



STATE OF MISSISSIPPI
PHIL BRYANT
GOVERNOR
MISSISSIPPI DEPARTMENT OF ENVIRONMENTAL QUALITY
GARY C. RIKARD, EXECUTIVE DIRECTOR

July 21, 2017

CERTIFIED MAIL #7010 0780 0001 9992 7428

Mr. David Little, Plant Manager
CF Industries Nitrogen, LLC
PO Box 1348
Yazoo City, MS 39194

**Re: CF Industries Nitrogen LLC
Agreed Order No. 6771 17**

Dear Mr. Little,

Enclosed you will find a copy of Agreed Order No. 6771 17, which has been executed by the Executive Director of the Mississippi Department of Environmental Quality, Gary Rikard, on behalf of the Mississippi Commission on Environmental Quality.

The enclosed Order assesses a civil penalty that is divided into three payments. The first penalty payment should be made by check payable to the Mississippi Department of Environmental Quality and returned in the enclosed, self-addressed envelope. See Section 2 of the Order regarding the other two payments due.

If you have any questions regarding your obligations under the enclosed order, please contact Jaricus Whitlock at (601) 961-5303.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tim Aultman".

Tim Aultman, P.E.
Chief, Environmental Compliance and Enforcement Division

Enclosure
cc: Jaricus Whitlock

Agency Interest No. 2269
ENF20150002

BEFORE THE MISSISSIPPI COMMISSION
ON ENVIRONMENTAL QUALITY

MISSISSIPPI COMMISSION ON
ENVIRONMENTAL QUALITY

COMPLAINANT

VS.

ORDER NO. 6771 17

CF INDUSTRIES NITROGEN, LLC
4608 HIGHWAY 49 EAST
YAZOO CITY, MISSISSIPPI 39194

RESPONDENT

AGREED ORDER

COME NOW the Mississippi Commission on Environmental Quality (Commission), acting through the staff and Executive Director of the Mississippi Department of Environmental Quality (“MDEQ”), Complainant, and CF Industries Nitrogen LLC (“CF”), Respondent, in the above captioned cause and agree as follows:

1.

On September 17, 2015, an administrative conference was held for Respondent to notify Complainant of the following violations at its facility located at 4608 Highway 49 East, Yazoo City, Mississippi in Yazoo County:

- A. Based on an internal data audit conducted on August 29, 2015, Respondent discovered that it had exceeded the “*Purge Gas*” fuel firing rate limit (based on a 12-month rolling total) set forth in Condition 3.B.15 of the Title V Operating Permit 3020-00010 since the month of December 2014.
- B. Based on the same aforementioned internal data audit, Respondent discovered that it had exceeded the “*Auxiliary Boiler and Superheat Burners*” fuel firing rate limit (based on a 12-month rolling total) set forth in Condition 3.B.15 of the Title V Operating Permit 3020-00010 since the month of January 2015.

- C. Respondent did not accurately note its non-compliance of the “*Purge Gas*” fuel firing rate limit (based on a 12-month rolling total) within the Annual Certification of Compliance (ACC) for the 2014 calendar year.

Complainant has determined that Respondent has returned to full compliance with the submission of a revised permit application and the issuance of an updated Air – Construction Permit on September 16, 2016.

2.

In lieu of a formal enforcement hearing concerning the violations listed above, Complainant and Respondent agree to settle this matter as follows:

- A. Respondent agrees to pay and Complainant agrees to accept a civil penalty in the amount of \$95,625.00 for the matter addressed herein. The penalty shall be paid as follows:

- a. Respondent shall pay by certified check or money order \$25,625.00 to MDEQ within forty-five (45) days after the date this Agreed Order is executed by the MDEQ Executive Director or his designee (the “Effective Date”). Payment shall be submitted to the following address:

Mississippi Department of Environmental Quality
Attn: Jennifer Parish
P.O. Box 2339
Jackson, MS 39225

