Kathy R. Ferry, P.E.
KJF Consulting Inc.
501 Chatham Ave.
Columbia, SC 29205
kathy_ferry@yahoo.com

December 9, 2020

Mr. Steve McCaslin, P.E.
Director, Air Permitting Division
Bureau of Air Quality
SC Department of Health and Environmental Control
2600 Bull Street
Columbia, South Carolina 29201

Air Permit #1040-0065

Re: Pellet Mill Minor Source Permit Application
Effingham Pellets, LLC

Dear Mr. McCaslin,

As previously discussed in our pre-application meeting, Effingham Pellets, LLC proposes to construct and operate a wood pellet manufacturing facility in Florence County near Effingham, South Carolina. The Effingham Pellets facility will process dried wood shavings into wood pellets to produce a source of alternative renewal fuel. The facility will have an annual production capacity of approximately 43,800 metric tons per year (48,281 U.S. short tons per year).

The proposed facility will be a minor source of air pollutants under Title V and PSD regulations and an area source under MACT. The enclosed application is intended to meet State air construction permitting requirements under South Carolina Regulation 61-62.1, Section II.

We look forward to working with you and your staff on this project. Please call me at 803-708-6205 or 803-530-6178 if you have any questions or require additional information to proceed with this application.

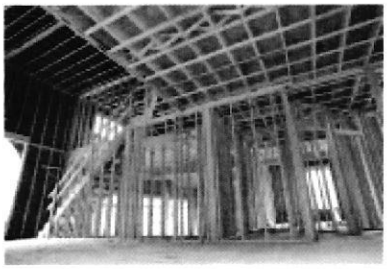
Sincerely,

Kathy R. Ferry, P.E.
Project Consultant

c: Greg Martin/CM Biomass

Enclosures:
Pellet Mill Minor Source Permit Application (original plus 1 bound copy and 1 unbound copy)

Prepared for:
Effingham Pellets, LLC
Effingham, South Carolina



Pellet Mill Minor Source Air Permit Application

December 2020

Prepared by:
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(803)708-6205
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Prepared for:
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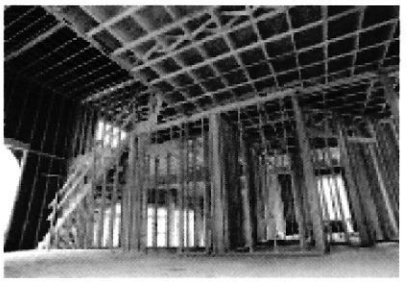
Effingham, South Carolina



Pellet Mill Minor Source Air Permit Application

December 2020

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1.0 Introduction

Effingham Pellets, LLC (Effingham Pellets) proposes to construct a new pellet mill at 4905 Ingram Bypass in Florence County near Effingham, South Carolina. Florence County is currently designated as in attainment or non-classifiable for all National Ambient Air Quality Standards (NAAQS). The pellet mill will be located on property leased from Charles Ingram Lumber; however, as discussed in Section 4, the two facilities are considered independent sources for regulatory purposes. The proposed facility will process dry shavings from lumber mills and produce wood pellets.

This report is intended to meet State air construction permitting requirements under South Carolina Regulation 61-62.1, Section II.

The remainder of the document is organized as follows:

- Section 2 presents a brief description of the proposed facility.
- Section 3 summarizes the estimated potential emissions for the facility.
- Section 4 contains the regulatory applicability analysis.
- Section 5 presents the air dispersion modeling analysis.
- Section 6 contains the SC DHEC construction permit application forms.

The report appendices include figures and detailed documentation of the emissions calculations.

2.0 Site and Project Description

Effingham Pellets proposes to construct and operate a wood pellet manufacturing facility in Florence County near Effingham, South Carolina. A site location map is presented in Figure 1. The operations are categorized under Standard Industrial Classification (SIC) code 2499, Wood Products Not Elsewhere Classified. The Effingham Pellets facility will process dried wood shavings into wood pellets to produce a source of alternative renewal fuel.

The Effingham Pellets facility will have an annual production capacity of approximately 43,800 metric tons per year (48,281 U.S. short tons per year), based on continuous operation at 5.51 short tons per hour. All future references to tons in the permit application are in terms of U.S. short tons.

For the purposes of this submittal, the Effingham Pellets operations have been divided into several areas: Material Receiving and Storage, Pelletizing Operations, and Pellet Storage and Loadout. The following sections briefly describe each of these areas.

2.1 Material Receiving and Storage

Dry material will be brought to the Effingham Pellets facility via trucks equipped with a walking floor trailer. The dry material trucks will be weighed upon arrival. The shavings will be unloaded onto the floor of an enclosed building on the site, then loaded with mobile equipment onto a hydraulically operated feed system and enclosed conveyor. The conveyor system will deliver the material to a small, enclosed storage bin on top of the "pellet box" structure.

2.2 Pelletizing Operations

The dry material will be conveyed from the storage building to a pellet box system. The pellet box contains a dry hammermill to reduce the particle size of the raw material. The hammermill is equipped with a product capture bag filter to control particulate matter (PM) emissions.

Following the hammermill, the wood fiber is sent through a hopper, then conveyed to a pellet mill. The pellet mill compresses the wood fiber into pellets by rolling and squeezing the material through holes in a die. The process of squeezing the wood fibers generates heat, which causes the wood's natural lignin to flow. The wood lignin acts as a natural glue, holding the pellets together.

The wood pellets proceed directly from the pelletizer to a cooler. Ambient air is used as a cooling medium in a direct-contact heat exchanger. The exhaust air from the pellet cooler will be controlled by a cyclone.

2.3 Pellet Storage and Loadout

The finished pellets exit the pellet box through another enclosed conveyor system and are delivered to the silo. The silo is vented to atmosphere.

The pellets are discharged out of the silo to a screen (this is all enclosed) and the accepted pellets land on a belt conveyor (covered, but not enclosed) that feeds the truck trailers for off-site transport.

3.0 Facility Emissions

The Effingham Pellets facility has emissions of particulate matter (PM), volatile organic compounds (VOCs) and hazardous air pollutants (HAPs). Detailed emissions calculations are provided in Appendix B. A brief discussion of each emissions source is provided below.

3.1 Material Handling and Storage

Particulate emissions are generated through each transfer step of the dry shavings and finished pellets. The equations for material handling in EPA AP-42 Chapter 13.2.4 were used to estimate these emissions. This is considered a conservative approach, considering the drop points are enclosed and/or protected from direct wind.

VOC and individual HAP emissions have been estimated using factors from comparable sources in a recent permitting decision for an Enviva pellet manufacturing facility in Greenwood, SC.

3.2 Pellet Box System

The pellet box system contains a dry hammermill, a pellet mill and a pellet cooler. The pellet box system is a source of PM, VOCs and HAPs. The design throughput of the pellet box system is 5.51 tons/hr, which corresponds to a maximum annual throughput of 48,281 tons/yr at 8760 hrs/yr. The average moisture content is 5.5%; therefore, the dry throughput is 5.207 ODT/hr (5.51 tons/hr * (100-5.5)/100 = 5.207 ODT/hr).

Exhaust from the hammermill is controlled by a fabric filter. PM emissions from the hammermill are calculated based on the manufacturer's specifications for outlet grain loading (0.0044 gr/dscf) and air flow (249,426 dscfh). Emissions are calculated as follows:

PM (lb/hr) = Grain Loading (gr/dscf) * Flow (dscfh) * Conversion Factor (1 lb/7000 gr)

We have conservatively assumed 100% of the particulate emitted from the hammermill is fine. Therefore, we have set the PM_{10} and $PM_{2.5}$ equal to total PM from the hammermill.

VOC and individual HAP emissions have been estimated using factors from comparable sources in a recent permitting decision for an Enviva pellet manufacturing facility in Greenwood, SC. These factors are based on test data collected at a variety of Enviva pellet manufacturing sites, with a safety factor added to account for testing variability.

Exhaust from the pellet mill and pellet cooler will be controlled by a cyclone. PM emissions from the pellet mill/cooler are based on the manufacturer's specifications for outlet grain loading (0.022 gr/dscf) and air flow (344,658 dscfh). The PM calculation methodology is the same as that used for the hammermill. Based on the Enviva Greenwood permit application, we have assumed PM_{10} = 26% of total PM, and $PM_{2.5}$ = 28% of PM_{10}.

Once again, VOC and HAP emissions from the pellet mill and cooler were estimated using factors from the Enviva Greenwood permitting decisions. These factors were developed from test data collected at a variety of Enviva manufacturing sites and include a safety factor to account for variability.

3.3 Road Fugitives

Fugitive emissions from trucks carrying raw materials onto the site and finished wood pellets off the site have been quantified. The emissions were estimated following the procedures in EPA AP-42 Chapter 13.2.2.

3.4 Facility Summary

Total potential emissions from the proposed facility are summarized in Table 3.1 below.

Table 3.1 Facility Total Potential Emissions

Pollutant	Lb/hr	Ton/yr
PM	1.33	5.84
PM_{10}	0.49	2.15
$PM_{2.5}$	0.24	1.07
VOC	22.02	96.43
Max. HAP (Formaldehyde)	0.69	3.01
Total HAP	1.58	6.94

4.0 Regulatory Applicability

This section discusses federal and state regulations as they apply to the proposed project.

4.1 Co-Location

The proposed wood pellet manufacturing plant will be operated by Effingham Pellets on a portion of the existing Charles Ingram Lumber facility, contiguous with the lumber mill. Therefore, it is important to determine if the proposed process should be considered co-located (a single source) with the Charles Ingram Lumber facility or if it can be treated independently.

The Charles Ingram Lumber plant is an existing major source under Title V and PSD (Permit 1040-0016) and a major source under Title III/MACT. The primary product is dimensional lumber (SIC 2421, NAICS 321113).

The proposed Effingham Pellets plant will operate under SIC 2499 and NAICS 321999. The plant will be capable of receiving feedstock (dry wood shavings) from numerous suppliers; however, the Charles Ingram Lumber plant is expected to be the primary source of shavings. Charles Ingram Lumber will continue to sell planer shavings (and other byproducts) on the open market.

Ownership of Effingham Pellets will be as follows: 50% owned by CM Biomass (an independent company), 30% employee owned, and 20% owned by Charles Ingram Lumber. The two facilities will not share employees.

Under the Title V regulations, a major source is defined as "any stationary source (or group of stationary sources that are located on one or more contiguous or adjacent properties, and are under common control of the same person (or persons under common control) belonging to a single industrial grouping...." The PSD/NSR definition is consistent with Title V.

Under Title III/MACT, major source means "any stationary source or group of stationary sources located within a contiguous area and under common control...." The definition does not require the facilities to belong to a single industrial grouping.

The proposed Effingham Pellets plant will be on contiguous property with Charles Ingram Lumber, and the manufacturing operations for both facilities fall under a single major industrial grouping (2-digit SIC is the same). However, the companies are not considered under common control. Therefore, the facilities are NOT collocated under Title V, PSD or Title III.

Since the proposed pellet manufacturing plant will be wholly located within the Charles Ingram Lumber property, the facilities will be treated as a single facility for purposes of any air dispersion modeling.

4.2 Federal Regulations

This section discusses key federal regulations applicable to the project.

4.2.1 Prevention of Significant Deterioration – 40 CFR 52

Effingham Pellets will be located in an area that is in attainment or non-classifiable with respect to the National Ambient Air Quality Standards (NAAQS). Effingham Pellets is a new facility under PSD, and the estimated potential emissions are below the major source threshold. Therefore, PSD regulations do not apply to this project.

4.2.2 New Source Performance Standards (NSPS) – 40 CFR 60

One pellet manufacturing plant will be installed as part of the proposed project. The proposed operations are not included within the defined source categories of the New Source Performance Standards.

4.2.3 National Emission Standards for Hazardous Air Pollutants (NESHAPs) – 40 CFR 63

Sources subject to National Emission Standards for Hazardous Air Pollutants promulgated in 40 CFR Part 63 shall comply with the provisions as required therein. Subpart DDDD – National Emission Standards for Plywood and Composite Wood Products Manufacture applies to major sources of HAPs that manufacture plywood or composite wood products by bonding wood materials or agricultural fiber with resin under heat and pressure. As shown in Table 3.1, total potential emissions of HAPs from the Effingham Pellets facility will be less than 25 tons/yr. Therefore, the Effingham Pellets facility will be an area source of HAPs, and Subpart DDDD will not apply. The proposed sources do not fall within the defined source categories for any other NESHAP.

4.2.4 Continuous Assurance Monitoring (CAM) – 40 CFR 64

The proposed emissions sources at Effingham Pellets each exhibit potential emissions below the applicability threshold under 40 CFR 64. Therefore, they are not subject to CAM.

4.2.5 Title V Operating Permits – 40 CFR 70 / SC Regulation 61-62.70

Emissions from the proposed Effingham Pellets facility fall below the major source threshold for each applicable pollutant. Therefore, the facility will be classified as a true minor source and will not be required to obtain a Title V Operating Permit.

4.3 South Carolina Air Pollution Control Regulations

This section discusses key state regulations applicable to the facility.

4.3.1 SC Regulation 61-62.5: Air Pollution Control Standards

Standard 1: Emissions from Fuel Burning Operations

The proposed project does not impact any fuel burning operations. Standard 1 does not apply.

Standard 2: Ambient Air Quality Standards

Standard 2 is a general requirement, applicable to all facilities with the potential to emit criteria pollutants above de minimis levels. However, current Department Guidelines allow sources with emissions of PM_{10} or $PM_{2.5}$ <1.14 lb/hr to be exempted from air dispersion modeling. Each proposed emission source qualifies for this exemption.

Standard 4: Emissions from Process Industries

Section VIII – Other Manufacturing: Emissions from the pellet manufacturing operation are limited under this Standard. The emission limits are based on the following equations:

$E = (F) * 4.10 * P^{0.67}$ (for $P \leq 30$)
$E = (F) (55.0P^{0.11} - 40)$ (for $P > 30$)

Where: E = the allowable emission rate in pounds per hour.
P = the process weight rate in tons per hour.
F = the effect factor (e.g., 1.0) listed in Table B of the regulation.

The pellet manufacturing plant will have a process weight rate of 5.51 tons/hr. Allowable emissions are 12.86 lb/hr. Facility-wide potential PM emissions are 1.33 lb/hr. Therefore, the proposed operation will comply.

Section IX – Visible Emissions: Visible emissions are limited to ≤ 20% opacity under Section IX. This 20% opacity limit applies to the entire pellet manufacturing operation. Compliance will be achieved through good operational practices, use of enclosures in various portions of the process and use of product capture devices on the hammermill (bagfilter) and pelletizer/cooler (cyclone).

Standard 8: Toxic Air Pollutants

Standard 8 is a general requirement applicable to SC facilities with the potential to emit toxic air pollutants above de minimis levels. The proposed pellet mill is expected to emit six pollutants that are listed Standard 8 toxic air pollutants: acetaldehyde, acrolein, formaldehyde, methanol, phenol and propionaldehyde. Of these, only acrolein and formaldehyde are emitted above the de minimis level. A screening level modeling analysis is provided for these pollutants in Section 5.

5.0 Modeling

Facility Description

Effingham Pellets will be constructed inside the property boundary of the Charles Ingram Lumber facility in Effingham, South Carolina (Figures 2 and 3). The Effingham Pellets plant will be South of the lumber operations, adjacent to Ingram Bypass (State Route 327), which intersects the Charles Ingram property. Ingram Bypass is a public road. The road is 200 feet from the proposed emission points and 115 ft from the raw material storage building. The property continues beyond the road such that the nearest property line is 411 meters to the West.

An existing building will provide enclosed storage for the raw material, dry shavings. The pellet box will be set adjacent to the West side of the building, connected with a conveyor system. The emission points associated with both the hammermill and the pellet mill / cooler are located on top of the pellet box. The pellet silo is West of the pellet box.

Based on a review of the area, the facility is classified as rural. Therefore, rural dispersion coefficients were selected in SCREEN3. The terrain near the facility and elsewhere in eastern South Carolina is characterized as flat with gently rolling terrain. The Effingham Pellets project site elevation averages 94 feet above mean sea level. Terrain elevations in the vicinity of the project site vary from a few low points near 60 feet elevation to select high points of approximately 104 feet elevation (Figure 4).

Source Description and Model Input

Table 5.1 shows a comparison of the site total potential emissions to the de minimis levels listed in SC Regulations 61-62.5, Standard 8. As shown, emissions of acrolein and formaldehyde exceed the de minimis and need to be included in the modeling analysis.

Table 5.1 Comparison of Potential Emissions to Standard 8 De Minimis

Pollutant	Total (lb/day)	De Minimis (lb/day)
Acetaldehyde	5.10	21.600
Acrolein	**7.59**	0.015
Formaldehyde	**16.49**	0.180
Methanol	1.99	15.720
Phenol	3.49	2.280
Propionaldehyde	3.37	N/A

The Department's modeling guidelines also provide an exemption from modeling for trace emissions. Trace is defined as <0.1% of the air emissions by weight for an OSHA carcinogen and <1.0% of the air emissions by weight for pollutants not classified as an OSHA carcinogen. Formaldehyde is classified as a carcinogen and subject to the 0.1% threshold. Acrolein is not classified as a carcinogen; therefore, it is subject to the 1.0% exemption threshold. Both pollutants are only present at trace levels in the hammermill exhaust; therefore, this source is exempt from modeling. Acrolein and formaldehyde are both present at higher concentrations in the pelletizer/cooler exhaust. In addition, formaldehyde is emitted above trace levels from the dry shavings storage building and the pellet storage silo. Acrolein and formaldehyde are also emitted from the lumber drying kilns at Charles Ingram Lumber. However, the kilns are each in compliance with applicable MACT standards and exempt from modeling.

The air dispersion modeling analysis was conducted with emission rates and exhaust characteristics that are expected to represent the worst-case for the project. GEP stack height is calculated as follows:

$H_{gep} = H + 1.5*L$

Where:

H_{gep} = GEP stack height
H = height above stack base of adjacent structure or nearby structure (15 ft)
L = lesser dimension (height or projected width) of nearby structure (15 ft)

The calculated GEP stack height is 37.5 ft (15 + 1.5*15). The pelletizer/cooler cyclone exhaust height is 35 ft. Therefore, building downwash associated with the shaving storage building was considered in the SCREEN3 analysis. The shaving storage building is the only significant structure within 5L of the sources; therefore, no other buildings were considered in the downwash analysis. Table 5.2 summarizes the model input parameters for the cyclone.

Table 5.2 Pelletizer/Cooler Cyclone and Pellet Silo SCREEN3 Input Parameters

	Pelletizer/Cooler Cyclone		Pellet Silo	
Parameter	**English Units**	**Metric Units**	**English Units**	**Metric Units**
Acrolein Emissions	0.26 lb/hr	0.033 g/s	--	--
Formaldehyde Emissions	0.677 lb/hr	0.085 g/s	0.0044 lb/hr	0.00055 g/s
Release Height	35 ft	10.67 m	64.25 ft	19.58 m
Inside Diameter	1 ft	0.3 m	2 ft	0.6 m
Exhaust Velocity	115.72 ft/s	35.3 m/s	0.001 ft/s	0.001 m/s
Exhaust Flow	5453.2 acfm	2.57 m^3/s	Negl.	Negl.
Exhaust Temperature	149 F	338.15 K	Ambient	Ambient
Distance to Road	200 ft	61 m	200 ft	61 m
Distance to Property Line	1350 ft	411 m	1350 ft	411 m
Building Height	15 ft	4.57 m	15 ft	4.57 m
Building Max Dimension	200 ft	60.96 m	200 ft	60.96 m
Building Min Dimension	125 ft	38.1 m	125 ft	38.1 m
Elevation of Site	94 ft	28.65 m	94 ft	28.65 m
Elevation 1000 m to West	73 ft	22.25 m	73 ft	22.25 m
Elevation 1000 m to North	98 ft	29.87 m	98 ft	29.87 m
Elevation 1000 m to East	103 ft	31.39 m	103 ft	31.39 m
Elevation 1000 m to South	86 ft	26.21 m	86 ft	26.21 m
Urban/Rural Option	Rural		Rural	
Maximum Estimated Impact	(1-hr Average)		(1-hr Average)	
Acrolein (Distance)	2.905 $\mu g/m^3$ (411 m)		--	
Formaldehyde (Distance)	7.571 $\mu g/m^3$ (411 m)		0.1875 $\mu g/m^3$ (624 m)	

SCREEN3 was run twice to evaluate impacts associated with each source – once using flat terrain settings and another using terrain height difference. The SCREEN3 results are presented in the appendices. The maximum estimated impacts are shown above.

