized to perform regulated processes under this permit for:
Emission Unit: 0-00003
Emission Unit Description:
The pellet production emission unit includes a variety of process equipment including a dry hammer mill, pellet machines (4), a pellet cooler, shaker and screening systems and pellet packaging equipment. Discharge air from the pellet cooler and various ventilation point source pick up points is vented through a baghouse prior to atmospheric discharge through stack S0030.

Building(s): PRODUCTION

Condition 11: Visible Emissions Limited
Effective between the dates of 05/05/2011 and Permit Expiration Date

Applicable State Requirement:6 NYCRR 211.2

Item 11.1:
Except as permitted by a specific part of this Subchapter and for open fires for which a restricted burning permit has been issued, no person shall cause or allow any air contamination source to emit any material having an opacity equal to or greater than 20 percent (six minute average) except for one continuous six-minute period per hour of not more than 57 percent opacity.

****** Emission Unit Level ******

Condition 12: Emission Point Definition By Emission Unit
Effective between the dates of 05/05/2011 and Permit Expiration Date

Applicable State Requirement:6 NYCRR Subpart 201-5

Item 12.1:

The following emission points are included in this permit for the cited Emission Unit:

Emission Unit: 0-00001

Emission Point: S0010
Height (ft.): 20 Length (in.): 1800 Width (in.): 240
NYTMN (km.): 4714.04 NYTME (km.): 216.19 Building: RMC

Item 12.2:
The following emission points are included in this permit for the cited Emission Unit:

Emission Unit: 0-00002

Emission Point: S0020
Height (ft.): 26 Diameter (in.): 30
NYTMN (km.): 4714.028 NYTME (km.): 216.213 Building: DRYER

Emission Point: S0021
Height (ft.): 42 Diameter (in.): 96
NYTMN (km.): 4714.015 NYTME (km.): 216.21 Building: DRYER

Item 12.3:
The following emission points are included in this permit for the cited Emission Unit:

Emission Unit: 0-00003

Emission Point: S0030
Height (ft.): 40 Length (in.): 48 Width (in.): 48
NYTMN (km.): 4714.006 NYTME (km.): 216.215 Building:
PRODUCTION

Condition 13: Process Definition By Emission Unit
Effective between the dates of 05/05/2011 and Permit Expiration Date

Applicable State Requirement:6 NYCRR Subpart 201-5

Item 13.1:
This permit authorizes the following regulated processes for the cited Emission Unit:

Emission Unit: 0-00001
Process: P10 Source Classification Code: 3-07-040-02
Process Description:
Three primary raw materials are handled in the raw materials building: (1) green sawdust, (2) green woodchips and (3) dry sawdust. (1) Green sawdust (approximately 40% by weight moisture) is transported to the site by truck. This material does not need additional processing prior to drying: it is typically unloaded directly into the dryer feed material containment area in the raw material storage building. (2) Green wood chips (approximately 40% by weight moisture) are transported to the site by truck. The woodchips are unloaded on the pad in front of the open

side of the raw materials storage building and then ground in the chip hammermill prior to drying. (3) Dry sawdust (approximately 10% by weight moisture) is transported to the site by truck. This material bypasses the dryer and is introduced into the process at the final hammermill.

All emissions are fugitive; there are no emission points associated with this process. The raw materials storage building (75 ft x 150 ft) is roofed and enclosed on three sides. The building opening is identified as an emission point to satisfy the permitting computer system, it is a place holder.)

Emission Source/Control: P1001 - Process
Design Capacity: 150 tons

Item 13.2:
This permit authorizes the following regulated processes for the cited Emission Unit:

Emission Unit: 0-00002
Process: P20 Source Classification Code: 3-07-999-98
Process Description:

A solid fuel suspension burner is utilized to provide heated air to a triple pass rotary drum dryer. The heated air is utilized to reduce the moisture content of the sawdust /woodchips prior to pelletizing. The air which passes through the dryer also suspends the material which is being dried and carries the dried material to the drop box and cyclone where it is recovered. The burner is fueled by a portion of the dried sawdust/woodchips. The burner controls will also monitor the burner, dryer inlet and dryer outlet temperatures and proved system safety shutdown in the case of temperatures extremes. The suspension burner (designated as Process P20) vents to stack S0020 only during startup, and stack S0021 during normal system operation. (Note: Stack S0021 is the vent stack from the wet scrubber.) The burner is started up using wood fuel and is vented through stack S0020 for a period of approximately 15 minutes during startup. When burner temperature reaches approximately 800 degrees F the drying system's main exhaust fan is started and normal operation initiated. Air for drying is drawn into the system through stack S0020 during normal operation.