- b. In accordance with the provisions of this Agreed Order and the Memorandum of Agreement (“MOA”) between Complainant, Respondent, and the Yazoo City Municipal School District (“Yazoo City Schools”), which is attached hereto as Exhibit “A”, Complainant shall allow Respondent credit as follows toward payment of the penalty. Within forty-five (45) days after the Effective Date, Respondent shall pay, by certified check or money order, \$35,000.00 to the Yazoo City Schools in accordance with the terms and conditions of the MOA. The Yazoo City Schools shall

use these funds for purchasing two school buses which meet the same requirements as those purchased under MDEQ's Diesel School Bus Replacement Program ("DSBRP"). Within ten (10) days after making the payment to the Yazoo City Schools in this subparagraph, Respondent shall provide MDEQ with written proof of such payment.

- c. If Respondent fails to make the payment as described in paragraph 2.A.b above or should amount necessary for the Yazoo City Schools' purchases be less than \$35,000.00, any balance remaining of the civil penalty shall be immediately due and payable to MDEQ.
- d. In accordance with the provisions of this Agreed Order and the Memorandum of Agreement ("MOA") between Complainant, Respondent, and the Holmes County School District ("Holmes County Schools"), which is attached hereto as Exhibit "B", Complainant shall allow Respondent credit as follows toward payment of the penalty. Within forty-five (45) days after the Effective Date, Respondent shall pay, by certified check or money order, \$35,000.00 to the Holmes County Schools in accordance with the terms and conditions of the MOA. The Holmes County Schools shall use these funds for purchasing two school buses which meet the same requirements as those purchased under MDEQ's Diesel School Bus Replacement Program ("DSBRP"). Within ten (10) days after making the payment to the Holmes County Schools in this subparagraph, Respondent shall provide MDEQ with written proof of such payment.
- e. If Respondent fails to make the payment as described in paragraph 2.A.d above or should amount necessary for the Holmes County Schools' purchases be less than \$35,000.00, any balance remaining of the civil penalty shall be immediately due and payable to MDEQ.

B. Respondent further understands and agrees that as part of the referenced settlement, Respondent shall comply with the following:

- a. Any public statement, oral or written, in print, film or other media, made by Respondent referring to the payments described in paragraphs 2.A.b and 2.A.d above shall include the following language: *“This contribution was made in connection with the settlement of an environmental enforcement action taken by the Mississippi Department of Environmental Quality.”*
- b. Respondent shall not deduct Supplemental Environmental Project expenditures from its state or federal income taxes or receive any state or federal credit for these expenditures as current operating expenses in 2017. Respondent may capitalize the SEP expenditures.

The parties agree that, by entering into this Agreed Order and agreeing to the terms and conditions set forth herein, Respondent does not admit any of the allegations listed above and nothing contained herein shall be in any way construed as an admission of liability by Respondent. Without admitting any liability, Respondent consents to entry of this Agreed Order, which the parties agree shall serve as full resolution of the violations alleged above. The parties further agree that the Commission continues to assert that the matters set forth above were violations of the environmental laws, regulations and/or permits applicable to Respondent.

3.

Nothing in this Agreed Order shall limit the rights of MDEQ or the Commission in the event Respondent fails to comply with this Agreed Order. The Agreed Order shall be strictly construed to apply to those matters expressly resolved herein.

4.

Nothing contained in this Agreed Order shall limit the rights of MDEQ or the Commission to take enforcement or other actions against Respondent for violations not addressed herein and for future violations of environmental laws, rules, and regulations.

5.

Respondent understands and acknowledges that it is entitled to an evidentiary hearing before the Commission pursuant to Miss. Code Ann. § 49-17-31, and that it has made an informed waiver of that right.

ORDERED, this the 20th day of July, 2017.

MISSISSIPPI COMMISSION ON ENVIRONMENTAL QUALITY

BY: [Signature]
GARY C. RIKARD
EXECUTIVE DIRECTOR
MISSISSIPPI DEPARTMENT OF ENVIRONMENTAL QUALITY

AGREED, this the 19th day of June, 2017.