Formaldehyde emissions are also anticipated from storage of the dry shavings in the storage building. The estimated maximum emission rate is 0.0044 lb/hr formaldehyde. The storage building emissions are modeled as a volume source in SCREEN3. The input data is presented in Table 5.3. SCREEN3 limits volume sources to a square footprint. However, only a portion of the building will contain piled shavings, so the square footprint is a reasonable representation of the actual storage space.

Table 5.3 Storage Building SCREEN3 Input Parameters

Parameter	English Units	Metric Units
Formaldehyde Emissions	0.0044 lb/hr	0.000554 g/s
Release Height	7.5 ft	2.286 m
Initial Horizontal Dimension	29.07 ft	8.861 m
Initial Vertical Dimension	6.98 ft	2.1275 m
Distance to Road	115 ft	35 m
Distance to Property Line	1312 ft	400 m
Urban/Rural Option	Rural	

SCREEN3 was run to evaluate impacts associated with the storing the shavings representing the building as a volume source and using simple terrain settings. The SCREEN3 results are presented in the appendix. The maximum estimated 1-hr impact is 4.479 $\mu g/m^3$ at the road (35 m).

Model Results

Acrolein is only emitted from the Pelletizer/Cooler Cyclone. SCREEN3 estimates the maximum impacts as 2.905 $\mu g/m^3$, based on a 1-hour averaging period. Standard 8 allows impacts to be evaluated on a 24-hour average. The 1-hour average results can be converted to a 24-hour basis by applying a factor of 0.4. Therefore, the estimated maximum impact for acrolein is 1.16 $\mu g/m^3$ on a 24-hour basis.

Background concentrations are not included in Standard 8 analyses; therefore, the worst-case acrolein impact is 1.16 $\mu g/m^3$. The maximum allowable ambient concentration (MAAC) for acrolein is 1.25 $\mu g/m^3$. Therefore, the proposed facility is expected to comply with the acrolein standards under Standard 8.

Formaldehyde is emitted from the Pelletizer /Cooler Cyclone, Pellet Silo and Storage Building. The maximum modeled impacts from the Pelletizer /Cooler Cyclone, Pellet Silo and Storage Building are not predicted to occur at the same location from each of these sources. However, assuming the impacts coincide provides the most conservative, worst-case result. The total formaldehyde impact can be calculated as follows.

Total Formaldehyde Impact = Cyclone + Silo + Storage Building = 7.571 + 0.188 + 4.479 = 12.238 $\mu g/m^3$ (1-hr)

Once again, SCREEN3 estimates impacts based on a 1-hour averaging period. The impacts can be converted to a 24-hour basis by applying a factor of 0.4. Therefore, the estimated maximum impact for formaldehyde is 4.90 $\mu g/m^3$. The maximum allowable ambient concentration (MAAC) for formaldehyde under Standard 8 is 15.00 $\mu g/m^3$. Therefore, emissions of formaldehyde from the proposed facility are expected to comply with Standard 8.

6.0 SC DHEC Construction Permit Application Forms

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BAQ PERMITTING

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Bureau of Air Quality
Construction Permit Application
Facility Information

FACILITY IDENTIFICATION	
SC Air Permit Number (8-digits only) *(Leave blank if one has never been assigned)* - 1040-0165	Application Date December 2020
Facility Name *(This should be the name used to identify the facility at the physical address listed below)* Effingham Pellets, LLC	Facility Federal Tax Identification Number *(Established by the U.S. Internal Revenue Service to identify a business entity)* 85-0935965

FACILITY PHYSICAL ADDRESS		
Physical Address: 4905 Ingram Bypass		County: Florence
City: Effingham	State: SC	Zip Code: 29541
Facility Coordinates *(Facility coordinates should be based at the front door or main entrance of the facility.)*		
Latitude: 34°05'03.24" N	Longitude: 79°39'03.83"W	☐ NAD27 *(North American Datum of 1927)* Or ☒ NAD83 *(North American Datum of 1983)*

CO-LOCATION DETERMINATION
Are there other facilities in close proximity that could be considered co-located? ☒ No ☐ Yes*
List potential co-located facilities, including air permit numbers if applicable:

**If yes, please submit co-location applicability determination details in an attachment to this application.*

COMMUNITY OUTREACH
What are the potential air issues and community concerns? Please provide a brief description of potential air issues and community concerns about the entire facility and/or specific project. Include how these issues and concerns are being addressed, if the community has been informed of the proposed construction project, and if so, how they have been informed. Effingham Pellets will be constructed inside the property line of an existing industrial facility (Charles Ingram Lumber). Charles Ingram has a good relationship with community members. Operation of the pellet plant is expected to reduce truck traffic in the neighboring area.

FACILITY'S PRODUCTS / SERVICES	
Primary Products / Services *(List the primary product and/or service)* Wood Pellets	
Primary SIC Code *(Standard Industrial Classification Codes)* 2499	Primary NAICS Code *(North American Industry Classification System)* 321999
Other Products / Services *(List any other products and/or services)*	
Other SIC Code(s):	Other NAICS Code(s):

AIR PERMIT FACILITY CONTACT *(Person at the facility who can answer technical questions about the facility and permit application.)*			
Title/Position: Manager	Salutation: Mr.	First Name: Greg	Last Name: Martin
Mailing Address: 22333 Lakeside Drive			
City: Panama City Beach		State: FL	Zip Code: 32413
E-mail Address: greg.martin@cmbiomass.com		Phone No.:	Cell No.: 850-819-8449

The signed permit will be e-mailed to the designated Air Permit Contact.
If additional individuals need copies of the permit, please provide their names and e-mail addresses.

Name	E-mail Address
Thomas Brodie	thomas@cilumber.com
Jim Anderson	jla@cilumber.com

Bureau of Air Quality
Construction Permit Application
Facility Information
Page 2 of 2

CONFIDENTIAL INFORMATION / DATA
Does this application contain confidential information or data? ☒ No ☐ Yes*

If yes, include a sanitized version of the application for public review and **ONLY ONE COPY OF CONFIDENTIAL INFORMATION SHOULD BE SUBMITTED*

LIST OF FORMS INCLUDED *(Identify all forms included in the application package)*	
Form Name	**Included (Y/N)**
Expedited Review Request (DHEC Form 2212)	☐ Yes ☒ No
Equipment/Processes (DHEC Form 2567)	☒ Yes
Emissions (DHEC Form 2569)	☒ Yes
Regulatory Review (DHEC Form 2570)	☒ Yes
Emissions Point Information (DHEC Form 2573)	☒ Yes ☐ No (If No, Explain)

OWNER OR OPERATOR			
Title/Position: Manager	Salutation: Mr.	First Name: Greg	Last Name: Martin
Mailing Address: 22333 Lakeside Drive			
City: Panama City Beach		State: FL	Zip Code: 32413
E-mail Address: greg.martin@cmbiomass.com		Phone No.:	Cell No.: 850-819-8449

OWNER OR OPERATOR SIGNATURE

I certify, to the best of my knowledge and belief, that no applicable standards and/or regulations will be contravened or violated. I certify that any application form, report, or compliance certification submitted in this permit application is true, accurate, and complete based on information and belief formed after reasonable inquiry. I understand that any statements and/or descriptions, which are found to be incorrect, may result in the immediate revocation of any permit issued for this application.

Greg Martin — Signature of Owner or Operator — 12/7/20 — Date

PERSON AND/OR FIRM THAT PREPARED THIS APPLICATION *(If not the same person as the Professional Engineer who has reviewed and signed this application.)*			
Consulting Firm Name:			
Title/Position:	Salutation:	First Name:	Last Name:
Mailing Address:			
City:		State:	Zip Code:
E-mail Address:		Phone No.:	Cell No.:
SC Professional Engineer License/Registration No. (if applicable):			

PROFESSIONAL ENGINEER INFORMATION			
Consulting Firm Name: KJF Consulting Inc.			
Title/Position: President	Salutation: Ms.	First Name: Kathy	Last Name: Ferry
Mailing Address: 501 Chatham Avenue			
City: Columbia		State: SC	Zip Code: 29205
E-mail Address: kathy_ferry@yahoo.com		Phone No.: 803-708-6205	Cell No.: 803-530-6178
SC License/Registration No.: 20924			

PROFESSIONAL ENGINEER SIGNATURE

I have placed my signature and seal on the engineering documents submitted, signifying that I have reviewed this construction permit application as it pertains to the requirements of *South Carolina Regulation 61-62, Air Pollution Control Regulations and Standards.*

Kathy R. Ferry — Signature of Professional Engineer — 12/8/2020 — Date

KRF 12/8/2020

dhec

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Bureau of Air Quality
Construction Permit Application
Equipment / Processes
Page 1 of 2

BAQ PERMITTING **APPLICATION IDENTIFICATION** *(Please ensure that the information list in this table is the same on all of the forms and required information submitted in this construction permit application package.)*		
Facility Name *(This should be the name used to identify the facility)* Effingham Pellets, LLC	SC Air Permit Number (8-digits only) *(Leave blank if one has never been assigned)* -	Application Date December 2020

PROJECT DESCRIPTION
Brief Project Description (What, why, how, etc.): Construct a greenfield pellet mill.

ATTACHMENTS	
☒ Process Flow Diagram	Location in Application: Figure 2
☒ Detailed Project Description	Location in Application: Section 2

EQUIPMENT / PROCESS INFORMATION

Equipment ID Process ID	Action	Equipment / Process Description	Maximum Design Capacity (Units)	Control Device ID(s)	Pollutants Controlled (Include CAS#)	Capture System Efficiency and Description	Emission Point ID(s)
DHM1	☒ Add ☐ Remove ☐ Modify ☐ Other	Dry Hammermill No. 1	5.21 ODT/hr	BF01	PM, PM_{10}, $PM_{2.5}$	Product capture fabric filter	DHM1
PB1	☒ Add ☐ Remove ☐ Modify ☐ Other	Pellet Box No. 1 including pellet mill and pellet cooler	5.21 ODT/hr	CYC1	PM, PM_{10}, $PM_{2.5}$	Product capture cyclonic separator	PB1
	☐ Add ☐ Remove ☐ Modify ☐ Other						
	☐ Add ☐ Remove ☐ Modify ☐ Other						
	☐ Add ☐ Remove ☐ Modify ☐ Other						

Bureau of Air Quality
Construction Permit Application
Equipment / Processes

CONTROL DEVICE INFORMATION					
Control Device ID	**Action**	**Control Device Description**	**Maximum Design Capacity (Units)**	**Inherent/Required/Voluntary (Explain)**	**Destruction/Removal Efficiency Determination**
BF01	☒ Add ☐ Remove ☐ Modify ☐ Other	Product capture fabric filter		Product capture device	Guaranteed outlet grain loading of 10 mg/Nm^3 @ design exhaust flow of 6705 Nm^3/hr
CYC1	☒ Add ☐ Remove ☐ Modify ☐ Other	Product capture cyclonic separator		Product capture device	Guaranteed outlet grain loading of 50 mg/Nm^3 @ design exhaust flow of 9265 Nm^3/hr
	☐ Add ☐ Remove ☐ Modify ☐ Other				
	☐ Add ☐ Remove ☐ Modify ☐ Other				

RAW MATERIAL AND PRODUCT INFORMATION			
Equipment ID Process ID Control Device ID	**Raw Material(s)**	**Product(s)**	**Fuels Combusted**
DHM1, PB1	Dry wood shavings, dust	Wood pellets	None

MONITORING AND REPORTING INFORMATION					
Equipment ID Process ID Control Device ID	**Pollutant(s)/Parameter(s) Monitored**	**Monitoring Frequency**	**Reporting Frequency**	**Monitoring/Reporting Basis**	**Averaging Period(s)**
BF01	Visual Inspection	Daily	Semi-annual	20% Opacity	6-minute
CYC1	Visual Inspection	Daily	Semi-annual	20% Opacity	6-minute

Bureau of Air Quality
Construction Permit Application
Emissions

APPLICATION IDENTIFICATION *(Please ensure that the information list in this table is the same on all of the forms and required information submitted in this construction permit application package.)*		
Facility Name *(This should be the name used to identify the facility)* Effingham Pellets, LLC	SC Air Permit Number (8-digits only) *(Leave blank if one has never been assigned)* -	Application Date December 2020

ATTACHMENTS *(Check all the appropriate checkboxes if included as an attachment)*	
☒ Sample Calculations, Emission Factors Used, etc.	☐ Detailed Explanation of Assumptions, Bottlenecks, etc.
☒ Supporting Information: Manufacturer's Data, etc.	☐ Source Test Information
☐ Details on Limits Being Taken for PTE Emissions	☐ NSR Analysis

SUMMARY OF PROJECTED CHANGE IN FACILITY WIDE POTENTIAL EMISSIONS
(Calculated at maximum design capacity.)

Pollutants	Emission Rates Prior to Construction / Modification (tons/year)			Emission Rates After Construction / Modification (tons/year)		
	Uncontrolled	Controlled	PTE	Uncontrolled	Controlled	PTE
Particulate Matter (PM)				5.84		5.84
Particulate Matter <10 Microns (PM_{10})				2.15		2.15
Particulate Matter <2.5 Microns ($PM_{2.5}$)				1.07		1.07
Sulfur Dioxide (SO_2)						
Nitrogen Oxides (NO_x)						
Carbon Monoxide (CO)						
Volatile Organic Compounds (VOC)				96.43		96.43
Lead (Pb)						
Highest HAP Prior to Construction (CAS #:)						
Highest HAP After Construction (CAS #: 50-00-0)				3.01		3.01
Total HAP Emissions*				6.94		6.94

Include emissions from exempt equipment and emission increases from process changes that were exempt from construction permits.
(*All HAP emitted from the various equipment or processes must be listed in the appropriate "Potential Emission Rates at Maximum Design Capacity" Table)

POTENTIAL EMISSION RATES AT MAXIMUM DESIGN CAPACITY									
Equipment ID / Process ID	**Emission Point ID**	**Pollutants** (Include CAS #)	**Calculation Methods / Limits Taken / Other Comments**	**Uncontrolled**		**Controlled**		**PTE**	
				lbs/hr	**tons/yr**	**lbs/hr**	**tons/yr**	**lbs/hr**	**tons/yr**
DHM1	DHM1	PM	Vendor design/guarantee	0.1568	0.6867			0.1568	0.6867
		PM_{10}	Assumed 100% of PM	0.1568	0.6867			0.1568	0.6867
		$PM_{2.5}$	Assumed 100% of PM	0.1568	0.6867			0.1568	0.6867
		VOC	Enviva Greenwood	6.4045	28.0519			6.4045	28.0519
		Acetaldehyde	Enviva Greenwood	0.0375	0.1642			0.0375	0.1642
		Acrolein	Enviva Greenwood	0.0562	0.2463			0.0562	0.2463
		Formaldehyde	Enviva Greenwood	0.0012	0.0055			0.0012	0.0055
		Methanol	Enviva Greenwood	0.0306	0.1341			0.0306	0.1341
		Phenol	Enviva Greenwood	0.0144	0.0629			0.0144	0.0629
		Propionaldehyde	Enviva Greenwood	0.0646	0.2828			0.0646	0.2828
PB1	PB1	PM	Vendor design/guarantee	1.0832	4.7445			1.0832	4.7445
		PM_{10}	26% of PM (Enviva Greenwood)	0.2816	1.2336			0.2816	1.2336
		$PM_{2.5}$	Enviva Greenwood	0.0791	0.3467			0.0791	0.3467
		VOC	Enviva Greenwood	15.4646	67.7351			15.4646	67.7351
		Acetaldehyde	Enviva Greenwood	0.1750	0.7663			0.1750	0.7663
		Acrolein	Enviva Greenwood	0.2598	1.1380			0.2598	1.1380
		Formaldehyde	Enviva Greenwood	0.6769	2.9648			0.6769	2.9648
		Methanol	Enviva Greenwood	0.0311	0.1364			0.0311	0.1364
		Phenol	Enviva Greenwood	0.1312	0.5747			0.1312	0.5747
		Propionaldehyde	Enviva Greenwood	0.0760	0.3330			0.0760	0.3330

Bureau of Air Quality
Construction Permit Application
Regulatory Review

APPLICATION IDENTIFICATION *(Please ensure that the information list in this table is the same on all of the forms and required information submitted in this construction permit application package.)*		
Facility Name *(This should be the name used to identify the facility)*	SC Air Permit Number (8-digits only) *(Leave blank if one has never been assigned)*	Application Date
Effingham Pellets, LLC	-	December 2020

STATE AND FEDERAL AIR POLLUTION CONTROL REGULATIONS AND STANDARDS
(If not listed below add any additional regulations that are triggered.)

Regulation	Applicable		Include all limits, work practices, monitoring, record keeping, etc.		
	Yes	No	Explain Applicability Determination	List the specific limitations and/or requirements that apply.	How will compliance be demonstrated?
Regulation 61-62.1, Section II(E) Synthetic Minor Construction Permits	☐	☒	Facility is a true minor source.		
Regulation 61-62.1, Section II(G) Conditional Major Operating Permits	☐	☒	Facility is a true minor source.		
Regulation 61-62.5, Standard No. 1 Emissions from Fuel Burning Operations	☐	☒	No fuel burning equipment present.		
Regulation 61-62.5, Standard No. 2 Ambient Air Quality Standards	☒	☐	General requirement	None	N/A - emissions are below the exemption threshold for modeling.
Regulation 61-62.5, Standard No. 3 Waste Combustion and Reduction	☐	☒	Source is not present.		
Regulation 61-62.5, Standard No. 4 Emissions from Process Industries	☒	☐	The pellet box meets the definition of a process with a process weight rate of 5.51 tons/hr.	Opacity ≤ 20% PM ≤ 12.86 lb/hr	Daily visible emissions inspections
Regulation 61-62.5, Standard No. 5 Volatile Organic Compounds	☐	☒	Listed source is not present.		
Regulation 61-62.5, Standard No. 5.2 Control of Oxides of Nitrogen	☐	☒	No fuel burning equipment present.		
Regulation 61-62.5, Standard No. 7 Prevention of Significant Deterioration*	☐	☒	PTE is below the major source threshold.		

STATE AND FEDERAL AIR POLLUTION CONTROL REGULATIONS AND STANDARDS *(If not listed below add any additional regulations that are triggered.)*					
Regulation	**Applicable**		**Include all limits, work practices, monitoring, record keeping, etc.**		
	Yes	**No**	**Explain Applicability Determination**	**List the specific limitations and/or requirements that apply.**	**How will compliance be demonstrated?**
Regulation 61-62.5, Standard No. 7.1 Nonattainment New Source Review*	☐	☒	Facility is located in an attainment area, and PTE is below the major source threshold.		
Regulation 61-62.5, Standard No. 8 Toxic Air Pollutants	☒	☐	General requirement		Modeling is included in Section 5.
Regulation 61-62.6 Control of Fugitive Particulate Matter	☒	☐	General requirement		Facility will minimize fugitive emissions through the use of enclosures and best management practices.
Regulation 61-62.68 Chemical Accident Prevention Provisions	☐	☒	No listed chemicals stored above threshold.		
Regulation 61-62.70 Title V Operating Permit Program	☐	☒	PTE is below the major source threshold.		
40 CFR Part 64 - Compliance Assurance Monitoring (CAM)	☐	☒	PTE is below the major source threshold.		
40 CFR 60 Subpart A - General Provisions	☐	☒	No listed sources present.		
	☐	☐			
40 CFR 61 Subpart A - General Provisions	☐	☒	No listed sources present.		
	☐	☐			
40 CFR 63 Subpart A - General Provisions	☐	☒	No listed soures present.		
40 CFR 63 Subpart DDDD - Plywood and Composite Wood Products	☐	☒	Regulation applies to major sources. Facility PTE is below the major source threshold.		

* Green House Gas emissions must be quantified if these regulations are triggered.

Bureau of Air Quality
Emission Point Information
Page 1 of 4

A. APPLICATION IDENTIFICATION	
1. Facility Name: Effingham Pellets, LLC	
2. SC Air Permit Number (if known; 8-digits only): -	3. Application Date: December 2020
4. Project Description: Construct a greenfield pellet mill.	

B. FACILITY INFORMATION	
1. Is your company a Small Business? ☐ Yes ☒ No	2. If a Small Business or small government facility, is Bureau assistance being requested? ☐ Yes ☐ No
3. Are other facilities collocated for air compliance? ☒ Yes ☐ No	4. If Yes, provide permit numbers of collocated facilities: Charles Ingram Lumber (TV-1040-0016) is collocated for the purpose of air dispersion modeling only.