Emission Source/Control: P2001 - Combustion
Design Capacity: 30 million Btu per hour

Emission Source/Control: P2005 - Control
Control Type: WET SCRUBBER

Emission Source/Control: P2002 - Process

Emission Source/Control: P2003 - Process

Emission Source/Control: P2004 - Process

Emission Source/Control: P2006 - Process

Item 13.3:
This permit authorizes the following regulated processes for the cited Emission Unit:

Emission Unit: 0-00003
Process: P30 Source Classification Code: 3-07-999-98
Process Description:
The dried sawdust/wood chip material collected by the drop box and cyclone must undergo additional conditioning before pelletizing. This conditioning consists of size reduction and moisture adjustment steps. The dried material is fed via closed conveyor system to a hammer mill for additional size reduction before pelletizing. Air from the hammer mill is vented to a baghouse for particulate removal. Discharge air from the baghouse is vented through stack S0030.

Emission Source/Control: P3002 - Control
Control Type: FABRIC FILTER

Emission Source/Control: P3001 - Process

Item 13.4:
This permit authorizes the following regulated processes for the cited Emission Unit:

Emission Unit: 0-00003
Process: P40 Source Classification Code: 3-07-999-98
Process Description:
The dried sawdust/woodchip material is transferred directly from the hammer mill to the pellet feed hoppers located directly above the facility's four pellet mills. The pelletizing process is operated in the lower range of temperatures and pressures required for self bonding. The pellet mills compress the wood through a die that has holes the size at the pellet being produced. The hot pellets (190-200 degrees F) are cut off to the desired length after exiting the die. The formed pellets are then transferred to the pellet cooler. Ventilation air from the pellet mills is vented to a baghouse for particulate removal. Discharge air from the baghouse is vented through stack S0030.

Emission Source/Control: P3002 - Control
Control Type: FABRIC FILTER

Emission Source/Control: P4001 - Process

Emission Source/Control: P4002 - Process

Emission Source/Control: P4003 - Process

Emission Source/Control: P4004 - Process

Item 13.5:
This permit authorizes the following regulated processes for the cited Emission Unit:

Emission Unit: 0-00003
Process: P50 Source Classification Code: 3-07-999-98
Process Description:
Hot pellets are cooled to increase their structural stability and stabilize their moisture levels. A counterflow pellet cooler draws ambient air through the pellets as they pass through the coolers holding compartment. Relatively cool ambient air is drawn into the pellet coolers chamber and through the layer of hot pellets. The process removes residual moisture and cools the pellets. Air discharged from the cooler is directed to a baghouse for particulate removal. Discharge air from the baghouse is vented through stack S0030.

Emission Source/Control: P3002 - Control
Control Type: FABRIC FILTER

Emission Source/Control: P5001 - Process

Item 13.6:
This permit authorizes the following regulated processes for the cited Emission Unit:

Emission Unit: 0-00003
Process: P60 Source Classification Code: 3-07-999-98
Process Description:
After cooling the pellets, they are transferred by an enclosed auger and bucket elevator to a finished pellet silo which has a storage capacity of 400 tons of pellets at 40 pounds per cubic foot. The stored pellets are transferred to the facility's bagging system for packaging.

Emission Source/Control: P6001 - Process
Design Capacity: 400 tons

Item 13.7:
This permit authorizes the following regulated processes for the cited Emission Unit:

Emission Unit: 0-00003
Process: P70 Source Classification Code: 3-07-999-98
Process Description:
Finished pellets are screened for removal of fines before bagging. Finished pellets are dispensed at bagging

stations into plastic bags with a weighted quantity of pellets. Air from the system's aspirator is vented to a baghouse for removal of particulates. Discharge air from the baghouse is vented through stack S0030. The sealed bags are then stacked on pallets and shrink wrapped. The finished material is then moved to the bagged pellet storage area.