CF INDUSTRIES NITROGEN, LLC

BY: [Signature]

TITLE: General Manager

STATE OF Mississippi

COUNTY OF Yazoo

PERSONALLY appeared before me, the undersigned authority in and for the jurisdiction aforesaid, the within named David Little who first being duly sworn, did state upon his/her oath and acknowledge to me that he/she is the General Manager of CF Industries Nitrogen, LLC and is authorized to sign and enter this Agreement.

SWORN AND SUBSCRIBED BEFORE ME, this the 19th day of June, 2017.

[Signature]
NOTARY PUBLIC

My Commission expires: 2/23/21



ATTACHMENT A

**MEMORANDUM OF AGREEMENT BETWEEN MISSISSIPPI
DEPARTMENT OF ENVIRONMENTAL QUALITY,
CF INDUSTRIES NITROGEN, LLC, AND
YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

**MEMORANDUM OF AGREEMENT BETWEEN MISSISSIPPI
DEPARTMENT OF ENVIRONMENTAL QUALITY,
CF INDUSTRIES NITROGEN, LLC, AND
YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

Background. On September 17, 2015, the Mississippi Department of Environmental Quality (“MDEQ”) initiated an administrative enforcement action against CF Industries Nitrogen, LLC (“CF”) for violations of the Title V Operating Permit 3020-00010 issued on March 7, 2012. As part of the settlement and resolution of that enforcement action, MDEQ has agreed to allow CF to pay \$35,000.00 to the Yazoo City Municipal School District (“Yazoo City Schools”) and receive credit towards the agreed upon civil penalty. MDEQ now seeks to ensure that the Yazoo City Schools expends the funds for the purpose set forth below.

Section 1. Parties to the Agreement: The parties to this Memorandum of Agreement (“MOA”) are MDEQ, CF and Yazoo City Schools.

Section 2. Purpose of the Agreement: The purpose of this agreement is to ensure the Yazoo City Schools expends the funds received from CF for the purchase of two school buses which meet the same requirements of those purchased under MDEQ’s Diesel School Bus Replacement Program (“DSBRP”) as required by Agreed Order No. 6771 17.

Section 3. Responsibilities of CF: CF shall make payments to the Yazoo City Schools in the amount of \$35,000.00 after execution of this MOA and in accordance with The Agreed Order as contemplated by Section 5 of this MOA.

Section 4. Responsibilities of Yazoo City Schools: The Yazoo City Schools shall expend the funds received from CF to replace existing school buses with the purchase of two new school buses

meeting the diesel emission reduction requirements as those purchased under MDEQ's DSBPR. Yazoo City Schools shall notify MDEQ's Air Division to coordinate an observer to confirm Yazoo City Schools makes two existing school buses inoperable. Yazoo City Schools shall provide MDEQ with a copy of an Idle Reduction Policy which has been adopted by the School Board of the Yazoo City Schools. Should the Yazoo City Schools fail to expend the funds received from CF or any portion of the funds as required by this MOA, the Yazoo City Schools shall remit to MDEQ the portion of the funds not spent in accordance with this MOA, and any such funds remitted to MDEQ shall be considered a penalty collection and deposited into the Pollution Emergency Fund pursuant to Miss. Code Ann. § 49-17-43(6).

Section 5. Responsibilities of MDEQ: As consideration for the performance of this MOA, MDEQ agrees to grant CF credit in the amount of \$35,000.00 toward payment of a total civil penalty of \$95,625.00 for the violations cited in MDEQ's Notice of Violation dated January 22, 2016. This concession by MDEQ shall also be embodied in an Agreed Order between MDEQ and CF.

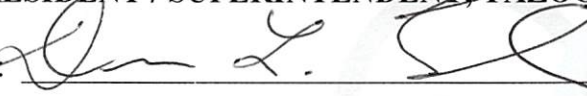
Section 6. Reporting and Certification Requirements: CF shall submit to MDEQ documentation (such as purchase orders, receipts, etc.) reflecting that it gave the funds to Yazoo City Schools and that Yazoo City Schools, in turn, used the funds in accordance with this MOA once the funds have been fully expended. CF shall submit a certification signed by both CF's General Manager and the Superintendent of the Yazoo City Municipal School District that the funds were transferred and expended in accordance with the terms of this MOA. It shall be the responsibility of Yazoo City Schools to timely sign and return the certification to CF as required by this Section.