C. AIR CONTACT			
Consulting Firm Name (if applicable): KJF Consulting Inc.			
Title/Position: President	Salutation: Ms.	First Name: Kathy	Last Name: Ferry
Mailing Address: 501 Chatham Avenue			
City: Columbia		State: SC	Zip Code: 29205
E-mail Address: kathy_ferry@yahoo.com		Phone No.: 803-708-6205	Cell No.: 803-530-6178

D. EMISSION POINT DISPERSION PARAMETERS
Source data requirements are based on the appropriate source classification. Each emission point is classified as a point, area, volume, or flare source. Contact the Bureau of Air Quality for clarification of data requirements. Include sources on a scaled site map. Also, a picture of area or volume sources would be helpful but is not required. A user generated document or spreadsheet may be substituted in lieu of this form provided all of the required emission point parameters are submitted in the same order, units, etc. as presented in these tables.
Abbreviations / Units of Measure: UTM = Universal Transverse Mercator; °N = Degrees North; °W = Degrees West; m = meters; AGL = Above Ground Level; ft = feet; ft/s = feet per second; ° = Degrees; °F = Degrees Fahrenheit

Bureau of Air Quality
Emission Point Information

E. POINT SOURCE DATA

(Point sources such as stacks, chimneys, exhaust fans, and vents.)

Emission Point ID	Description/Name	Point Source Coordinates Projection:				Release Height AGL (ft)	Temp. (°F)	Exit Velocity (ft/s)	Inside Diameter (ft)	Discharge Orientation	Rain Cap? (Y/N)	Distance To Nearest Property Boundary (ft)	Building		
		UTM E (m)	UTM N (m)	Lat (°N)	Long (°W)								Height (ft)	Length (ft)	Width (ft)
PB1	Pellet Box			34°05'04.72"	79°39'01.38"	35	149	115.72	1.0	V	N	200	15	200	125
SILO1	Pellet Silo			34°05'04.90"	79°39'01.81"	65.25	68	0.001	2.0	V	N	200	15	200	125

F. AREA SOURCE DATA

(Area sources such as storage piles, and other sources that have low level or ground level releases with no plumes.)

Emission Point ID	Description/Name	Area Source Coordinates Projection:				Release Height AGL (ft)	Easterly Length (ft)	Northerly Length (ft)	Angle From North (°)	Distance To Nearest Property Boundary (ft)
		UTM E (m)	UTM N (m)	Lat (°N)	Long (° W)					

G. VOLUME SOURCE DATA

(Volume sources such as building fugitives that have initial dispersion vertical depth prior to release.)

Emission Point ID	Description/Name	Volume Source Coordinates Projection:				Release Height AGL (ft)	Initial Horizontal Dimension (ft)	Initial Vertical Dimension (ft)	Distance To Nearest Property Boundary (ft)
		UTM E (m)	UTM N (m)	Lat (°N)	Long (° W)				
BLDG1	Shavings Storage Building			34°05'04.03"	79°39'00.24"	7.5	29.07	6.98	115 ft (road) 1312 ft (property line)

dhec

Bureau of Air Quality
Emission Point Information
Page 3 of 4

H. FLARE SOURCE DATA

(Point sources where the combustion takes place at the tip of the stack.)

Emission Point ID	Description/Name	Flare Source Coordinates Projection:				Release Height AGL (ft)	Heat Release Rate (BTU/hr)	Distance To Nearest Property Boundary (ft)	Building		
		UTM E (m)	UTM N (m)	Lat (°N)	Long (°W)				Height (ft)	Length (ft)	Width (ft)

I. AREA CIRCULAR SOURCE DATA

Emission Point ID	Description/Name	Area Circular Source Coordinates Projection:				Release Height AGL (ft)	Radius of Area (ft)	Distance To Nearest Property Boundary (ft)
		UTM E (m)	UTM N (m)	Lat (°N)	Long (°W)			

J. AREA POLY SOURCE DATA

Emission Point ID	Description/Name	Area Poly Source Coordinates Projection:		Release Height AGL (ft)	Number of Vertices
		UTM E (m)	UTM N (m)		

K. OPEN PIT SOURCE DATA

Emission Point ID	Description/Name	Open Pit Source Coordinates Projection:		Release Height AGL (ft)	Easterly Length (ft)	Northerly Length (ft)	Volume (ft^3)	Angle From North (°)
		UTM E (m)	UTM N (m)					

Bureau of Air Quality
Emission Point Information
Page 4 of 4

L. EMISSION RATES						
Emission Point ID	**Pollutant Name**	**CAS #**	**Emission Rate (lb/hr)**	**Same as Permitted (1)**	**Controlled or Uncontrolled**	**Averaging Period**
PB1	Acrolein	107-02-8		☒ Yes ☐ No	Uncontrolled	24-hr
PB1	Formaldehyde	50-00-0		☒ Yes ☐ No	Uncontrolled	24-hr
SILO1	Formaldehyde	50-00-0		☒ Yes ☐ No	Uncontrolled	24-hr
BLDG1	Formaldehyde	50-00-0		☒ Yes ☐ No	Uncontrolled	24-hr
				☐ Yes ☐ No		
				☐ Yes ☐ No		
				☐ Yes ☐ No		
				☐ Yes ☐ No		
				☐ Yes ☐ No		
				☐ Yes ☐ No		
				☐ Yes ☐ No		
				☐ Yes ☐ No		
				☐ Yes ☐ No		
				☐ Yes ☐ No		
				☐ Yes ☐ No		
				☐ Yes ☐ No		
				☐ Yes ☐ No		
				☐ Yes ☐ No		
				☐ Yes ☐ No		
				☐ Yes ☐ No		
				☐ Yes ☐ No		
				☐ Yes ☐ No		
				☐ Yes ☐ No		
				☐ Yes ☐ No		
				☐ Yes ☐ No		
				☐ Yes ☐ No		
				☐ Yes ☐ No		
				☐ Yes ☐ No		
				☐ Yes ☐ No		

(1) Any difference between the rates used for permitting and the air compliance demonstration must be explained in the application report.

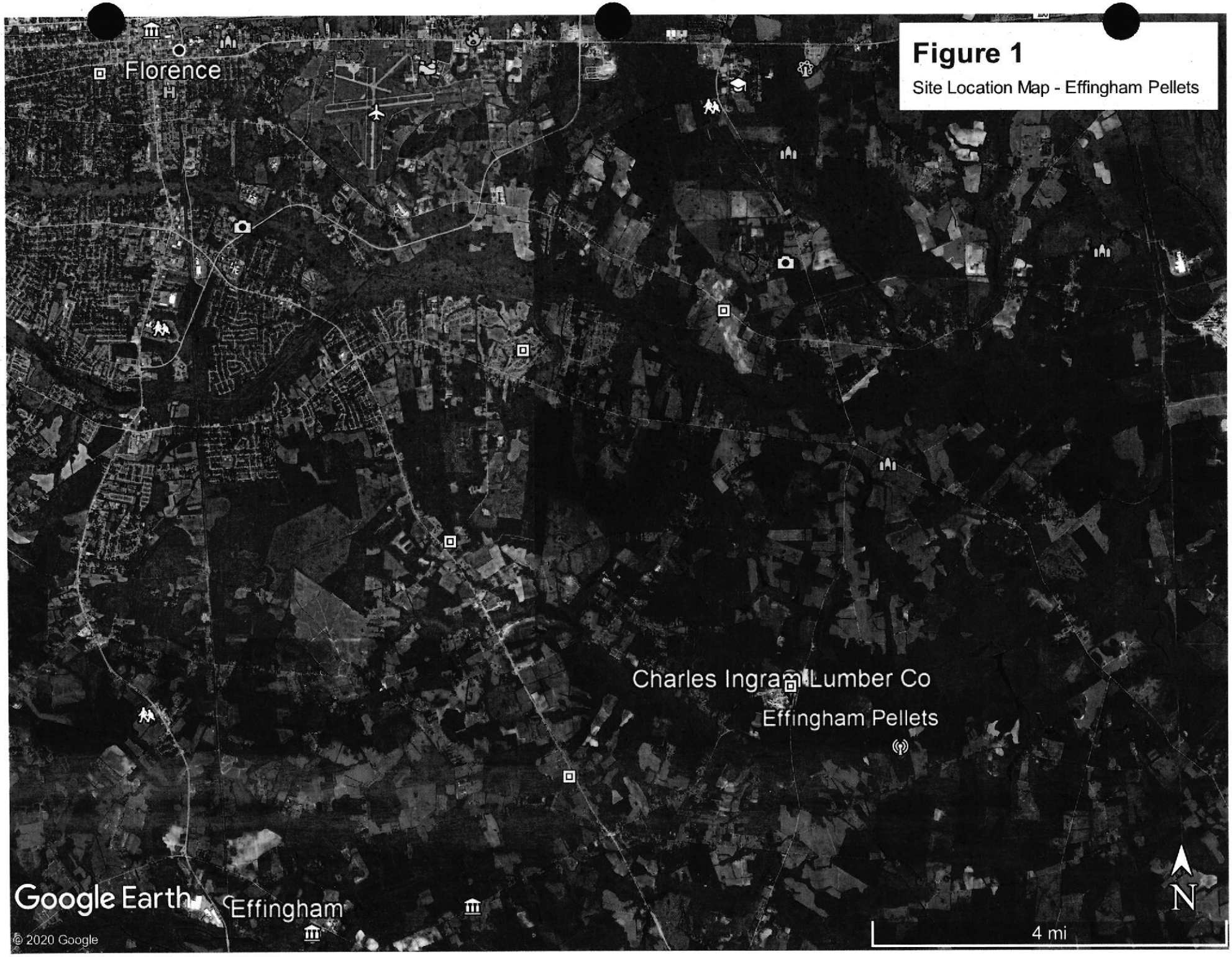
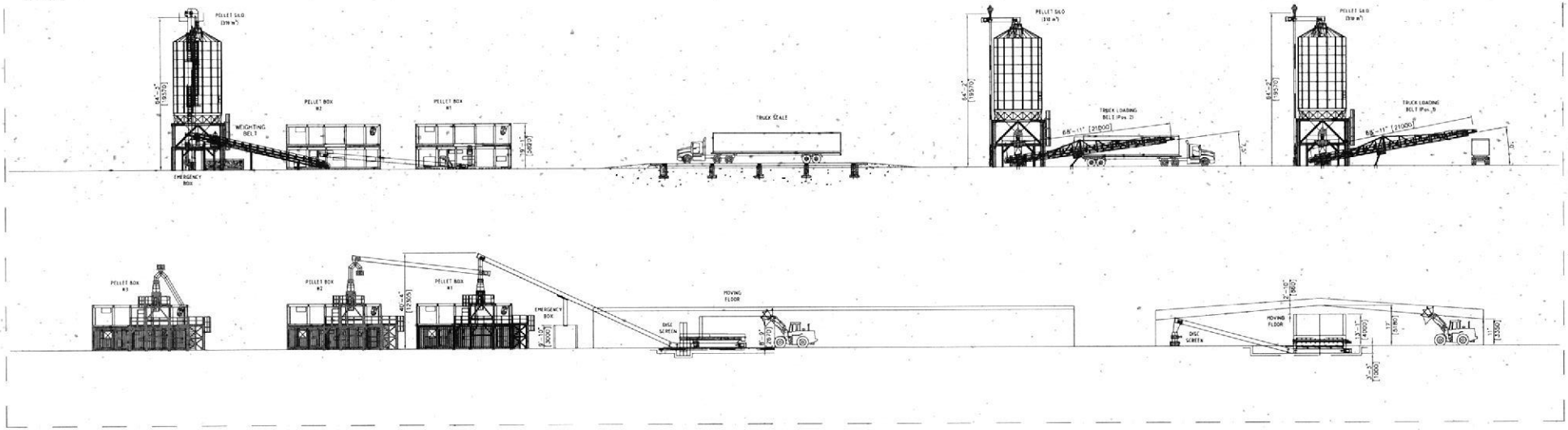


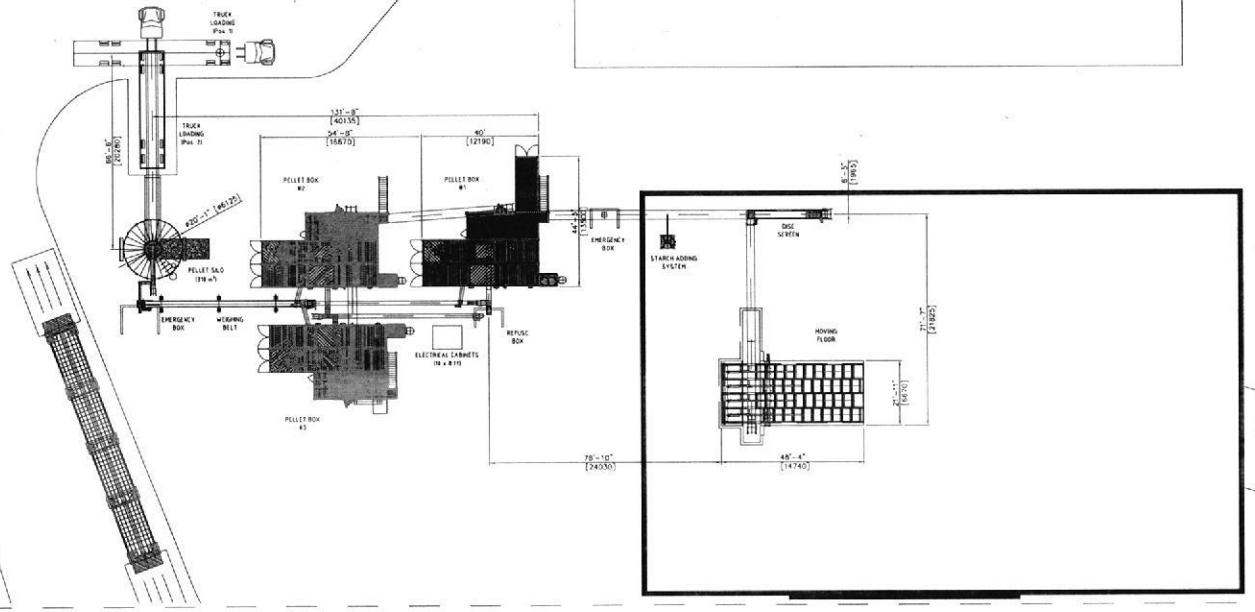
Figure 1

Site Location Map - Effingham Pellets

ELEVATIONS
SCALE 1:250



PLANT
SCALE 1:250



PRELIMINARY
NOT VALID FOR CONSTRUCTION

NOTES:
- DIMENSIONS [] ARE SHOWN IN MILLIMETERS.

UNITS	DENOMINATION / SIZES	ITEM	STANDARD/ DRAWING N°	MATERIAL	SURFACE FINISH	TOTAL MEASURE
B	Reproduction of this document, passing it on to third parties, use or communication of its contents, are forbidden without express authority. Offenders will be liable to the payment of damages. All rights are reserved in the event of the grant of a patent or registration of design.	La reproduction sous quelque forme que ce soit, la communication ou l'utilisation de son contenu, sont interdites sauf autorisation expresse. Les contrevenants s'engagent à payer des dommages-intérêts. Tous les droits sont réservés en cas de délivrance de brevet ou d'enregistrement de modèle ou dessin.	En ZTNA 1 / En 806 TM30			
			Please refer without notice to any modification	FINE	A	
				MEDIUM	B	
				THICK	C	
				VERY THICK	D	

CATEGORY	SIZE		
I		I	
II		II	
III		III	

INITIAL REVIEW			
DRAWN	A.C.U	DATE	2020/05/13
APPROVED	J.H	DATE	2020/05/13
CURRENT REVIEW			
MODIFIED			
DRAWN	D.G.A	DATE	2020/07/29
APPROVED	D.G.A	DATE	2020/07/29