Emission Source/Control: P3002 - Control
Control Type: FABRIC FILTER

Emission Source/Control: P7001 - Process

Emission Source/Control: P7002 - Process

Condition 14: Compliance Demonstration
Effective between the dates of 05/05/2011 and Permit Expiration Date

Applicable State Requirement:6 NYCRR 211.2

Item 14.1:
The Compliance Demonstration activity will be performed for:

Emission Unit: 0-00001

Regulated Contaminant(s):
CAS No: 0NY075-00-0 PARTICULATES

Item 14.2:
Compliance Demonstration shall include the following monitoring:

Monitoring Type: RECORD KEEPING/MAINTENANCE PROCEDURES
Monitoring Description:

1) The fugitive dust emissions from the raw material storage building must be minimized to prevent nuisance problems in the neighborhood. Wood particles from this facility have created nuisance complaints in the neighborhood before. The wood chip grinding process and the moving of material around in the building are suspected sources of the nuisance particulates.

2) No visible emissions shall exit the building.

3) Daily visible emission observations shall be made for particulates exiting the building while material is being processed. When no processes are operating for a day, so no observation can be made, this must be recorded in the log. The observation shall be recorded in a log, whether visible emissions were observed leaving the building or not, the date, time, the name of the person making the observations and a description of the activities occurring at the time.

4) If visible emissions are observed leaving the building than corrective measures shall be taken to eliminate these emissions. The corrective measures shall be recorded in the log. Follow up visible emission observations shall be taken to evaluate the results of the corrective actions, and recorded in the log, with the date, time and the name of the observer name.

5) If visible emissions are a persistent than the Department must be notified within a one week period. An engineering evaluation must be conducted to recommend strategies to eliminate visible emissions from the building and submitted to the Department within 30 days of determining that the visible emissions are persistent. The chosen strategy must be installed or implemented within 60 days of Department approval.

Reference Test Method: EPA Method 22
Monitoring Frequency: DAILY
Reporting Requirements: AS REQUIRED - SEE MONITORING DESCRIPTION

Condition 15: Compliance Demonstration
Effective between the dates of 05/05/2011 and Permit Expiration Date

Applicable State Requirement:6 NYCRR 211.2

Item 15.1:
The Compliance Demonstration activity will be performed for:

Emission Unit: 0-00003

Regulated Contaminant(s):
CAS No: 0NY075-00-0 PARTICULATES

Item 15.2:
Compliance Demonstration shall include the following monitoring:

Monitoring Type: RECORD KEEPING/MAINTENANCE PROCEDURES
Monitoring Description:

1) Process dust emissions after the rotary drum dryer are collected by duct work that exhausts through the baghouse, emission point 30. The duct work that pneumatically conveys the dried sawdust from the rotary dryer through the pelletizing process and beyond are under positive pressure in sections. If there is a leak in the dust or sawdust conveyance duct work then particulates would be emitted to the atmosphere.

2) There shall be no leaks in the dust collection duct work or sawdust conveyance duct work throughout the facility, this includes both ducts that are under positive

pressure or negative pressure.

3) Weekly, an inspection of the plant's dust collection duct work and dry sawdust conveyance duct work shall be performed to look for leaks or damage while the plant is operating. Accumulations of sawdust can be an indicator of a leak.

4) If possible, any leaks in the duct work shall be repaired to stop the leak when it is found.

5) The inspection observation shall be recorded in a log, acknowledging what duct work was inspected and if leaks or damage were observed. A description of the corrective actions taken and when they were completed shall be recorded in a log along with the date, time and name of the person making the observations.

6) If a leak or damaged duct work cannot be repaired within in 7 calendar days, then the Department shall be notified of the situation and the plan to fix the leaking or damaged duct work.

Monitoring Frequency: WEEKLY
Reporting Requirements: AS REQUIRED - SEE MONITORING DESCRIPTION