Section 7. Period of Performance: The period of performance for this MOA shall be one hundred eighty (180) days from the date the MOA is executed by all parties.

Section 8. Nullification of this Agreement: The parties to this MOA contemplate, and the MOA embodied in this document presumes, the issuance by MDEQ of an Agreed Order associated with, and referencing, this MOA and requiring CF to make the payment described herein. If, for any reason, the MDEQ and CF are unable to settle the enforcement action referenced above as contemplated by this MOA and/or MDEQ, for any reason, does not issue the contemplated Agreed Order, this MOA, and any obligations described herein, shall be null, void and without effect.

WITNESS OUR SIGNATURES:

PRESIDENT / SUPERINTENDENT, YAZOO CITY MUNICIPAL SCHOOL DISTRICT

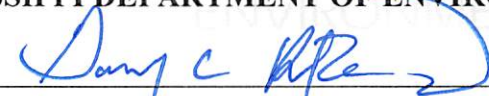
By:  _____

Printed name: Darron L. Edwards

Title: Superintendent of Education

Date Executed: 07-07-2017

MISSISSIPPI DEPARTMENT OF ENVIRONMENTAL QUALITY

By:  _____

Gary C. Rikard, Executive Director

Date Executed: 7/20/17

CF INDUSTRIES NITROGEN, LLC

By: _____

Printed name: _____

Title: _____

Date Executed: _____

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WITNESS OUR SIGNATURES:

PRESIDENT / SUPERINTENDENT, YAZOO CITY MUNICIPAL SCHOOL DISTRICT


By: _____

Printed name: _____

Title: _____

Date Executed: _____

MISSISSIPPI DEPARTMENT OF ENVIRONMENTAL QUALITY

By:  _____

Gary C. Rikard, Executive Director

Date Executed: 7/20/17 _____

CF INDUSTRIES NITROGEN, LLC

By:  _____

Printed name: David T. Little _____

Title: General Manager _____

Date Executed: June 19, 2017 _____

ATTACHMENT B

**MEMORANDUM OF AGREEMENT BETWEEN MISSISSIPPI
DEPARTMENT OF ENVIRONMENTAL QUALITY,
CF INDUSTRIES NITROGEN, LLC, AND
HOLMES COUNTY SCHOOL DISTRICT**

**MEMORANDUM OF AGREEMENT BETWEEN MISSISSIPPI
DEPARTMENT OF ENVIRONMENTAL QUALITY,
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Section 3. Responsibilities of CF: CF shall make payments to the Holmes County Schools in the amount of \$35,000.00 after execution of this MOA and in accordance with The Agreed Order as contemplated by Section 5 of this MOA.

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school buses meeting the diesel emission reduction requirements as those purchased under MDEQ's DSB RP. Holmes County Schools shall notify MDEQ's Air Division to coordinate an observer to confirm Holmes County Schools makes two existing school buses inoperable. Holmes County Schools shall provide MDEQ with a copy of an Idle Reduction Policy which has been adopted by the School Board of the Holmes County Schools. Should the Holmes County Schools fail to expend the funds received from CF or any portion of the funds as required by this MOA, the Holmes County Schools shall remit to MDEQ the portion of the funds not spent in accordance with this MOA, and any such funds remitted to MDEQ shall be considered a penalty collection and deposited into the Pollution Emergency Fund pursuant to Miss. Code Ann. § 49-17-43(6).

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WITNESS OUR SIGNATURES:

PRESIDENT / SUPERINTENDENT, HOLMES COUNTY SCHOOL DISTRICT


By: _____

Printed name: _____

Title: _____

Date Executed: _____

MISSISSIPPI DEPARTMENT OF ENVIRONMENTAL QUALITY

By:  _____

Gary C. Rikard, Executive Director

Date Executed: 7/20/17 _____

CF INDUSTRIES NITROGEN, LLC

By:  _____

Printed name: David T Little _____

Title: General Manager _____

Date Executed: June 19, 2017 _____