DENOMINATION
Figure 2
Effingham Pellets Site Layout

CLIENT
PRODESA

PRODESA

SCALES: —
FILE: 2626-DFS-D3-0001
REVIEW: F

F17-DFS-D1.dwg

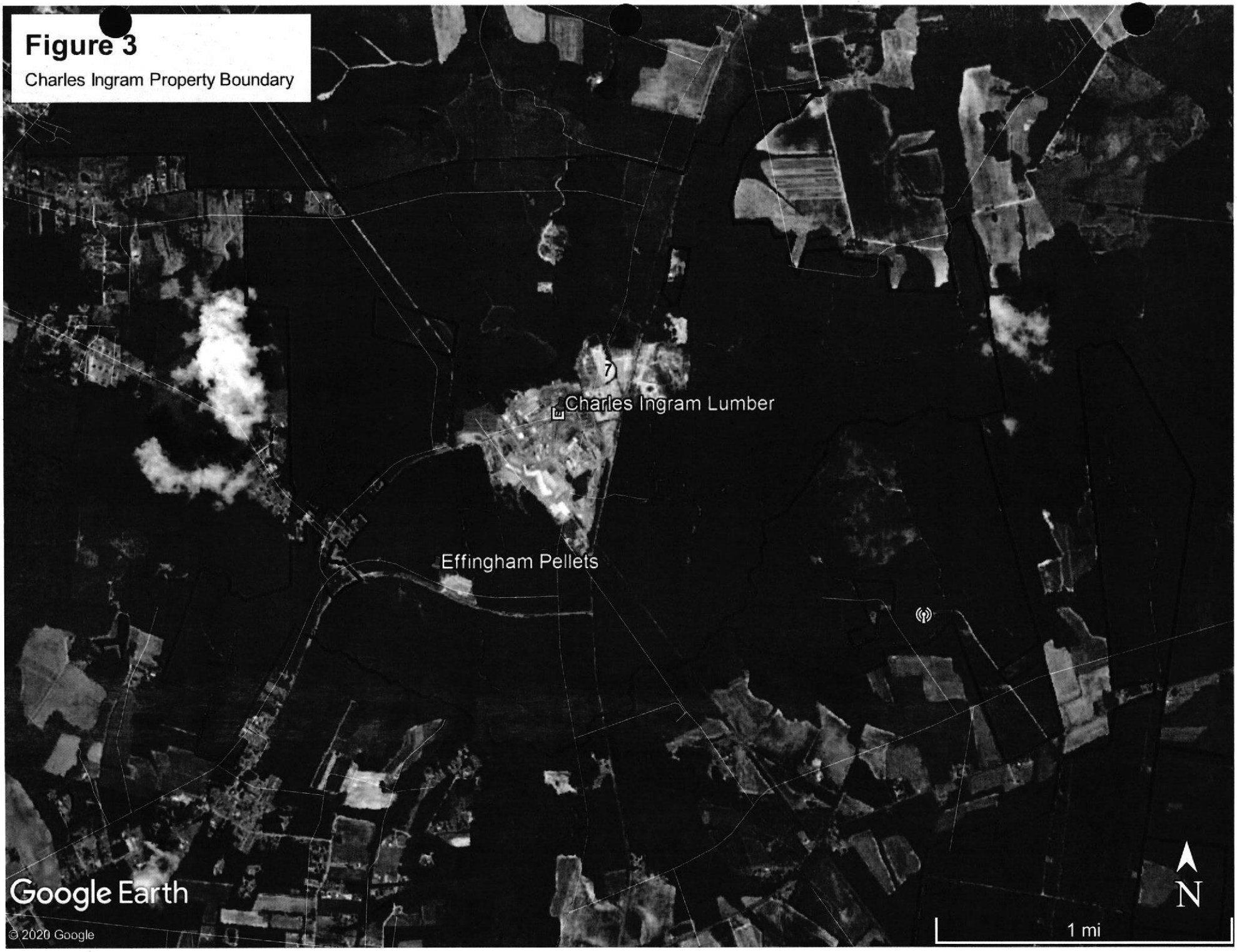


Figure 3
Charles Ingram Property Boundary
Charles Ingram Lumber
Effingham Pellets
Google Earth
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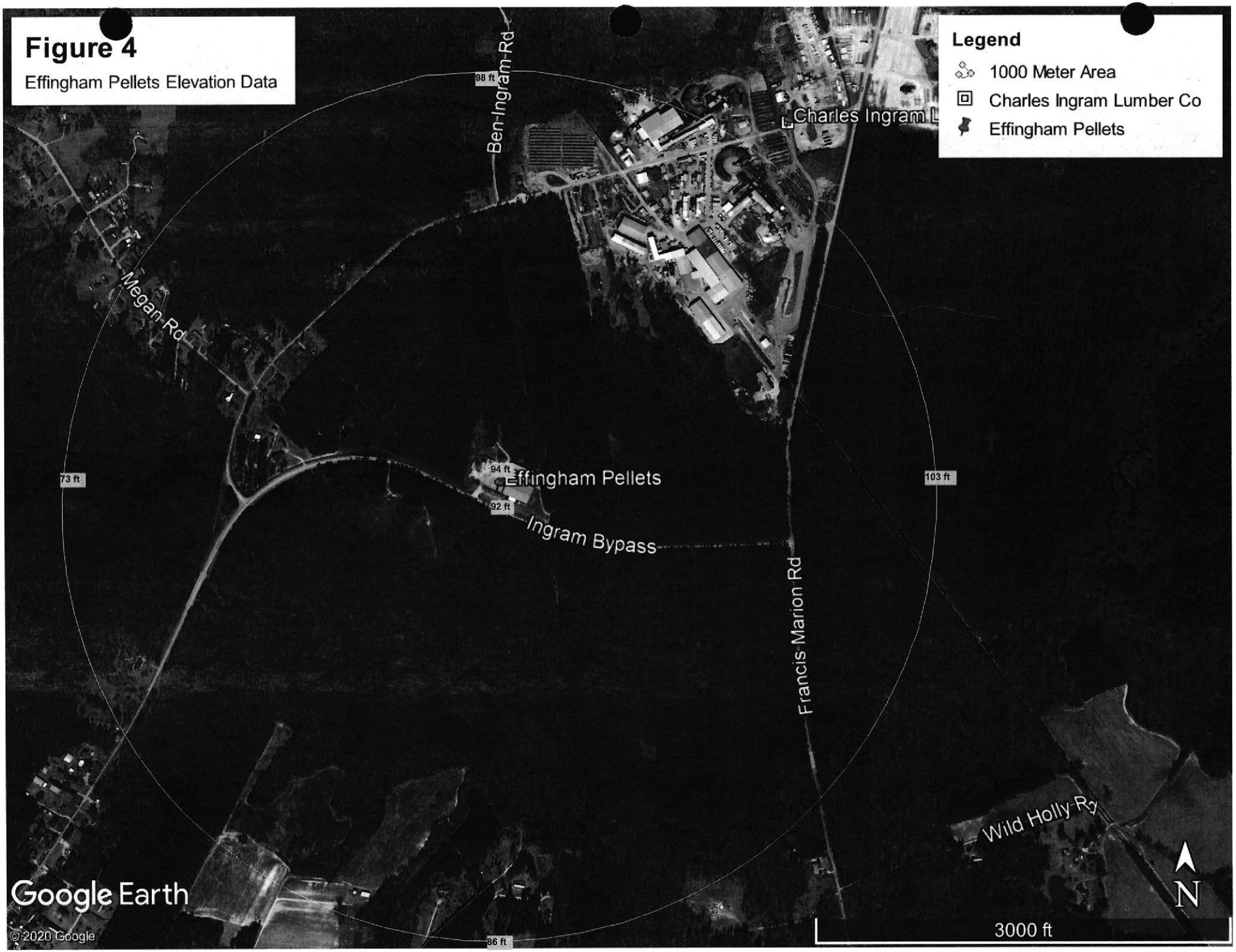
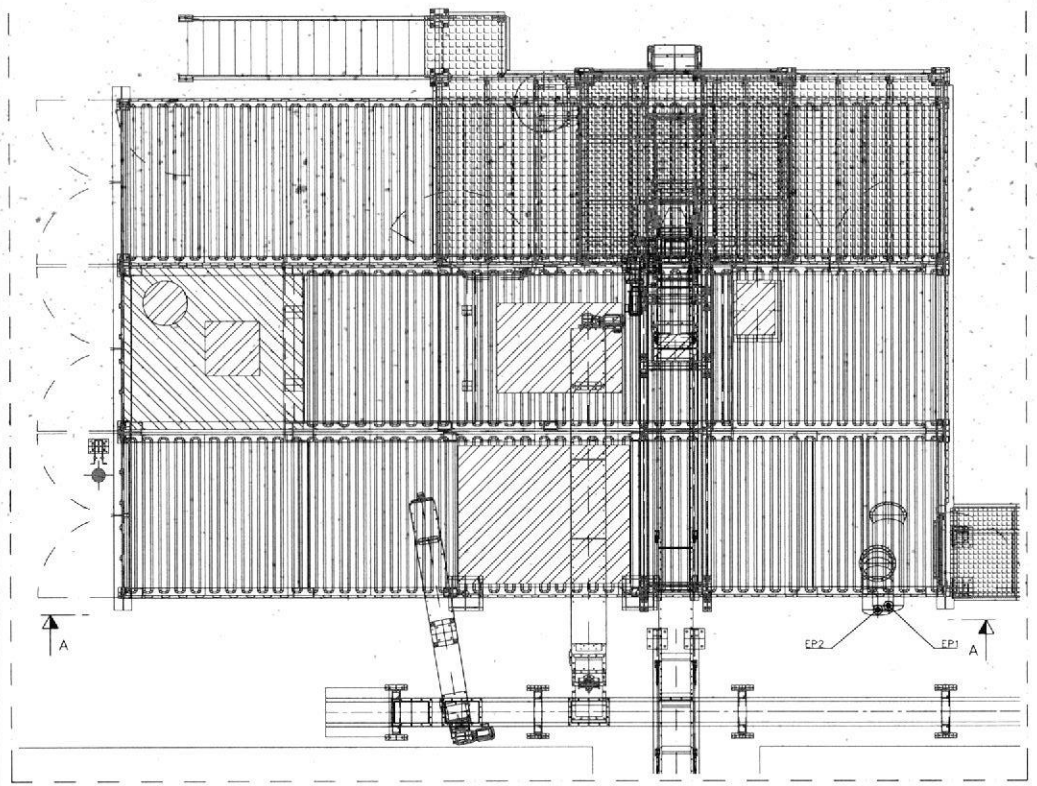


Figure 4
Effingham Pellets Elevation Data
Legend
1000 Meter Area
Charles Ingram Lumber Co
Effingham Pellets
Ben Ingram Rd
Charles Ingram L
Megan Rd
98 ft
73 ft
94 ft
92 ft
Effingham Pellets
Ingram Bypass
103 ft
Francis Marion Rd
Wild Holly Rd
86 ft
Google Earth
© 2020 Google
N
3000 ft



DETAIL Z
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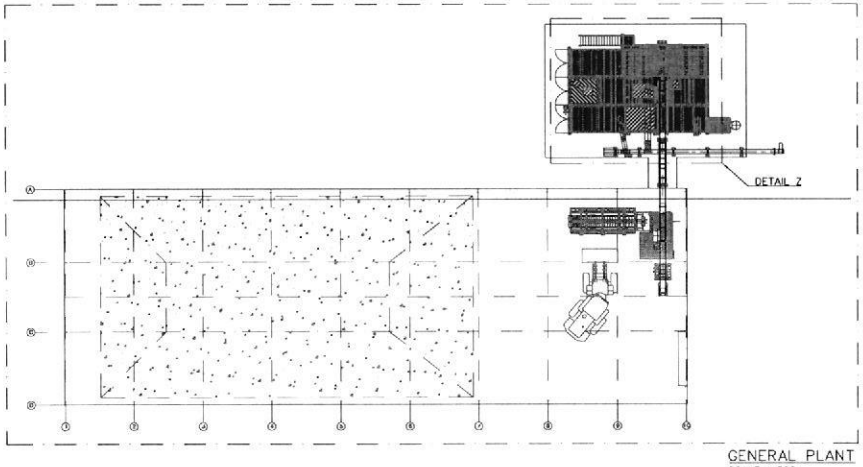

GENERAL PLANT
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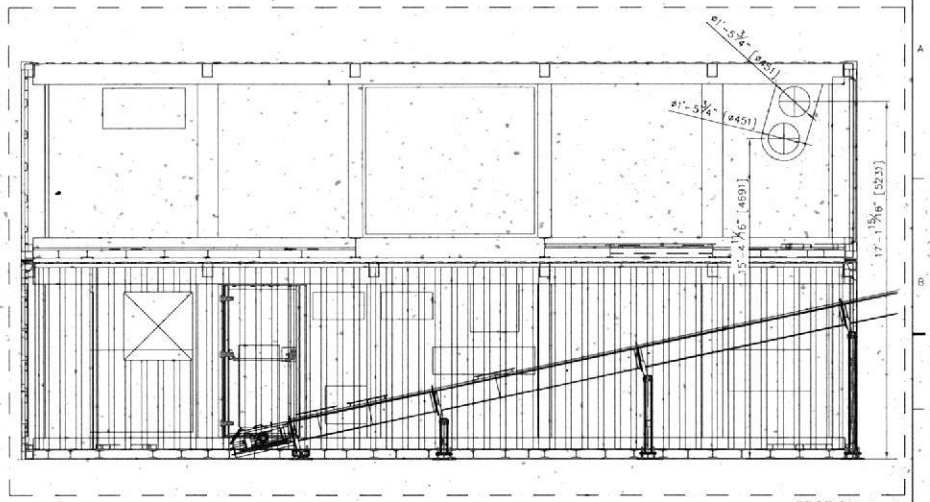

SECTION A–A
SCALE 1:50

VOC'S EMISSIONS

ITEM	DESCRIPTION	HEIGHT	TEMPERATURE	AIR FLOW	VOC'S CONCENTRATION	WORKING HOURS	VOC'S TOTAL EMISSION AMOUNTS	VOC'S TOTAL EMISSION AMOUNTS
		[m]	[ºC]	[Nm3/h]	[mg/Nm3]	[h/year]	[t/year]	[ston/year]
EP1	Hammer mill air exhaust	5,2	45	6.705	400	7500	20,12	22,18
EP2	Cooler air exhaust	4,7	65	9.265	350	7500	24,32	26,81
	TOTAL							**48,99**

PM EMISSIONS

ITEM	DESCRIPTION	FILTER DEVICE	HEIGHT	AIR FLOW	PM CONCENTRATION	WORKING HOURS	VOC'S TOTAL EMISSION AMOUNTS	VOC'S TOTAL EMISSION AMOUNTS
			[m]	[Nm3/h]	[mg/Nm3]	[h/year]	[t/year]	[ston/year]
EP1	Hammer mill air exhaust	Cyclo-filter	5,2	6.705	10	7500	0,502875	0,55
EP2	Cooler air exhaust	Cyclone	4,7	9.265	50	7500	3,474375	3,83
	TOTAL							**4,39**

NOTES:
-These data are indicative and with not contractual value.
-These data have been obtained regarding our experience in different plants and vary depending on the working conditions, and the type (specie), freshness and lifetime of the wood.
-No VOC's, CO, NOx or SO2 treatment has been considered in the design of the plant.

UNITS	DENOMINATION / SIZES	ITEM	STANDARD / DRAWING N°	MATERIAL	SURFACE FINISH	TOTAL WEIGHT
II I			Measures without tolerance indication	EN 22768-1: FINE, MEDIUM, THICK / EN ISO 13920: A, B, C, D	Chamfer sharp edges 0,3÷0,5x45°	

CATEGORY	SIZE			
I		I	INITIAL REVIEW	
II		II	DRAWN: A CU	DATE: 2019/05/17
III		III	APPROVED: GS	DATE: 2019/05/17

DENOMINATION
Figure 5
Pellet Box Emissions Points

CURRENT REVIEW
MODIFIED: ADDED VOC'S EMISSION TABLE
DRAWN: GC — DATE: 2019/10/28
APPROVED: GC — DATE: 2019/10/28

CLIENT
PRODESA — PRODESA

SCALES	FILE	REVIEW
1:300 1:50	2160-PME-03-9901	A

FIT-075-01 d=g

Effingham Pellets
Facility-wide Potential Emissions

Key Factors

Production Rate:	5.51	tons/hr @ actual moisture content
Pellet Moisture Content:	5.5	% moisture (ranges from 5-6%)
Dry Production Rate:	5.21	ODT/hr
Operating Hours:	8760	hr/yr

Hammermill

Exhaust Flow Rate:	6,705	Nm3/hr	249,426	dscfh
Exhaust PM Loading:	10	mg/Nm3	0.0044	gr/dscf

Pelletizer/Cooler

Exhaust Flow Rate:	9,265	Nm3/hr	344,658	dscfh
Exhaust PM Loading:	50	mg/Nm3	0.022	gr/dscf

Potential Emissions				Std. 8 De Minimis	%
Pollutant	lb/hr	ton/yr	lb/day	lb/day	De Minimis
Facility Total					
VOC	22.02	96.43			
PM	1.33	5.84			
P10	0.49	2.15			
PM2.5	0.24	1.07			
HAPs/TAPs					
Acetaldehyde	0.21	0.93	5.10	21.600	24%
Acrolein	0.32	1.38	7.59	0.015	50570%
Formaldehyde	0.69	3.01	16.49	0.180	9159%
Methanol	0.08	0.36	1.99	15.720	13%
Phenol	0.15	0.64	3.49	2.280	N/A
Propionaldehyde	0.14	0.62	3.37	N/A	N/A
Total HAP	1.58	6.94			

*** DHEC Modeling Guidelines allow emissions of trace pollutants to be excluded from modeling under Standard 8. Trace is defined as <0.1% for OSHA carcinogens and 1% for non-carcinogens. Of the pollutants present, acetaldehyde and formaldehyde are the only carcinogens.**

Effingham Pellets
Facility-wide Potential Emissions

Pollutant	Throughput	Factor	% of Total	lb/hr	ton/yr	Comment/Reference
Dry Shavings Handling and Storage						
VOC	5.21 ODT/hr	0.0142 lb/ODT		0.0739	0.3239	Based on Enviva Greenwood factors
PM	5.21 ODT/hr	0.00117 lb/ODT		0.0122	0.0534	Based on AP-42 13.4.2 Material Transfer Equations and 2 transfers
P10	5.21 ODT/hr	0.000554 lb/ODT		0.0058	0.0253	Based on AP-42 13.4.2 Material Transfer Equations and 2 transfers
PM2.5	5.21 ODT/hr	0.0000839 lb/ODT		0.0009	0.0038	Based on AP-42 13.4.2 Material Transfer Equations and 2 transfers
HAPs/TAPs						
Formaldehyde	5.21 ODT/hr	0.00084 lb/ODT	5.08%	0.0044	0.0192	Based on Enviva Greenwood factors
Methanol	5.21 ODT/hr	0.00203 lb/ODT	12.27%	0.0106	0.0463	Based on Enviva Greenwood factors
Total HAP				0.0149	0.0655	
Dry Hammermill						
VOC	5.21 ODT/hr	1.23 lb/ODT		6.4045	28.0519	Based on testing @ multiple Enviva plants w/ safety added
PM (based on vend	249,426 dscfh	0.0044 gr/dscf		0.1568	0.6867	Equipment vendor specifications
P10	5.21 ODT/hr	100 % of PM		0.1568	0.6867	Engineering assumption
PM2.5	5.21 ODT/hr	100 % of PM		0.1568	0.6867	Engineering assumption
HAPs/TAPs						
Acetaldehyde	5.21 ODT/hr	0.0072 lb/ODT	0.57%	0.0375	0.1642	Non-detect @ Greenwood. Factor from other Enviva plants w/ safety added
Acrolein	5.21 ODT/hr	0.0108 lb/ODT	0.86%	0.0562	0.2463	Non-detect @ Greenwood. Factor from other Enviva plants w/ safety added
Formaldehyde	5.21 ODT/hr	0.00024 lb/ODT	0.02%	0.0012	0.0055	Dec. 2018 testing @ Greenwood w/ safety added
Methanol	5.21 ODT/hr	0.00588 lb/ODT	0.47%	0.0306	0.1341	Dec. 2018 testing @ Greenwood w/ safety added
Phenol	5.21 ODT/hr	0.00276 lb/ODT	0.22%	0.0144	0.0629	Non-detect @ Greenwood. Factor based on engineering judgement
Propionaldehyde	5.21 ODT/hr	0.0124 lb/ODT	0.98%	0.0646	0.2828	Based on Enviva Colombo testing w/safety added
Total HAP				0.2045	0.8958	
Pelletizer / Cooler						
VOC	5.21 ODT/hr	2.97 lb/ODT		15.4646	67.7351	Jan. 2019 testing @ Greenwood w/ safety added
PM (based on vend	344,658 dscfh	0.022 gr/dscf		1.0832	4.7445	Vendor Specification
P10	5.21 ODT/hr	26 % of PM		0.2816	1.2336	Engineering Judgement & Data from Enviva facilities
PM2.5	5.21 ODT/hr	0.0152 lb/ODT		0.0791	0.3467	Jan. 2019 testing @ Greenwood w/ safety added
HAPs/TAPs						
Acetaldehyde	5.21 ODT/hr	0.0336 lb/ODT	1.06%	0.1750	0.7663	
Acrolein	5.21 ODT/hr	0.0499 lb/ODT	1.57%	0.2598	1.1380	
Formaldehyde	5.21 ODT/hr	0.13 lb/ODT	4.09%	0.6769	2.9648	
Methanol	5.21 ODT/hr	0.00598 lb/ODT	0.19%	0.0311	0.1364	
Phenol	5.21 ODT/hr	0.0252 lb/ODT	0.79%	0.1312	0.5747	
Propionaldehyde	5.21 ODT/hr	0.0146 lb/ODT	0.46%	0.0760	0.3330	
Total HAP				1.3501	5.9133	
Pellet Handling and Storage						
VOC	5.21 ODT/hr	0.0142 lb/ODT		0.0739	0.3239	Based on Enviva Greenwood factors
PM	5.21 ODT/hr	0.00117 lb/ODT		0.0122	0.0534	Based on AP-42 13.4.2 Material Transfer Equations and 2 transfers
P10	5.21 ODT/hr	0.000554 lb/ODT		0.0058	0.0253	Based on AP-42 13.4.2 Material Transfer Equations and 2 transfers
PM2.5	5.21 ODT/hr	0.0000839 lb/ODT		0.0009	0.0038	Based on AP-42 13.4.2 Material Transfer Equations and 2 transfers
HAPs/TAPs						
Formaldehyde	5.21 ODT/hr	0.00084 lb/ODT	5.08%	0.0044	0.0192	Based on Enviva Greenwood factors
Methanol	5.21 ODT/hr	0.00203 lb/ODT	12.27%	0.0106	0.0463	Based on Enviva Greenwood factors
Total HAP				0.0149	0.0655	
Road Fugitives						
PM				0.0687	0.3008	Based on AP-42 13.2.2 Unpaved Roads
P10				0.0400	0.1750	Based on AP-42 13.2.2 Unpaved Roads
PM2.5				0.0057	0.0249	Based on AP-42 13.2.2 Unpaved Roads

Effingham Pellets
Material Handling and Storage

Emission Source	Percent Moisture	Max. Transfer Rates (TPY)	Calculated Emission Factors (lb/ton/transfer)			Emissions (TPY)		
			PM	PM10	PM2.5	PM	PM10	PM2.5
Dry Planer Shavings (unload to building)	5.5	45,613	1.17E-03	5.54E-04	8.39E-05	0.027	0.013	0.002
Dry Planer Shavings (transfer to pellet box)	5.5	45,613	1.17E-03	5.54E-04	8.39E-05	0.027	0.013	0.002
Finished Pellets (transfer to silo)	5.5	45,613	1.17E-03	5.54E-04	8.39E-05	0.027	0.013	0.002
Finished Pellets (transfer to trucks)	5.5	45,613	1.17E-03	5.54E-04	8.39E-05	0.027	0.013	0.002
TOTAL						**0.107**	**0.051**	**0.008**

Formula to calculate emission factor for byproduct handling taken from AP-42, 2005.
E=k*((0.0032)*(U/5)^1.3))/(M/2)^1.4

E = emission factor (lb/ton)
k = particle size multiplier, 0.74 for PM, 0.35 for PM10 and 0.053 for PM2.5.
U = mean wind speed (mph) — 8.65 Taken from TANKS Program 4.0 meteorological data for Wilmington, NC
M = material moisture content (%) — Finished pellets will have 5-6% moisture. Planer shavings have a higher moisture content, but 5.5% was used as a conservative worst case.

Effingham Pellets
Road Fugitive Emissions

Emission Calculations for Haul Roads			
	Shavings Trucks	Pellet Trucks	TOTAL
Mean Vehicle Speed (mph)	10	10	
Mean Vehicle Weight (ton)	28	28	
Mean Number of Wheels	18	18	
Unpaved Road Silt Content (%)	3.0	3.0	
Distance on Unpaved Rd (miles)	0.5	0.5	
Number of Trucks (Unpaved Rds)	1,856	1,856	
Vehicle Miles Traveled - Unpaved Road	928	928	
Unpaved Road Emissions			
PM (lb/yr)	300.78	300.78	
PM-10 (lb/yr)	174.99	174.99	
PM-2.5 (lb/yr)	24.85	24.85	
PM (lb/hr, annual average)	0.034	0.034	**0.069**
PM-10 (lb/hr, annual average)	0.020	0.020	**0.040**
PM-2.5 (lb/hr, annual average)	0.003	0.003	**0.006**
Total Road Emissions (lb/hr)			
PM	0.034	0.034	**0.069**
PM10	0.020	0.020	**0.040**
PM-2.5	0.003	0.003	**0.006**
Total Road Emissions (TPY)			
PM	0.150	0.150	**0.301**
PM10	0.087	0.087	**0.175**
PM-2.5	0.012	0.012	**0.025**

Unpaved Roads Emissions Calculation (based on approach in AP-42, Section 13.2.2, Unpaved Roads, 11/06):

$$E_{ext} = k * (s/12)^a * (W/3)^b * [(365 - p) /365] * (S/15)$$

k, a, and b are constants, as defined below.

s = surface material silt content = 3

W = mean vehicle weight, from site data above

p = number of days with at least 0.01 inches of precipitation per year = 190 days

S = mean vehicle speed, if less than 15 mph = assumed 5 mph

Constant	PM-10	PM	PM-2.5
k (lb/VMT)	1.5	4.9	0.15
a	0.9	0.7	0.9
b	0.45	0.45	0.45

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17:55:20

*** SCREEN3 MODEL RUN ***
*** VERSION DATED 13043 ***

Effingham Pellet Cooler Simple Acrolein

SIMPLE TERRAIN INPUTS:

SOURCE TYPE	=	POINT
EMISSION RATE (G/S)	=	0.327350E-01
STACK HEIGHT (M)	=	10.6680
STK INSIDE DIAM (M)	=	0.3048
STK EXIT VELOCITY (M/S)	=	35.2713
STK GAS EXIT TEMP (K)	=	338.1500
AMBIENT AIR TEMP (K)	=	293.1500
RECEPTOR HEIGHT (M)	=	0.0000
URBAN/RURAL OPTION	=	RURAL
BUILDING HEIGHT (M)	=	4.5720
MIN HORIZ BLDG DIM (M)	=	38.1000
MAX HORIZ BLDG DIM (M)	=	60.9600

THE REGULATORY (DEFAULT) MIXING HEIGHT OPTION WAS SELECTED.
THE REGULATORY (DEFAULT) ANEMOMETER HEIGHT OF 10.0 METERS WAS ENTERED.

BUOY. FLUX = 1.069 M**4/S**3; MOM. FLUX = 25.049 M**4/S**2.

*** FULL METEOROLOGY ***

****
*** SCREEN AUTOMATED DISTANCES ***
****

*** TERRAIN HEIGHT OF 0. M ABOVE STACK BASE USED FOR FOLLOWING DISTANCES ***

DIST (M)	CONC (UG/M**3)	STAB	U10M (M/S)	USTK (M/S)	MIX HT (M)	PLUME HT (M)	SIGMA Y (M)	SIGMA Z (M)	DWASH
411.	2.905	4	2.5	2.5	800.0	23.44	30.42	16.03	NO
500.	2.769	4	2.0	2.0	640.0	26.64	36.43	18.86	NO
600.	2.605	4	2.0	2.0	640.0	26.64	42.96	21.70	NO
700.	2.439	4	1.5	1.5	480.0	31.96	49.56	24.79	NO
800.	2.276	4	1.5	1.5	480.0	31.96	55.91	27.46	NO

MAXIMUM 1-HR CONCENTRATION AT OR BEYOND 411. M:

411.	2.905	4	2.5	2.5	800.0	23.44	30.42	16.03	NO

****
*** SCREEN AUTOMATED DISTANCES ***
****

*** TERRAIN HEIGHT OF 3. M ABOVE STACK BASE USED FOR FOLLOWING DISTANCES ***

DIST (M)	CONC (UG/M**3)	STAB	U10M (M/S)	USTK (M/S)	MIX HT (M)	PLUME HT (M)	SIGMA Y (M)	SIGMA Z (M)	DWASH
800.	2.574	4	1.5	1.5	480.0	28.91	55.91	27.46	NO
900.	2.350	4	1.0	1.0	320.0	39.56	62.55	30.85	NO
1000.	2.269	5	1.0	1.0	10000.0	37.79	51.66	23.28	NO
1100.	2.291	6	1.0	1.0	10000.0	32.55	37.64	16.44	NO
1200.	2.401	6	1.0	1.0	10000.0	32.55	40.64	17.20	NO
1300.	2.480	6	1.0	1.0	10000.0	32.55	43.63	17.94	NO
1400.	2.530	6	1.0	1.0	10000.0	32.55	46.59	18.67	NO
1500.	2.558	6	1.0	1.0	10000.0	32.55	49.54	19.39	NO
1600.	2.567	6	1.0	1.0	10000.0	32.55	52.48	20.09	NO
1700.	2.561	6	1.0	1.0	10000.0	32.55	55.40	20.77	NO
1800.	2.543	6	1.0	1.0	10000.0	32.55	58.30	21.45	NO
1900.	2.516	6	1.0	1.0	10000.0	32.55	61.20	22.12	NO
2000.	2.482	6	1.0	1.0	10000.0	32.55	64.07	22.77	NO

MAXIMUM 1-HR CONCENTRATION AT OR BEYOND 800. M:

800.	2.574	4	1.5	1.5	480.0	28.91	55.91	27.46	NO

DWASH= MEANS NO CALC MADE (CONC = 0.0)
DWASH=NO MEANS NO BUILDING DOWNWASH USED
DWASH=HS MEANS HUBER-SNYDER DOWNWASH USED
DWASH=SS MEANS SCHULMAN-SCIRE DOWNWASH USED
DWASH=NA MEANS DOWNWASH NOT APPLICABLE, X<3*LB

****
*** SCREEN DISCRETE DISTANCES ***
****

*** TERRAIN HEIGHT OF 0.0 M ABOVE STACK BASE USED FOR FOLLOWING DISTANCES ***

DIST (M)	CONC (UG/M**3)	STAB	U10M (M/S)	USTK (M/S)	MIX HT (M)	PLUME HT (M)	SIGMA Y (M)	SIGMA Z (M)	DWASH
61.	1.489	1	3.0	3.0	960.0	21.37	17.48	9.26	NO

DWASH= MEANS NO CALC MADE (CONC = 0.0)
DWASH=NO MEANS NO BUILDING DOWNWASH USED
DWASH=HS MEANS HUBER-SNYDER DOWNWASH USED
DWASH=SS MEANS SCHULMAN-SCIRE DOWNWASH USED
DWASH=NA MEANS DOWNWASH NOT APPLICABLE, X<3*LB

****
* SUMMARY OF TERRAIN HEIGHTS ENTERED FOR *
* SIMPLE ELEVATED TERRAIN PROCEDURE *
****

TERRAIN HT (M)	DISTANCE RANGE (M) MINIMUM	MAXIMUM
0.0	411.	800.
3.0	800.	2000.
0.0	61.	--

****
*** REGULATORY (Default) ***
PERFORMING CAVITY CALCULATIONS
WITH ORIGINAL SCREEN CAVITY MODEL
(BRODE, 1988)
****

*** CAVITY CALCULATION - 1 ***			*** CAVITY CALCULATION - 2 ***		
CONC (UG/M**3)	=	0.000	CONC (UG/M**3)	=	0.000
CRIT WS @10M (M/S)	=	99.99	CRIT WS @10M (M/S)	=	99.99
CRIT WS @ HS (M/S)	=	99.99	CRIT WS @ HS (M/S)	=	99.99
DILUTION WS (M/S)	=	99.99	DILUTION WS (M/S)	=	99.99
CAVITY HT (M)	=	4.57	CAVITY HT (M)	=	4.57
CAVITY LENGTH (M)	=	24.62	CAVITY LENGTH (M)	=	21.62
ALONGWIND DIM (M)	=	38.10	ALONGWIND DIM (M)	=	60.96

CAVITY CONC NOT CALCULATED FOR CRIT WS > 20.0 M/S. CONC SET = 0.0

****
END OF CAVITY CALCULATIONS
****

*** INVERSION BREAK-UP FUMIGATION CALC. ***
CONC (UG/M**3) = 0.000
DIST TO MAX (M) = 395.79

DIST TO MAX IS < 2000. M. CONC SET = 0.0

****
*** SUMMARY OF SCREEN MODEL RESULTS ***
****

CALCULATION PROCEDURE	MAX CONC (UG/M**3)	DIST TO MAX (M)	TERRAIN HT (M)
SIMPLE TERRAIN	2.905	411.	0.

12/03/20
18:18:37

*** SCREEN3 MODEL RUN ***
*** VERSION DATED 13043 ***

Effingham Pellet Cooler Flat Acrolein

SIMPLE TERRAIN INPUTS:

SOURCE TYPE	=	POINT
EMISSION RATE (G/S)	=	0.327350E-01
STACK HEIGHT (M)	=	10.6680
STK INSIDE DIAM (M)	=	0.3048
STK EXIT VELOCITY (M/S)	=	35.2713
STK GAS EXIT TEMP (K)	=	338.1500
AMBIENT AIR TEMP (K)	=	293.1500
RECEPTOR HEIGHT (M)	=	0.0000
URBAN/RURAL OPTION	=	RURAL
BUILDING HEIGHT (M)	=	4.5720
MIN HORIZ BLDG DIM (M)	=	38.1000
MAX HORIZ BLDG DIM (M)	=	60.9600

THE REGULATORY (DEFAULT) MIXING HEIGHT OPTION WAS SELECTED.
THE REGULATORY (DEFAULT) ANEMOMETER HEIGHT OF 10.0 METERS WAS ENTERED.

BUOY. FLUX = 1.069 M**4/S**3; MOM. FLUX = 25.049 M**4/S**2.

*** FULL METEOROLOGY ***

****
*** SCREEN AUTOMATED DISTANCES ***
****

*** TERRAIN HEIGHT OF 0. M ABOVE STACK BASE USED FOR FOLLOWING DISTANCES ***

DIST (M)	CONC (UG/M**3)	STAB	U10M (M/S)	USTK (M/S)	MIX HT (M)	PLUME HT (M)	SIGMA Y (M)	SIGMA Z (M)	DWASH
411.	2.905	4	2.5	2.5	800.0	23.44	30.42	16.03	NO
500.	2.769	4	2.0	2.0	640.0	26.64	36.43	18.86	NO
600.	2.605	4	2.0	2.0	640.0	26.64	42.96	21.70	NO
700.	2.439	4	1.5	1.5	480.0	31.96	49.56	24.79	NO
800.	2.276	4	1.5	1.5	480.0	31.96	55.91	27.46	NO
900.	2.092	4	1.5	1.5	480.0	31.96	62.18	30.09	NO
1000.	1.991	4	1.0	1.0	320.0	42.61	68.74	33.37	NO

MAXIMUM 1-HR CONCENTRATION AT OR BEYOND 411. M:

411.	2.905	4	2.5	2.5	800.0	23.44	30.42	16.03	NO

DWASH= MEANS NO CALC MADE (CONC = 0.0)

```
 DWASH=NO MEANS NO BUILDING DOWNWASH USED
 DWASH=HS MEANS HUBER-SNYDER DOWNWASH USED
 DWASH=SS MEANS SCHULMAN-SCIRE DOWNWASH USED
 DWASH=NA MEANS DOWNWASH NOT APPLICABLE, X<3*LB

*********************************
*** SCREEN DISCRETE DISTANCES ***
*********************************

*** TERRAIN HEIGHT OF  0.0 M ABOVE STACK BASE USED FOR FOLLOWING DISTANCES ***

  DIST      CONC              U10M   USTK  MIX HT   PLUME   SIGMA   SIGMA
   (M)   (UG/M**3)   STAB   (M/S)  (M/S)    (M)   HT (M)   Y (M)   Z (M)  DWASH
-------  ----------  ----  -----  -----  ------  ------  ------  ------  -----
    61.     1.489        1     3.0    3.0   960.0   21.37   17.48    9.26    NO

 DWASH=   MEANS NO CALC MADE (CONC = 0.0)
 DWASH=NO MEANS NO BUILDING DOWNWASH USED
 DWASH=HS MEANS HUBER-SNYDER DOWNWASH USED
 DWASH=SS MEANS SCHULMAN-SCIRE DOWNWASH USED
 DWASH=NA MEANS DOWNWASH NOT APPLICABLE, X<3*LB

****************************************
     *** REGULATORY (Default) ***
    PERFORMING CAVITY CALCULATIONS
  WITH ORIGINAL SCREEN CAVITY MODEL
          (BRODE, 1988)
****************************************


 *** CAVITY CALCULATION - 1 ***       *** CAVITY CALCULATION - 2 ***
  CONC (UG/M**3)      =    0.000        CONC (UG/M**3)      =    0.000
  CRIT WS @10M (M/S) =    99.99        CRIT WS @10M (M/S) =    99.99
  CRIT WS @ HS (M/S) =    99.99        CRIT WS @ HS (M/S) =    99.99
  DILUTION WS (M/S)  =    99.99        DILUTION WS (M/S)  =    99.99
  CAVITY HT (M)       =     4.57        CAVITY HT (M)       =     4.57
  CAVITY LENGTH (M)  =    24.62        CAVITY LENGTH (M)  =    21.62
  ALONGWIND DIM (M)  =    38.10        ALONGWIND DIM (M)  =    60.96

CAVITY CONC NOT CALCULATED FOR CRIT WS > 20.0 M/S.  CONC SET = 0.0

****************************************
      END OF CAVITY CALCULATIONS
****************************************


 *** INVERSION BREAK-UP FUMIGATION CALC. ***
  CONC (UG/M**3)    =     0.000
  DIST TO MAX (M)   =   395.79
```

DIST TO MAX IS < 2000. M. CONC SET = 0.0

****
*** SUMMARY OF SCREEN MODEL RESULTS ***
****

CALCULATION PROCEDURE	MAX CONC (UG/M**3)	DIST TO MAX (M)	TERRAIN HT (M)
SIMPLE TERRAIN	2.905	411.	0.

12/03/20
17:57:29

```
 ***  SCREEN3 MODEL RUN  ***
 *** VERSION DATED 13043 ***

Effingham Pellet Cooler Simple Formaldehyde

SIMPLE TERRAIN INPUTS:
   SOURCE TYPE            =        POINT
   EMISSION RATE (G/S)    =    0.853020E-01
   STACK HEIGHT (M)       =      10.6680
   STK INSIDE DIAM (M)    =       0.3048
   STK EXIT VELOCITY (M/S)=      35.2713
   STK GAS EXIT TEMP (K)  =     338.1500
   AMBIENT AIR TEMP (K)   =     293.1500
   RECEPTOR HEIGHT (M)    =       0.0000
   URBAN/RURAL OPTION     =        RURAL
   BUILDING HEIGHT (M)    =       4.5720
   MIN HORIZ BLDG DIM (M) =      38.1000
   MAX HORIZ BLDG DIM (M) =      60.9600

THE REGULATORY (DEFAULT) MIXING HEIGHT OPTION WAS SELECTED.
THE REGULATORY (DEFAULT) ANEMOMETER HEIGHT OF 10.0 METERS WAS ENTERED.


BUOY. FLUX =    1.069 M**4/S**3;  MOM. FLUX =   25.049 M**4/S**2.

*** FULL METEOROLOGY ***

**********************************
*** SCREEN AUTOMATED DISTANCES ***
**********************************

*** TERRAIN HEIGHT OF    0. M ABOVE STACK BASE USED FOR FOLLOWING DISTANCES ***

  DIST     CONC              U10M   USTK  MIX HT   PLUME   SIGMA   SIGMA
   (M)   (UG/M**3)   STAB  (M/S)  (M/S)    (M)   HT (M)   Y (M)   Z (M)  DWASH
-------  ----------  ----  -----  -----  ------  ------  ------  ------  -----
   411.    7.571        4    2.5    2.5   800.0   23.44   30.42   16.03    NO
   500.    7.216        4    2.0    2.0   640.0   26.64   36.43   18.86    NO
   600.    6.789        4    2.0    2.0   640.0   26.64   42.96   21.70    NO
   700.    6.355        4    1.5    1.5   480.0   31.96   49.56   24.79    NO
   800.    5.932        4    1.5    1.5   480.0   31.96   55.91   27.46    NO

MAXIMUM 1-HR CONCENTRATION AT OR BEYOND   411. M:
   411.    7.571        4    2.5    2.5   800.0   23.44   30.42   16.03    NO

**********************************
*** SCREEN AUTOMATED DISTANCES ***
**********************************
```

*** TERRAIN HEIGHT OF 3. M ABOVE STACK BASE USED FOR FOLLOWING DISTANCES ***

DIST (M)	CONC (UG/M**3)	STAB	U10M (M/S)	USTK (M/S)	MIX HT (M)	PLUME HT (M)	SIGMA Y (M)	SIGMA Z (M)	DWASH
800.	6.708	4	1.5	1.5	480.0	28.91	55.91	27.46	NO
900.	6.123	4	1.0	1.0	320.0	39.56	62.55	30.85	NO
1000.	5.912	5	1.0	1.0	10000.0	37.79	51.66	23.28	NO
1100.	5.969	6	1.0	1.0	10000.0	32.55	37.64	16.44	NO
1200.	6.258	6	1.0	1.0	10000.0	32.55	40.64	17.20	NO
1300.	6.462	6	1.0	1.0	10000.0	32.55	43.63	17.94	NO
1400.	6.593	6	1.0	1.0	10000.0	32.55	46.59	18.67	NO
1500.	6.665	6	1.0	1.0	10000.0	32.55	49.54	19.39	NO
1600.	6.689	6	1.0	1.0	10000.0	32.55	52.48	20.09	NO
1700.	6.673	6	1.0	1.0	10000.0	32.55	55.40	20.77	NO
1800.	6.627	6	1.0	1.0	10000.0	32.55	58.30	21.45	NO
1900.	6.556	6	1.0	1.0	10000.0	32.55	61.20	22.12	NO
2000.	6.467	6	1.0	1.0	10000.0	32.55	64.07	22.77	NO

MAXIMUM 1-HR CONCENTRATION AT OR BEYOND 800. M:

800.	6.708	4	1.5	1.5	480.0	28.91	55.91	27.46	NO

DWASH= MEANS NO CALC MADE (CONC = 0.0)
DWASH=NO MEANS NO BUILDING DOWNWASH USED
DWASH=HS MEANS HUBER-SNYDER DOWNWASH USED
DWASH=SS MEANS SCHULMAN-SCIRE DOWNWASH USED
DWASH=NA MEANS DOWNWASH NOT APPLICABLE, X<3*LB

****
*** SCREEN DISCRETE DISTANCES ***
****

*** TERRAIN HEIGHT OF 0.0 M ABOVE STACK BASE USED FOR FOLLOWING DISTANCES ***

DIST (M)	CONC (UG/M**3)	STAB	U10M (M/S)	USTK (M/S)	MIX HT (M)	PLUME HT (M)	SIGMA Y (M)	SIGMA Z (M)	DWASH
61.	3.879	1	3.0	3.0	960.0	21.37	17.48	9.26	NO

DWASH= MEANS NO CALC MADE (CONC = 0.0)
DWASH=NO MEANS NO BUILDING DOWNWASH USED
DWASH=HS MEANS HUBER-SNYDER DOWNWASH USED
DWASH=SS MEANS SCHULMAN-SCIRE DOWNWASH USED
DWASH=NA MEANS DOWNWASH NOT APPLICABLE, X<3*LB

****
* SUMMARY OF TERRAIN HEIGHTS ENTERED FOR *
* SIMPLE ELEVATED TERRAIN PROCEDURE *
****

TERRAIN HT (M)	DISTANCE RANGE (M) MINIMUM	MAXIMUM
0.0	411.	800.
3.0	800.	2000.
0.0	61.	--

****
*** REGULATORY (Default) ***
PERFORMING CAVITY CALCULATIONS
WITH ORIGINAL SCREEN CAVITY MODEL
(BRODE, 1988)
****

*** CAVITY CALCULATION - 1 ***			*** CAVITY CALCULATION - 2 ***		
CONC (UG/M**3)	=	0.000	CONC (UG/M**3)	=	0.000
CRIT WS @10M (M/S)	=	99.99	CRIT WS @10M (M/S)	=	99.99
CRIT WS @ HS (M/S)	=	99.99	CRIT WS @ HS (M/S)	=	99.99
DILUTION WS (M/S)	=	99.99	DILUTION WS (M/S)	=	99.99
CAVITY HT (M)	=	4.57	CAVITY HT (M)	=	4.57
CAVITY LENGTH (M)	=	24.62	CAVITY LENGTH (M)	=	21.62
ALONGWIND DIM (M)	=	38.10	ALONGWIND DIM (M)	=	60.96

CAVITY CONC NOT CALCULATED FOR CRIT WS > 20.0 M/S. CONC SET = 0.0

****
END OF CAVITY CALCULATIONS
****

*** INVERSION BREAK-UP FUMIGATION CALC. ***
CONC (UG/M**3) = 0.000
DIST TO MAX (M) = 395.79

DIST TO MAX IS < 2000. M. CONC SET = 0.0

****
*** SUMMARY OF SCREEN MODEL RESULTS ***
****

CALCULATION PROCEDURE	MAX CONC (UG/M**3)	DIST TO MAX (M)	TERRAIN HT (M)
SIMPLE TERRAIN	7.571	411.	0.

12/03/20
17:58:57

*** SCREEN3 MODEL RUN ***
*** VERSION DATED 13043 ***

Effingham Pellet Cooler Flat Formaldehyde

SIMPLE TERRAIN INPUTS:

SOURCE TYPE	=	POINT
EMISSION RATE (G/S)	=	0.853020E-01
STACK HEIGHT (M)	=	10.6680
STK INSIDE DIAM (M)	=	0.3048
STK EXIT VELOCITY (M/S)	=	35.2713
STK GAS EXIT TEMP (K)	=	338.1500
AMBIENT AIR TEMP (K)	=	293.1500
RECEPTOR HEIGHT (M)	=	0.0000
URBAN/RURAL OPTION	=	RURAL
BUILDING HEIGHT (M)	=	4.5720
MIN HORIZ BLDG DIM (M)	=	38.1000
MAX HORIZ BLDG DIM (M)	=	60.9600

THE REGULATORY (DEFAULT) MIXING HEIGHT OPTION WAS SELECTED.
THE REGULATORY (DEFAULT) ANEMOMETER HEIGHT OF 10.0 METERS WAS ENTERED.

BUOY. FLUX = 1.069 M**4/S**3; MOM. FLUX = 25.049 M**4/S**2.

*** FULL METEOROLOGY ***

****
*** SCREEN AUTOMATED DISTANCES ***
****

*** TERRAIN HEIGHT OF 0. M ABOVE STACK BASE USED FOR FOLLOWING DISTANCES ***

DIST (M)	CONC (UG/M**3)	STAB	U10M (M/S)	USTK (M/S)	MIX HT (M)	PLUME HT (M)	SIGMA Y (M)	SIGMA Z (M)	DWASH
411.	7.571	4	2.5	2.5	800.0	23.44	30.42	16.03	NO
500.	7.216	4	2.0	2.0	640.0	26.64	36.43	18.86	NO
600.	6.789	4	2.0	2.0	640.0	26.64	42.96	21.70	NO
700.	6.355	4	1.5	1.5	480.0	31.96	49.56	24.79	NO
800.	5.932	4	1.5	1.5	480.0	31.96	55.91	27.46	NO
900.	5.450	4	1.5	1.5	480.0	31.96	62.18	30.09	NO
1000.	5.188	4	1.0	1.0	320.0	42.61	68.74	33.37	NO

MAXIMUM 1-HR CONCENTRATION AT OR BEYOND 411. M:

411.	7.571	4	2.5	2.5	800.0	23.44	30.42	16.03	NO

DWASH= MEANS NO CALC MADE (CONC = 0.0)

```
 DWASH=NO MEANS NO BUILDING DOWNWASH USED
 DWASH=HS MEANS HUBER-SNYDER DOWNWASH USED
 DWASH=SS MEANS SCHULMAN-SCIRE DOWNWASH USED
 DWASH=NA MEANS DOWNWASH NOT APPLICABLE, X<3*LB

*********************************
*** SCREEN DISCRETE DISTANCES ***
*********************************

*** TERRAIN HEIGHT OF  0.0 M ABOVE STACK BASE USED FOR FOLLOWING DISTANCES ***

  DIST      CONC              U10M   USTK  MIX HT   PLUME   SIGMA   SIGMA
   (M)   (UG/M**3)   STAB   (M/S)  (M/S)    (M)   HT (M)   Y (M)   Z (M)  DWASH
-------  ----------  ----  -----  -----  ------  ------  ------  ------  -----
    61.     3.879        1     3.0    3.0   960.0   21.37   17.48    9.26     NO

 DWASH=   MEANS NO CALC MADE (CONC = 0.0)
 DWASH=NO MEANS NO BUILDING DOWNWASH USED
 DWASH=HS MEANS HUBER-SNYDER DOWNWASH USED
 DWASH=SS MEANS SCHULMAN-SCIRE DOWNWASH USED
 DWASH=NA MEANS DOWNWASH NOT APPLICABLE, X<3*LB

*****************************************
     *** REGULATORY (Default) ***
    PERFORMING CAVITY CALCULATIONS
  WITH ORIGINAL SCREEN CAVITY MODEL
          (BRODE, 1988)
*****************************************


 *** CAVITY CALCULATION - 1 ***       *** CAVITY CALCULATION - 2 ***
  CONC (UG/M**3)      =    0.000        CONC (UG/M**3)      =    0.000
  CRIT WS @10M (M/S) =    99.99        CRIT WS @10M (M/S) =    99.99
  CRIT WS @ HS (M/S) =    99.99        CRIT WS @ HS (M/S) =    99.99
  DILUTION WS (M/S)  =    99.99        DILUTION WS (M/S)  =    99.99
  CAVITY HT (M)       =     4.57        CAVITY HT (M)       =     4.57
  CAVITY LENGTH (M)  =    24.62        CAVITY LENGTH (M)  =    21.62
  ALONGWIND DIM (M)  =    38.10        ALONGWIND DIM (M)  =    60.96

CAVITY CONC NOT CALCULATED FOR CRIT WS > 20.0 M/S.  CONC SET = 0.0

*****************************************
      END OF CAVITY CALCULATIONS
*****************************************


 *** INVERSION BREAK-UP FUMIGATION CALC. ***
  CONC (UG/M**3)    =    0.000
  DIST TO MAX (M)   =   395.79
```

DIST TO MAX IS < 2000. M. CONC SET = 0.0

****
*** SUMMARY OF SCREEN MODEL RESULTS ***
****

CALCULATION PROCEDURE	MAX CONC (UG/M**3)	DIST TO MAX (M)	TERRAIN HT (M)
SIMPLE TERRAIN	7.571	411.	0.

12/02/20
10:56:50

```
 ***  SCREEN3 MODEL RUN  ***
 *** VERSION DATED 13043 ***

Effingham Pellet Silo Formaldehyde Simple

SIMPLE TERRAIN INPUTS:
   SOURCE TYPE            =        POINT
   EMISSION RATE (G/S)    =    0.554000E-03
   STACK HEIGHT (M)       =      19.5834
   STK INSIDE DIAM (M)    =       0.6096
   STK EXIT VELOCITY (M/S)=       0.0000
   STK GAS EXIT TEMP (K)  =     293.1500
   AMBIENT AIR TEMP (K)   =     293.1500
   RECEPTOR HEIGHT (M)    =       0.0000
   URBAN/RURAL OPTION     =        RURAL
   BUILDING HEIGHT (M)    =       4.5720
   MIN HORIZ BLDG DIM (M) =      38.1000
   MAX HORIZ BLDG DIM (M) =      60.9600

THE REGULATORY (DEFAULT) MIXING HEIGHT OPTION WAS SELECTED.
THE REGULATORY (DEFAULT) ANEMOMETER HEIGHT OF 10.0 METERS WAS ENTERED.


BUOY. FLUX =    0.000 M**4/S**3;  MOM. FLUX =    0.000 M**4/S**2.

*** FULL METEOROLOGY ***

**********************************
*** SCREEN AUTOMATED DISTANCES ***
**********************************

*** TERRAIN HEIGHT OF    0. M ABOVE STACK BASE USED FOR FOLLOWING DISTANCES ***

  DIST     CONC              U10M   USTK  MIX HT   PLUME   SIGMA   SIGMA
   (M)   (UG/M**3)   STAB  (M/S)  (M/S)    (M)   HT (M)   Y (M)   Z (M)  DWASH
-------  ----------  ----  -----  -----  ------  ------  ------  ------  -----
   411.   0.1771        4    1.0    1.1   320.0   17.75   30.20   15.61    NO
   500.   0.1540        5    1.0    1.3 10000.0   17.75   27.02   12.80    NO
   600.   0.1432        5    1.0    1.3 10000.0   17.75   31.93   14.69    NO

MAXIMUM 1-HR CONCENTRATION AT OR BEYOND   411. M:
   411.   0.1771        4    1.0    1.1   320.0   17.75   30.20   15.61    NO

**********************************
*** SCREEN AUTOMATED DISTANCES ***
**********************************

*** TERRAIN HEIGHT OF    3. M ABOVE STACK BASE USED FOR FOLLOWING DISTANCES ***
```

DIST (M)	CONC (UG/M**3)	STAB	U10M (M/S)	USTK (M/S)	MIX HT (M)	PLUME HT (M)	SIGMA Y (M)	SIGMA Z (M)	DWASH
600.	0.1871	6	1.0	1.4	10000.0	14.71	21.24	9.69	NO
700.	0.1844	6	1.0	1.4	10000.0	14.71	24.46	10.93	NO
800.	0.1732	6	1.0	1.4	10000.0	14.71	27.63	11.98	NO
900.	0.1605	6	1.0	1.4	10000.0	14.71	30.78	12.98	NO
1000.	0.1479	6	1.0	1.4	10000.0	14.71	33.88	13.95	NO
MAXIMUM 1-HR CONCENTRATION AT OR BEYOND 600. M:									
624.	0.1875	6	1.0	1.4	10000.0	14.71	22.05	10.00	NO

DWASH= MEANS NO CALC MADE (CONC = 0.0)
DWASH=NO MEANS NO BUILDING DOWNWASH USED
DWASH=HS MEANS HUBER-SNYDER DOWNWASH USED
DWASH=SS MEANS SCHULMAN-SCIRE DOWNWASH USED
DWASH=NA MEANS DOWNWASH NOT APPLICABLE, X<3*LB

****
*** SCREEN DISCRETE DISTANCES ***
****

*** TERRAIN HEIGHT OF 0.0 M ABOVE STACK BASE USED FOR FOLLOWING DISTANCES ***

DIST (M)	CONC (UG/M**3)	STAB	U10M (M/S)	USTK (M/S)	MIX HT (M)	PLUME HT (M)	SIGMA Y (M)	SIGMA Z (M)	DWASH
61.	0.1420	1	1.0	1.0	320.0	17.75	17.21	8.74	NO

DWASH= MEANS NO CALC MADE (CONC = 0.0)
DWASH=NO MEANS NO BUILDING DOWNWASH USED
DWASH=HS MEANS HUBER-SNYDER DOWNWASH USED
DWASH=SS MEANS SCHULMAN-SCIRE DOWNWASH USED
DWASH=NA MEANS DOWNWASH NOT APPLICABLE, X<3*LB

****
* SUMMARY OF TERRAIN HEIGHTS ENTERED FOR *
* SIMPLE ELEVATED TERRAIN PROCEDURE *
****

TERRAIN HT (M)	DISTANCE RANGE (M) MINIMUM	MAXIMUM
0.0	411.	600.
3.0	600.	1000.
0.0	61.	--

****
*** REGULATORY (Default) ***

```
    PERFORMING CAVITY CALCULATIONS
  WITH ORIGINAL SCREEN CAVITY MODEL
          (BRODE, 1988)
**************************************
```

*** CAVITY CALCULATION - 1 ***			*** CAVITY CALCULATION - 2 ***		
CONC (UG/M**3)	=	0.000	CONC (UG/M**3)	=	0.000
CRIT WS @10M (M/S)	=	99.99	CRIT WS @10M (M/S)	=	99.99
CRIT WS @ HS (M/S)	=	99.99	CRIT WS @ HS (M/S)	=	99.99
DILUTION WS (M/S)	=	99.99	DILUTION WS (M/S)	=	99.99
CAVITY HT (M)	=	4.57	CAVITY HT (M)	=	4.57
CAVITY LENGTH (M)	=	24.62	CAVITY LENGTH (M)	=	21.62
ALONGWIND DIM (M)	=	38.10	ALONGWIND DIM (M)	=	60.96

CAVITY CONC NOT CALCULATED FOR CRIT WS > 20.0 M/S. CONC SET = 0.0

```
**************************************
      END OF CAVITY CALCULATIONS
**************************************
```

*** INVERSION BREAK-UP FUMIGATION CALC. ***

CONC (UG/M**3)	=	0.000
DIST TO MAX (M)	=	100.00

DIST TO MAX IS < 2000. M. CONC SET = 0.0

```
     ************************************
     *** SUMMARY OF SCREEN MODEL RESULTS ***
     ************************************
```

CALCULATION PROCEDURE	MAX CONC (UG/M**3)	DIST TO MAX (M)	TERRAIN HT (M)
SIMPLE TERRAIN	0.1875	624.	3.

12/02/20
11:00:03

*** SCREEN3 MODEL RUN ***
*** VERSION DATED 13043 ***

Effingham Pellet Silo Formaldehyde Flat

SIMPLE TERRAIN INPUTS:

SOURCE TYPE	=	POINT
EMISSION RATE (G/S)	=	0.554000E-03
STACK HEIGHT (M)	=	19.5834
STK INSIDE DIAM (M)	=	0.6096
STK EXIT VELOCITY (M/S)	=	0.0000
STK GAS EXIT TEMP (K)	=	293.1500
AMBIENT AIR TEMP (K)	=	293.1500
RECEPTOR HEIGHT (M)	=	0.0000
URBAN/RURAL OPTION	=	RURAL
BUILDING HEIGHT (M)	=	4.5720
MIN HORIZ BLDG DIM (M)	=	38.1000
MAX HORIZ BLDG DIM (M)	=	60.9600

THE REGULATORY (DEFAULT) MIXING HEIGHT OPTION WAS SELECTED.
THE REGULATORY (DEFAULT) ANEMOMETER HEIGHT OF 10.0 METERS WAS ENTERED.

BUOY. FLUX = 0.000 M**4/S**3; MOM. FLUX = 0.000 M**4/S**2.

*** FULL METEOROLOGY ***

****
*** SCREEN AUTOMATED DISTANCES ***
****

*** TERRAIN HEIGHT OF 0. M ABOVE STACK BASE USED FOR FOLLOWING DISTANCES ***

DIST (M)	CONC (UG/M**3)	STAB	U10M (M/S)	USTK (M/S)	MIX HT (M)	PLUME HT (M)	SIGMA Y (M)	SIGMA Z (M)	DWASH
411.	0.1771	4	1.0	1.1	320.0	17.75	30.20	15.61	NO
500.	0.1540	5	1.0	1.3	10000.0	17.75	27.02	12.80	NO
600.	0.1432	5	1.0	1.3	10000.0	17.75	31.93	14.69	NO
700.	0.1288	5	1.0	1.3	10000.0	17.75	36.77	16.51	NO
800.	0.1227	6	1.0	1.4	10000.0	17.75	27.63	11.98	NO
900.	0.1197	6	1.0	1.4	10000.0	17.75	30.78	12.98	NO
1000.	0.1147	6	1.0	1.4	10000.0	17.75	33.88	13.95	NO

MAXIMUM 1-HR CONCENTRATION AT OR BEYOND 411. M:

411.	0.1771	4	1.0	1.1	320.0	17.75	30.20	15.61	NO

DWASH= MEANS NO CALC MADE (CONC = 0.0)

```
 DWASH=NO MEANS NO BUILDING DOWNWASH USED
 DWASH=HS MEANS HUBER-SNYDER DOWNWASH USED
 DWASH=SS MEANS SCHULMAN-SCIRE DOWNWASH USED
 DWASH=NA MEANS DOWNWASH NOT APPLICABLE, X<3*LB

*********************************
*** SCREEN DISCRETE DISTANCES ***
*********************************

*** TERRAIN HEIGHT OF  0.0 M ABOVE STACK BASE USED FOR FOLLOWING DISTANCES ***

  DIST      CONC              U10M   USTK  MIX HT   PLUME   SIGMA   SIGMA
   (M)   (UG/M**3)   STAB   (M/S)  (M/S)    (M)   HT (M)   Y (M)   Z (M)  DWASH
-------  ----------  ----  -----  -----  ------  ------  ------  ------  -----
    61.   0.1420        1     1.0    1.0   320.0   17.75   17.21    8.74    NO

 DWASH=   MEANS NO CALC MADE (CONC = 0.0)
 DWASH=NO MEANS NO BUILDING DOWNWASH USED
 DWASH=HS MEANS HUBER-SNYDER DOWNWASH USED
 DWASH=SS MEANS SCHULMAN-SCIRE DOWNWASH USED
 DWASH=NA MEANS DOWNWASH NOT APPLICABLE, X<3*LB

*************************************
     *** REGULATORY (Default) ***
    PERFORMING CAVITY CALCULATIONS
  WITH ORIGINAL SCREEN CAVITY MODEL
          (BRODE, 1988)
*************************************


 *** CAVITY CALCULATION - 1 ***       *** CAVITY CALCULATION - 2 ***
  CONC (UG/M**3)     =    0.000        CONC (UG/M**3)     =    0.000
  CRIT WS @10M (M/S) =    99.99        CRIT WS @10M (M/S) =    99.99
  CRIT WS @ HS (M/S) =    99.99        CRIT WS @ HS (M/S) =    99.99
  DILUTION WS (M/S)  =    99.99        DILUTION WS (M/S)  =    99.99
  CAVITY HT (M)      =     4.57        CAVITY HT (M)      =     4.57
  CAVITY LENGTH (M)  =    24.62        CAVITY LENGTH (M)  =    21.62
  ALONGWIND DIM (M)  =    38.10        ALONGWIND DIM (M)  =    60.96

CAVITY CONC NOT CALCULATED FOR CRIT WS > 20.0 M/S.  CONC SET = 0.0

*************************************
      END OF CAVITY CALCULATIONS
*************************************


 *** INVERSION BREAK-UP FUMIGATION CALC. ***
  CONC (UG/M**3)    =    0.000
  DIST TO MAX (M)   =   100.00
```

DIST TO MAX IS < 2000. M. CONC SET = 0.0

****
*** SUMMARY OF SCREEN MODEL RESULTS ***
****

CALCULATION PROCEDURE	MAX CONC (UG/M**3)	DIST TO MAX (M)	TERRAIN HT (M)
SIMPLE TERRAIN	0.1771	411.	0.

12/02/20
13:04:44

*** SCREEN3 MODEL RUN ***
*** VERSION DATED 13043 ***

Effingham Shavings Storage Formaldehyde Flat

SIMPLE TERRAIN INPUTS:

SOURCE TYPE	=	VOLUME
EMISSION RATE (G/S)	=	0.554000E-03
SOURCE HEIGHT (M)	=	2.2860
INIT. LATERAL DIMEN (M)	=	8.8605
INIT. VERTICAL DIMEN (M)	=	2.1275
RECEPTOR HEIGHT (M)	=	0.0000
URBAN/RURAL OPTION	=	RURAL

THE REGULATORY (DEFAULT) MIXING HEIGHT OPTION WAS SELECTED.
THE REGULATORY (DEFAULT) ANEMOMETER HEIGHT OF 10.0 METERS WAS ENTERED.

BUOY. FLUX = 0.000 M**4/S**3; MOM. FLUX = 0.000 M**4/S**2.

*** FULL METEOROLOGY ***

****
*** SCREEN AUTOMATED DISTANCES ***
****

*** TERRAIN HEIGHT OF 0. M ABOVE STACK BASE USED FOR FOLLOWING DISTANCES ***

DIST (M)	CONC (UG/M**3)	STAB	U10M (M/S)	USTK (M/S)	MIX HT (M)	PLUME HT (M)	SIGMA Y (M)	SIGMA Z (M)	DWASH
400.	0.9265	6	1.0	1.0	10000.0	2.29	22.27	8.22	NO
500.	0.7064	6	1.0	1.0	10000.0	2.29	25.48	9.52	NO
600.	0.5589	6	1.0	1.0	10000.0	2.29	28.65	10.77	NO
700.	0.4690	6	1.0	1.0	10000.0	2.29	31.78	11.61	NO
800.	0.3940	6	1.0	1.0	10000.0	2.29	34.87	12.63	NO
900.	0.3367	6	1.0	1.0	10000.0	2.29	37.94	13.61	NO
1000.	0.2950	6	1.0	1.0	10000.0	2.29	40.99	14.40	NO

MAXIMUM 1-HR CONCENTRATION AT OR BEYOND 400. M:

400.	0.9265	6	1.0	1.0	10000.0	2.29	22.27	8.22	NO

DWASH= MEANS NO CALC MADE (CONC = 0.0)
DWASH=NO MEANS NO BUILDING DOWNWASH USED
DWASH=HS MEANS HUBER-SNYDER DOWNWASH USED
DWASH=SS MEANS SCHULMAN-SCIRE DOWNWASH USED
DWASH=NA MEANS DOWNWASH NOT APPLICABLE, X<3*LB

```
*********************************
*** SCREEN DISCRETE DISTANCES ***
*********************************

*** TERRAIN HEIGHT OF  0.0 M ABOVE STACK BASE USED FOR FOLLOWING DISTANCES ***

  DIST      CONC                 U10M    USTK  MIX HT    PLUME    SIGMA    SIGMA
   (M)   (UG/M**3)   STAB  (M/S)  (M/S)    (M)    HT (M)   Y (M)   Z (M)  DWASH
-------  ----------  ----  -----  -----  ------  ------  ------  ------  -----
    35.    4.479        6    1.0    1.0 10000.0    2.29   10.09    2.78    NO

 DWASH=   MEANS NO CALC MADE (CONC = 0.0)
 DWASH=NO MEANS NO BUILDING DOWNWASH USED
 DWASH=HS MEANS HUBER-SNYDER DOWNWASH USED
 DWASH=SS MEANS SCHULMAN-SCIRE DOWNWASH USED
 DWASH=NA MEANS DOWNWASH NOT APPLICABLE, X<3*LB

     ************************************
     *** SUMMARY OF SCREEN MODEL RESULTS ***
     ************************************

 CALCULATION         MAX CONC    DIST TO   TERRAIN
  PROCEDURE         (UG/M**3)    MAX (M)    HT (M)
--------------     -----------   ---------   -------
SIMPLE TERRAIN       4.479           35.        0.
```

Bureau of Air Quality
Construction Permit Application
Emissions
Page 1 of 2

RECEIVED
APR 30 2021
BAQ PERMITTING

APPLICATION IDENTIFICATION *(Please ensure that the information list in this table is the same on all of the forms and required information submitted in this construction permit application package.)*		
Facility Name *(This should be the name used to identify the facility)*	SC Air Permit Number (8-digits only) *(Leave blank if one has never been assigned)*	Application Date
Effingham Pellets, LLC	-	December 2020

ATTACHMENTS *(Check all the appropriate checkboxes if included as an attachment)*	
☒ Sample Calculations, Emission Factors Used, etc.	☐ Detailed Explanation of Assumptions, Bottlenecks, etc.
☒ Supporting Information: Manufacturer's Data, etc.	☐ Source Test Information
☐ Details on Limits Being Taken for PTE Emissions	☐ NSR Analysis

SUMMARY OF PROJECTED CHANGE IN FACILITY WIDE POTENTIAL EMISSIONS
(Calculated at maximum design capacity.)

Pollutants	Emission Rates Prior to Construction / Modification (tons/year)			Emission Rates After Construction / Modification (tons/year)		
	Uncontrolled	Controlled	PTE	Uncontrolled	Controlled	PTE
Particulate Matter (PM)				5.84		5.84
Particulate Matter <10 Microns (PM_{10})				2.15		2.15
Particulate Matter <2.5 Microns ($PM_{2.5}$)				1.07		1.07
Sulfur Dioxide (SO_2)						
Nitrogen Oxides (NO_x)						
Carbon Monoxide (CO)				0.03		0.03
Volatile Organic Compounds (VOC)				96.43		96.43
Lead (Pb)						
Highest HAP Prior to Construction (CAS #:)						
Highest HAP After Construction (CAS #: 50-00-0)				3.01		3.01
Total HAP Emissions*				6.95		6.95

Include emissions from exempt equipment and emission increases from process changes that were exempt from construction permits.
(*All HAP emitted from the various equipment or processes must be listed in the appropriate "Potential Emission Rates at Maximum Design Capacity" Table)

POTENTIAL EMISSION RATES AT MAXIMUM DESIGN CAPACITY									
Equipment ID / Process ID	**Emission Point ID**	**Pollutants** (Include CAS #)	**Calculation Methods / Limits Taken / Other Comments**	**Uncontrolled**		**Controlled**		**PTE**	
				lbs/hr	**tons/yr**	**lbs/hr**	**tons/yr**	**lbs/hr**	**tons/yr**
DHM1	DHM1	PM	Vendor design/guarantee	0.1568	0.6867			0.1568	0.6867
		PM_{10}	Assumed 100% of PM	0.1568	0.6867			0.1568	0.6867
		$PM_{2.5}$	Assumed 100% of PM	0.1568	0.6867			0.1568	0.6867
		VOC	Enviva Greenwood	6.4045	28.0519			6.4045	28.0519
		Acetaldehyde	Enviva Greenwood	0.0375	0.1642			0.0375	0.1642
		Acrolein	Enviva Greenwood	0.0562	0.2463			0.0562	0.2463
		Formaldehyde	Enviva Greenwood	0.0012	0.0055			0.0012	0.0055
		Methanol	Enviva Greenwood	0.0306	0.1341			0.0306	0.1341
		Phenol	Enviva Greenwood	0.0144	0.0629			0.0144	0.0629
		Propionaldehyde	Enviva Greenwood	0.0646	0.2828			0.0646	0.2828
PB1	PB1	PM	Vendor design/guarantee	1.0832	4.7445			1.0832	4.7445
		PM_{10}	26% of PM (Enviva Greenwood)	0.2816	1.2336			0.2816	1.2336
		$PM_{2.5}$	Enviva Greenwood	0.0791	0.3467			0.0791	0.3467
		VOC	Enviva Greenwood	15.4646	67.7351			15.4646	67.7351
		Acetaldehyde	Enviva Greenwood	0.1750	0.7663			0.1750	0.7663
		Acrolein	Enviva Greenwood	0.2598	1.1380			0.2598	1.1380
		Formaldehyde	Enviva Greenwood	0.6769	2.9648			0.6769	2.9648
		Methanol	Enviva Greenwood	0.0311	0.1364			0.0311	0.1364
		Phenol	Enviva Greenwood	0.1312	0.5747			0.1312	0.5747
		Propionaldehyde	Enviva Greenwood	0.0760	0.3330			0.0760	0.3330

Effingham Pellets
Facility-wide Potential Emissions

Key Factors

Production Rate:	5.51	tons/hr @ actual moisture content
Pellet Moisture Content:	5.5	% moisture (ranges from 5-6%)
Dry Production Rate:	5.21	ODT/hr
Operating Hours:	8760	hr/yr

Hammermill

Exhaust Flow Rate:	6,705	Nm3/hr	249,426	dscfh
Exhaust PM Loading:	10	mg/Nm3	0.0044	gr/dscf

Pelletizer/Cooler

Exhaust Flow Rate:	9,265	Nm3/hr	344,658	dscfh
Exhaust PM Loading:	50	mg/Nm3	0.022	gr/dscf

Potential Emissions				**Std. 8 De Minimis**	**%**	
Pollutant	**lb/hr**	**ton/yr**	**lb/day**	**lb/day**	**De Minimis**	
Facility Total						
VOC	22.02	96.43				
CO	0.01	0.03				
PM	1.33	5.84				
P10	0.49	2.15				
PM2.5	0.24	1.07				
HAPs/TAPs						
Acetaldehyde	0.21	0.93	5.10	21.600	24%	
Acrolein	0.32	1.39	7.62	0.015	50807%	
Formaldehyde	0.69	3.01	16.49	0.180	9159%	
Methanol	0.08	0.36	1.99	15.720	13%	
Phenol	0.15	0.64	3.50	2.280	N/A- trace for each source	
Propionaldehyde	0.14	0.62	3.41	N/A	N/A	
Total HAP	1.59	6.95				

*** DHEC Modeling Guidelines allow emissions of trace pollutants to be excluded from modeling under Standard 8. Trace is defined as <0.1% for OSHA carcinogens and 1% for non-carcinogens. Of the pollutants present, acetaldehyde and formaldehyde are the only carcinogens.**

Effingham Pellets
Facility-wide Potential Emissions

Pollutant	Throughput	Factor	% of Total	lb/hr	ton/yr	Comment/Reference
Dry Shavings Handling and Storage						
VOC	5.21 ODT/hr	0.0142 lb/ODT		0.0739	0.3239	Based on Enviva Greenwood factors
PM	5.21 ODT/hr	0.00117 lb/ODT		0.0122	0.0534	Based on AP-42 13.4.2 Material Transfer Equations and 2 transfers
P10	5.21 ODT/hr	0.000554 lb/ODT		0.0058	0.0253	Based on AP-42 13.4.2 Material Transfer Equations and 2 transfers
PM2.5	5.21 ODT/hr	0.0000839 lb/ODT		0.0009	0.0038	Based on AP-42 13.4.2 Material Transfer Equations and 2 transfers
HAPs/TAPs						
Acetaldehyde	5.21 ODT/hr	0.0000142 lb/ODT	0.09%	0.0001	0.0003	Engineering estimate, assumed acetaldehyde=0.1% of VOC (non-detect at Greenwood)
Acrolein	5.21 ODT/hr	0.000142 lb/ODT	0.86%	0.0007	0.0032	Engineering estimate, assumed acrolein=1% of VOC (non-detect at Greenwood)
Formaldehyde	5.21 ODT/hr	0.00084 lb/ODT	5.08%	0.0044	0.0192	Based on Enviva Greenwood factors
Methanol	5.21 ODT/hr	0.00203 lb/ODT	12.27%	0.0106	0.0463	Based on Enviva Greenwood factors
Phenol	5.21 ODT/hr	0.0000142 lb/ODT	0.09%	0.0001	0.0003	Engineering estimate, assumed phenol=0.1% of VOC (non-detect at Greenwood)
Propionaldehyde	5.21 ODT/hr	0.000142 lb/ODT	0.86%	0.0007	0.0032	Engineering estimate, assumed propionaldehyde=1% of VOC (non-detect at Greenwood)
Total HAP				0.0166	0.0726	
Dry Hammermill						
VOC	5.21 ODT/hr	1.23 lb/ODT		6.4045	28.0519	Based on testing @ multiple Enviva plants w/ safety added
PM (based on vend	249,426 dscfh	0.0044 gr/dscf		0.1568	0.6867	Equipment vendor specifications
P10	5.21 ODT/hr	100 % of PM		0.1568	0.6867	Engineering assumption
PM2.5	5.21 ODT/hr	100 % of PM		0.1568	0.6867	Engineering assumption
HAPs/TAPs						
Acetaldehyde	5.21 ODT/hr	0.0072 lb/ODT	0.57%	0.0375	0.1642	Non-detect @ Greenwood. Factor from other Enviva plants w/ safety added
Acrolein	5.21 ODT/hr	0.0108 lb/ODT	0.86%	0.0562	0.2463	Non-detect @ Greenwood. Factor from other Enviva plants w/ safety added
Formaldehyde	5.21 ODT/hr	0.00024 lb/ODT	0.02%	0.0012	0.0055	Dec. 2018 testing @ Greenwood w/ safety added
Methanol	5.21 ODT/hr	0.00588 lb/ODT	0.47%	0.0306	0.1341	Dec. 2018 testing @ Greenwood w/ safety added
Phenol	5.21 ODT/hr	0.00276 lb/ODT	0.22%	0.0144	0.0629	Non-detect @ Greenwood. Factor based on engineering judgement
Propionaldehyde	5.21 ODT/hr	0.0124 lb/ODT	0.98%	0.0646	0.2828	Based on Enviva Colombo testing w/safety added
Total HAP				0.2045	0.8958	
Pelletizer / Cooler						
VOC	5.21 ODT/hr	2.97 lb/ODT		15.4646	67.7351	Jan. 2019 testing @ Greenwood w/ safety added
PM (based on vend	344,658 dscfh	0.022 gr/dscf		1.0832	4.7445	Vendor Specification
P10	5.21 ODT/hr	26 % of PM		0.2816	1.2336	Engineering Judgement & Data from Enviva facilities
PM2.5	5.21 ODT/hr	0.0152 lb/ODT		0.0791	0.3467	Jan. 2019 testing @ Greenwood w/ safety added
HAPs/TAPs						
Acetaldehyde	5.21 ODT/hr	0.0336 lb/ODT	1.06%	0.1750	0.7663	
Acrolein	5.21 ODT/hr	0.0499 lb/ODT	1.57%	0.2598	1.1380	
Formaldehyde	5.21 ODT/hr	0.13 lb/ODT	4.09%	0.6769	2.9648	
Methanol	5.21 ODT/hr	0.00598 lb/ODT	0.19%	0.0311	0.1364	
Phenol	5.21 ODT/hr	0.0252 lb/ODT	0.79%	0.1312	0.5747	
Propionaldehyde	5.21 ODT/hr	0.0146 lb/ODT	0.46%	0.0760	0.3330	
Total HAP				1.3501	5.9133	
Pellet Handling and Storage						
VOC	5.21 ODT/hr	0.0142 lb/ODT		0.0739	0.3239	Based on Enviva Greenwood factors
CO				0.0076	0.0333	Based on worst-case measurements at Enviva Greenwood, a much larger source
PM	5.21 ODT/hr	0.00117 lb/ODT		0.0122	0.0534	Based on AP-42 13.4.2 Material Transfer Equations and 2 transfers
P10	5.21 ODT/hr	0.000554 lb/ODT		0.0058	0.0253	Based on AP-42 13.4.2 Material Transfer Equations and 2 transfers
PM2.5	5.21 ODT/hr	0.0000839 lb/ODT		0.0009	0.0038	Based on AP-42 13.4.2 Material Transfer Equations and 2 transfers
HAPs/TAPs						
Acetaldehyde	5.21 ODT/hr	0.0000142 lb/ODT	0.09%	0.0001	0.0003	Engineering estimate, assumed acetaldehyde=0.1% of VOC (non-detect at Greenwood)
Acrolein	5.21 ODT/hr	0.000142 lb/ODT	0.86%	0.0007	0.0032	Engineering estimate, assumed acrolein=1% of VOC (non-detect at Greenwood)
Formaldehyde	5.21 ODT/hr	0.00084 lb/ODT	5.08%	0.0044	0.0192	Based on Enviva Greenwood factors
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Phenol	5.21 ODT/hr	0.0000142 lb/ODT	0.09%	0.0001	0.0003	Engineering estimate, assumed phenol=0.1% of VOC (non-detect at Greenwood)
Propionaldehyde	5.21 ODT/hr	0.000142 lb/ODT	0.86%	0.0007	0.0032	Engineering estimate, assumed propionaldehyde=1% of VOC (non-detect at Greenwood)
Total HAP				0.0166	0.0726	
Road Fugitives						
PM				0.0687	0.3008	Based on AP-42 13.2.2 Unpaved Roads
P10				0.0400	0.1750	Based on AP-42 13.2.2 Unpaved Roads
PM2.5				0.0057	0.0249	Based on AP-42 13.2.2 Unpaved Roads

Andrews Myers
Attorneys at Law

TO: CMB Effingham, LLC

FROM: T. Champe Fitzhugh, IV

DATE : March 5, 2021

RE: Common Control Question for Effingham Pellets, LLC

Summary:

At the request of the management of CMB Effingham, LLC, a Texas limited liability company, we have reviewed the April 30, 2018 letter from William L. Wehrum, Assistant Administrator with the United States Environmental Protection Agency ("**EPA**") to the Honorable Patrick McDonnell, Secretary of the Pennsylvania Department of Environmental Protection (the "**Letter**"), on the issue of the EPA's "persons under common control" standard as it is used to determine whether two entities should be adjudged as "part of the same 'major source'" under the operating permit program under Title V of the Clean Air Act ("CAA") and/or part of the same "stationary source" under the New Source Review pre-construction permits program of Title 1 of the CAA. Based on our review of the "common control" test as it is applied by the EPA in that letter, it is our opinion that Effingham Pellets, LLC is not under "common control" with Charles Ingram Lumber.

I. Structure.

A. Effingham Pellets, LLC

Effingham Pellets, LLC ("**Effingham Pellets**") is a South Carolina limited liability company, which was formed in South Carolina on May 4, 2020. Effingham Pellets is owned 50% by CMB Effingham, LLC, a Texas limited liability company ("**CMB**") and 50% by Effingham Bio Fuels, LLC, a South Carolina limited liability company.

Effingham Bio Fuels, LLC is a South Carolina limited liability company. It is 40% owned by Charles Ingram Lumber Company, 20% owned by Thomas Brodie, an individual, 20% owned by Jessie Moore, an individual, and 20% owned by Jay Hudson, an individual. Thomas Brodie owns a minority stake in Charles Ingram Lumber Company. Jessie Moore is employed by Charles Ingram Lumber Company in a management capacity, dealing with sawmill operations. Jay Hudson is employed by Charles Ingram Lumber Company in a management capacity, dealing mostly with safety and human resources. Neither Brodie, Moore nor Hudson are managers or employees of Effingham Bio Fuels, LLC.

CMB is a wholly owned subsidiary of CMB North America Holdings, LLC, a Delaware limited liability company, which is wholly owned by CM Biomass Partners A/S, a Danish public limited company. Neither CMB nor any of CMB's affiliates or parents directly or indirectly own any interests in Effingham Bio Fuels, LLC or Charles Ingram Lumber Company.

The management and governance of Effingham Pellets is determined by the Limited Liability Company Agreement of Effingham Pellets, LLC, effective May 4, 2020, by and between Effingham Pellets, CMB and Effingham Bio Fuels, LLC (the "**Company Agreement**").

Effingham Pellets plans to operate a biomass wood pellet mill facility at 4905 Ingram Bypass, Effingham, South Carolina 29541, real property which it leases from Charles Ingram Lumber Company.

Effingham Pellets has an offtake agreement with CM Biomass Partners A/S, by which it has an agreement to sell its total production to CM Biomass Partners A/S.. Effingham Pellets has a fiber requirements agreement by which it has agreed to purchase pine shavings, from a Charles Ingram Lumber Company sawmill facility located at 4930 Planer Road, Effingham, South Carolina 29541. The offtake agreement and the fiber requirements agreement both have five-year terms, which automatically renewing for two successive five-year terms. Effingham Pellets has a binding contract with an unrelated Spanish company to purchase the wood pellet production equipment.

B. Effingham Pellets Operation.

The management and operation of the Effingham Pellets pellet mill will be independent from the management and operation of the Charles Ingram Lumber Company, with different personnel operating Effingham Pellets as Effingham Pellets employees. All major decisions for the operation of Effingham Pellets require the unanimous consent of the Managers, one appointed by CMB and the other appointed by Effingham Bio Fuels, LLC, or the unanimous consent of the Members. Neither CMB nor Charles Ingram Lumber Company has the ability to control Effingham Pellets.

Greg Martin, who is not affiliated with Charles Ingram Lumber Company, is responsible for Effingham Pellets' environmental compliance programs. The plant managers and employees of Effingham Pellets are not also employed by Charles Ingram Lumber Company. Charles Ingram Lumber Company performs some accounting and administrative functions for Effingham Pellets, in return for the payment of a market-rate, arms-length negotiated administrative fee. Effingham Pellets' operations are not controlled or directed by Charles Ingram Lumber Company.

Effingham Pellets leases real property from Charles Ingram Lumber Company pursuant to a legally binding, arms-length lease agreement with a fixed term. Effingham Pellets is party to a binding agreement for the equipment necessary to operate its wood pellet biomass mill with an unrelated Spanish company. Effingham Pellets has a contract with Charles Ingram Lumber by which it shall buy a fixed volume of raw materials from a specific saw mill.

The financial operation of Effingham Pellets is dependent on its offtake contract with CM Biomass Partners A/S, without which the Effingham Pellets facility could not operate. The *entire* output of the Effingham Pellets facility is being purchased by CM Biomass Partners A/S at a fixed price. The volume is not fixed, the contract merely sets a floor for the production required of Effingham Pellets. If Effingham Pellets was not able to buy sufficient raw materials from Charles Ingram Lumber then it would be obligated to source such raw materials from another source to comply with its obligations to CM Biomass A/S.

Notably, Effingham Pellets is free to purchase raw materials from any source and is not required to purchase raw materials only from Charles Ingram Lumber Company. Thus, Charles Ingram Lumber Company cannot indirectly control Effingham Pellets production of biomass wood pellets.

Effingham Pellets' contracts are all arms-length agreements negotiated at market terms.

C. CAA Test.

There are three prongs to the "major source" or "stationary source" analysis under the CAA, as applied by the EPA in the Letter. Under that analysis, Effingham Pellets and Charles Lumber Company may be considered part of the same "major source" or "statutory source" if they: (1) belong to the same industrial grouping; (2) are located on one or more contiguous or adjacent properties; and (3) are under the control of the same person(s). Our analysis is focused on the third prong, that of "common control."

D. Common Control Prong.

The assessment of "control" for Title I and Title V purposes under the CAA, according to the Letter, focuses on "the power or authority of one entity to dictate decisions of the other that could affect the applicability of, or compliance with, relevant air pollution regulatory requirements." Put another way, "control exists when one entity has the power or authority to . . . effectively dictate a specific outcome, such that the controlled entity lacks autonomy to choose a different outcome."[1] Effingham Pellets is free to purchase raw materials from sources other than Charles Ingram Lumber. In addition, no managers or employees are shared between Effingham Pellets and Charles Ingram Lumber.

E. Final Analysis.

Effingham Pellets is not under common control with Charles Ingram Lumber Company under the EPA's test set forth in the Letter. Charles Ingram Lumber Company cannot dictate a specific outcome for Effingham Pellets.

[1] All quotes are from the Letter and its attachment.

MEMORANDUM

Date: October 30, 2019
To: Doug Boykin, GM, Rex Lumber, Brookhaven, LLC
From: Frank E. Bondurant, General Counsel, Rex Lumber, LLC
Subject: "Source Determination" for Rex Lumber, Brookhaven, LLC and Brookhaven Pellets, LLC

Rex Lumber, Brookhaven, LLC (RB) is a Florida limited liability company authorized to do business in Mississippi. It is a wholly owned subsidiary of Rex Lumber, LLC (RL), a Florida limited liability company. RB is a sawmill engaged in the production of southern yellow pine lumber and is properly permitted under the Clean Air Act (CAA). One of the byproducts of RB's manufacturing process is dry wood shavings. Presently RB sells its shavings in the open market to four different buyers.

Brookhaven Pellets, LLC (BP) is a Mississippi limited liability company. Fifty percent of BP's membership interest is owned by Rex Pellets, Brookhaven, LLC (RP), a Florida liability company which is wholly owned subsidiary of RL. The remaining fifty percent will be owned by CMB Brookhaven, LLC (CMB) a Texas limited liability company which is wholly owned by CM Biomass Partners A/S (CM) a Danish partnership. BP will manufacture wood pellets at a facility located adjacent to or contiguous with RB.

RB will sell all of its wood shavings byproduct to BP pursuant to a 5 year Fiber Requirement Contract the terms of which are being negotiated. BP's wood shavings purchase from RB will represent roughly 50% of its feedstock needs. BP will purchase the remaining 50% of its feedstock in the open market. BP will sell all of the wood pellets it produces to CM pursuant to a firm contract which is being negotiated.

The issue is whether the emissions from the wood pellet manufacturing facility BP proposes to build should be aggregated with RB's exiting sawmill facility for CAA permitting purposes. More specifically, should RB and BP be considered part of the same "major source" under the operating permit program under title V of the CAA, and/or part of the same "stationary source" for the New Source Review (NSR) preconstruction permit programs under Title 1 of the CAA. Under the applicable federal permitting rules RB and BP can be considered part of the same "stationary source" or "major source" if they:

(1) belong to the same industrial grouping;
(2) are located on one or more contiguous or adjacent properties; and,
(3) are under the control of the same person (or persons under common control).

We have to concede items (1) and (2). Our position, however, is that item (3) is not applicable because the RB and BP facilities are not under "common control".

The assessment of "control" for Title V and NSA permitting purposes focuses on the power or authority of one entity to not merely influence, but to dictate decisions of the other that could affect the application of or compliance with relevant air pollution regulatory requirements. This determination is to be made by the regulatory authority on a case by case basis.

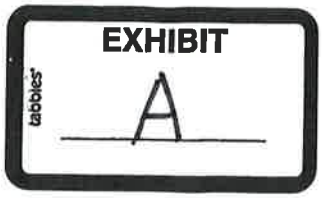
From the standpoint of corporate governance, neither RB or BP have managerial control over the other. Admittedly, RL is the sole member and manager of RB and RL is the sole member and manager of RP which owns 50% of BP, but while RL controls RB it can't control BP because its wholly owned subsidiary, RP, only owns 50 percent interest in BP. Under the operating agreement of BP all of its major management decisions require the agreement of RP which owns a 50% interest and CM which owns a 50% interest. Additionally, from a practical standpoint RB and BP will have separate workforces, separate management, separate equipment, and separate pollution control responsibilities.

RB and BP do have a partial support/dependency relationship in that BP will be contracting to buy all of RB's dry wood shavings and RB will be contracting to supply roughly 50% of BP's feedstock needs. At first glance, a default on these obligations by either party could affect the other's production and hence their emissions. A closer look, however, reveals otherwise. RB can go back into the open market to sell its dry wood shavings and BP can go into the open market and purchase the portion of its feedstock that would otherwise be supplied by RB.

For the purposes of source determinations, EPA considers "control" to be best understood to encompass the power or authority to dictate the outcome of decisions of another entity and not merely the ability to influence. More narrowly, EPA focuses on control (power or authority) over operations relevant to air pollution and specifically control over such operations that could affect the applicability of, or compliance with, permitting requirements.

RB and BP will have at least some influence over each others operations, but neither will have "control" over decisions that could affect air permitting obligations of the other. Rather, the relationship of RB and BP is a mutually beneficial arms-length arrangement between two separate business entities. Therefore, RB and BP should not be considered to be part of the same stationary source or major source on the basis of common control.

NOTE: This analysis is based on the analysis presented in that certain letter dated April 30, 2018, from William L Wehrum, Assistant Administrator, to The Honorable Patrick McDonnell, Secretary of the Pennsylvania Department of Environmental Protection, a copy of which is attached hereto as Exhibit "A".



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

April 30, 2018

The Honorable Patrick McDonnell
Secretary of the Pennsylvania Department
of Environmental Protection
Rachel Carson Office Building
Post Box 2063
Harrisburg, Pennsylvania 17105

Dear Mr. McDonnell:

On February 14, 2018, the Pennsylvania Department of Environmental Protection (PADEP) requested that the U.S. Environmental Protection Agency review a document submitted on behalf of Meadowbrook Energy LLC (Meadowbrook) concerning whether emissions from a biogas processing facility under development by Meadowbrook should be aggregated with an existing landfill owned by Keystone Sanitary Landfill, Inc. (KSL) for Clean Air Act (CAA) permitting purposes.

EPA understands this request to relate to the question of whether these two entities should be considered part of the same "major source" under the operating permit program under title V of the CAA, and/or part of the same "stationary source" for the New Source Review (NSR) pre-construction permit programs under title I of the CAA.[1] EPA commonly refers to these types of questions as "source determinations." Under the federal rules governing these permitting programs, entities may be considered part of the same "stationary source" or "major source"[2] if they (1) belong to the same industrial grouping; (2) are located on one or more contiguous or adjacent properties; and (3) are under the control of the same person (or persons under common control).[3] Meadowbrook's analysis, as supplemented by additional analysis dated March 16, 2018, primarily asserts that the Meadowbrook and KSL facilities are not under "common control."

[1] Although it appears that Meadowbrook's analysis only directly implicates title V permitting, the discussion in this letter and the Attachment is relevant to NSR permitting actions as well. In the NSR regulations, the definitions of "stationary source" use the term "building, structure, facility, or installation," which is separately defined.

[2] References to "major source" in this letter or Attachment are intended to refer only to the portions of the title V definitions of "major source" that relate to which activities should be considered part of the same "major source."

[3] *See* 42 U.S.C. § 7661(2) (title V statutory definition); 40 C.F.R. §§ 70.2 & 71.2 (title V regulations); 40 C.F.R. §§ 52.21(b)(5) & (6), 51.165(a)(1)(i) & (ii), and 51.166(b)(5) & (6) (NSR regulations). PADEP's permitting regulations either incorporate EPA's prevention of significant deterioration (PSD) regulations or contain similar provisions. *See, e.g.*, 25 Pa. Code 127.83 (PSD regulations incorporating EPA's regulations in 40 C.F.R. § 52.21);

As described more fully in the Attachment below, EPA has long recognized that common control determinations should be made on a case-by-case basis. In making such determinations, and in offering its views to other permitting authorities, EPA has previously interpreted the term "common control" in a manner that may support viewing the Meadowbrook and KSL facilities as a single "stationary source" or "major source" by virtue of the support or dependency relationships between the two entities that might be viewed as providing each entity with some degree of influence over the operations of the other.

However, the potential for that interpretation to produce inconsistent and impractical outcomes in this and other cases has caused EPA to re-evaluate and revise its interpretation of the term "common control" in the title V and NSR regulations. For the reasons discussed further in the Attachment, the agency believes clarity and consistency can be restored to source determinations if the assessment of "control" for title V and NSR permitting purposes focuses on the power or authority of one entity to dictate decisions of the other that could affect the applicability of, or compliance with, relevant air pollution regulatory requirements. Under this revised interpretation, EPA agrees with Meadowbrook that PADEP may conclude that the Meadowbrook and KSL facilities are not under common control and thus not a single "stationary source" or "major source" for title V or NSR purposes. However, given that Pennsylvania's title V and NSR programs have been approved by EPA, PADEP has primary responsibility to make source determinations involving the Meadowbrook and/or KSL facilities based on its EPA-approved rules. EPA believes that the following Attachment, in explaining EPA's revised interpretation and other factors that EPA recommends considering when determining if there is "common control," should be helpful to PADEP as it makes its final permitting decision with respect to Meadowbrook.

If you have any additional questions, please contact Anna Marie Wood in the Office of Air Quality Planning and Standards at (919) 541-3604 or *wood.anna@epa.gov*.

Sincerely,

William L. Wehrum
Assistant Administrator

Attachment

cc: Krishnan Ramamurthy, Director of Air Quality, PADEP
Mark Wejkszner, Air Quality Program Manager, PADEP, Region 2

---

see also 25 Pa. Code 121.1 (general air quality definition of "facility"); 25 Pa. Code 127.204(a) (nonattainment NSR regulations discussing aggregation).

Letter: William L. Wehrum, Assistant Administrator, Office of Air and Radiation, U.S. Environmental Protection Agency, to the Honorable Patrick McDonnell, Secretary, Pennsylvania Department of Environmental Protection (April 30, 2018)

Attachment

I. Meadowbrook and KSL Background

Meadowbrook Energy LLC (Meadowbrook) has indicated that it plans to construct a biogas processing facility that will convert landfill gas (LFG) and other potential biogas feedstocks into pipeline-quality natural gas for injection into the interstate natural gas pipeline system, to be used as a transportation fuel. Meadowbrook has entered into an agreement with Keystone Sanitary Landfill, Inc. (KSL),[4] whereby KSL will deliver LFG to Meadowbrook via a pipeline running between the two facilities. This pipeline will be owned by KSL up to a demarcation point, at which point the remainder of the pipeline will be separately owned by Meadowbrook.

Meadowbrook explains that KSL controls its own landfill gas collection activities and delivers untreated landfill gas to the demarcation point. After the demarcation point, Meadowbrook conducts all processing of the gas necessary to create the renewable natural gas product that it injects into the pipeline for market sale. Meadowbrook represents that the two entities have no cross-ownership or direct control over operations at the other facility. In other words, each entity has no ability to control, operate, close, or restrict the use of the other's facility.[5] Meadowbrook characterizes the relationship between the two facilities as arms-length arrangements between independent commercial entities. Meadowbrook therefore believes that Meadowbrook and KSL should not be considered under "common control," and thus their facilities should not be considered a single source.

More specifically, Meadowbrook maintains that KSL is not dependent on Meadowbrook for compliance with any portion of the requirements associated with the control of the emission of KSL's LFG. Meadowbrook indicates that KSL will retain full responsibility for compliance with all air pollutant control obligations (*e.g.*, New Source Performance Standards (NSPS) Subpart WWW requirements for LFG) until the LFG is delivered to the demarcation point (*i.e.*, until the gas is delivered to Meadowbrook). If Meadowbrook cannot accept LFG, shutoff valves in the pipeline between LFG and Meadowbrook will redirect all of the LFG to KSL's flares for

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[4] Meadowbrook indicates that this agreement is subject to future revisions. The information provided to PADEP by Meadowbrook in its initial draft analysis and its updated March 16, 2018, analysis apparently reflects the mutual understandings of Meadowbrook and KSL as of the date of these analyses.

[5] Meadowbrook acknowledges that Meadowbrook will provide either labor (likely through a third-party) or financing associated with modifying or optimizing KSL's landfill gas collection system in order to set up the pipeline between Meadowbrook and KSL. However, Meadowbrook claims that KSL would direct any Meadowbrook personnel, or third-party personnel provided by Meadowbrook, in these efforts, and that Meadowbrook would not have any rights to direct or control the operation of the LFG collection system. Additionally, Meadowbrook indicates that it is currently considering the possibility of interconnecting with KSL's leachate, condensate, and wastewater treatment systems to dispose of certain Meadowbrook products at market prices.

destruction. KSL is required to construct and maintain sufficient flare capacity to destroy 100% of KSL's LFG, and Meadowbrook states this flare capacity exists and is currently permitted.[6] Thus, Meadowbrook concludes that even the closure of the Meadowbrook facility would not have environmental consequences to KSL's operations, nor would it affect the ability of KSL to comply with environmental regulatory requirements related to its LFG.

Meadowbrook also maintains that it is not dependent on KSL for its supply of LFG. Meadowbrook acknowledges that it has the right to purchase, and expects to purchase, all of the LFG produced by KSL to serve as a feedstock, and that Meadowbrook will rely on KSL for its first supply of LFG to produce a natural gas product for commerce. However, Meadowbrook represents that it is only required to accept as much LFG as Meadowbrook can process. Meadowbrook also indicates that its processing capacity exceeds KSL's LFG production, and that Meadowbrook is actively seeking additional suppliers of LFG and other types of biogas in order to serve as a regional refining and processing facility. Moreover, Meadowbrook claims that even if KSL were to shut down, and even if this resulted in the eventual shutdown of Meadowbrook itself, this shutdown would have no environmental consequences. Based on this, Meadowbrook asserts that it retains sole responsibility for environmental regulatory requirements (related to LFG, or otherwise) arising after the demarcation point, and that its air emissions are in no way influenced by KSL's landfill operations.

Meadowbrook emphasizes the separate compliance responsibilities of each entity, and the fact that neither entity would be able to operate the other's facility to ensure that the other's facility complies with relevant environmental requirements. First, Meadowbrook briefly discusses its own practical difficulties in having to assure its customers or potential suppliers that it is not liable for KSL's operations. Additionally, Meadowbrook highlights practical difficulties with aggregating the two entities for permitting purposes: specifically, difficulties with including Meadowbrook's operations within KSL's existing title V permit for title V compliance certification purposes. Meadowbrook notes that, if Meadowbrook's operations were incorporated into KSL's existing title V permit, KSL's responsible official would be required to certify the accuracy of such a permit modification application with respect to Meadowbrook's operations, as well as certify Meadowbrook's compliance with relevant requirements. *See* 25 Pa. Code §§ 127.402(d), 127.205(2).[7] Meadowbrook argues that the responsible official at KSL would have no way to accurately certify permit applications pertaining to Meadowbrook's facility, nor could KSL's responsible official certify Meadowbrook's compliance, because KSL has no information about or access to proprietary equipment or operations at the Meadowbrook facility. Thus, Meadowbrook argues that it would be unrealistic to expect that KSL could effectively discharge KSL's title V compliance certification requirements (with the potential for criminal liability) if the two sources were aggregated.

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[6] Meadowbrook acknowledges that KSL's title V permit will likely be modified to add an option to divert LFG to Meadowbrook, but claims that this will not affect KSL's ability to maintain title V compliance (presumably, compliance with subpart WWW requirements) through use of its existing LFG collection system and flares.

[7] Meadowbrook also references KSL's obligation to certify ongoing compliance and suggests that KSL could be held liable for Meadowbrook's operations. *See* 25 Pa. Code §§ 127.511(c)(1), 127.411(a)(1).

II. Background on EPA Interpretations of Common Control

When determining which pollutant-emitting activities should be considered part of the same "major source" under the title V operating permit program, and/or part of the same "stationary source" under the New Source Review (NSR) program, permitting authorities should assess the three factors contained in EPA's title V and NSR regulations—same industrial grouping, location on contiguous or adjacent property, and common control—on a case-by-case basis. In the title V regulations, these criteria are reflected in the definition of "major source." 40 C.F.R. §§ 70.2 & 71.2. The NSR regulations define a "stationary source" as a "building, structure, facility, or installation" and then provide a separate definition for that phrase which reflects these three criteria. 40 C.F.R. §§ 52.21(b)(5) & (6), 51.165(a)(1)(i) & (ii), and 51.166(b)(5) & (6).

In the original promulgation of these three factors in the NSR program regulations, EPA was mindful of a decision from the U.S. Court of Appeals for the District of Columbia Circuit holding that the "source" for NSR permitting purposes should comport with the "common sense notion of a plant." 45 Fed. Reg. 52676, 52694 (Aug. 7, 1980) (citing *Alabama Power Co. v. Costle*, 636 F.2d 323 (D.C. Cir. 1979)). When EPA first established the current three-part test in the Prevention of Significant Deterioration (PSD) NSR rules adopted in 1980, the agency explained that this test would comply with *Alabama Power* by reasonably carrying out the purposes of the PSD program, approximating a "common sense notion of a plant," and avoiding the aggregation of pollutant-emitting activities that would not fit within the ordinary meaning of "building," "structure," "facility," or "installation." 45 Fed. Reg. at 52694–95. When EPA subsequently promulgated the title V definitions for Part 71 using the same three criteria, the agency said that it intended these provisions to be consistent with the language and application of the PSD definitions. 61 Fed. Reg. 34202, 34210 (July 1, 1996).

Neither the Clean Air Act (CAA), EPA's regulations, nor Pennsylvania Department of Environmental Protection's (PADEP's) regulations define "common control." Acknowledging that "[c]ontrol can be a difficult factual determination, involving the power of one business entity to affect the construction decisions or pollution control decisions of another business entity," EPA has long recognized that common control determinations should be made on a case-by-case basis. 45 Fed. Reg. 59874, 59878 (September 11, 1980).

In an early action implementing the Nonattainment NSR program, EPA explained that it would be guided by a definition of control established by the Securities and Exchange Commission (SEC), which states the following: "the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person (or organization or association) whether through the ownership of voting shares, contract, or otherwise." 45 Fed. Reg. at 59878 (*quoting* 17 C.F.R. § 210.1-02(g)).[8] In a 1996 memorandum concerning source determinations on Federal military installations, EPA further explained:

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[8] EPA has also pointed to a definition of "control" found in Webster's Dictionary, including "to exercise restraining or directing influence over," "to have power over," "power or authority to guide or manage," and "the regulation of economic activity." Letter from William A. Spratlin, Director, Air, RCRA, and Toxics Division, EPA Region 7, to Peter R. Hamlin, Chief, Air Quality Bureau, Iowa Department of Natural Resources (September 18, 1995) (the Spratlin Letter).

> In general, the controlling entity is the highest authority that exercises restraining or directing influence over a source's economic or other relevant, pollutant-emitting activities. In considering interactions among facilities, what must be determined is who has the power of authority to guide, manage, or regulate the pollutant-emitting activities of those facilities, including "the power to make or veto decisions to implement major emission-control measures" or to influence production levels or compliance with environmental regulations.[9]

In other guidance documents and letters, EPA has identified a number of factors that should be considered when assessing whether two entities are under common control, including but not limited to shared workforces, shared management, shared administrative functions, shared equipment, shared intermediates or byproducts, shared pollution control responsibilities, and support/dependency relationships.[10] In the discussion that follows, we will refer to this as the "multi-factor" approach of evaluating common control.

Regarding the support/dependency relationship factor, in several case-specific source determinations, EPA relied upon the presence of support or dependency relationships between two or more entities that resulted in one entity either directing or influencing the operations of another entity.[11] These situations often involved a primary facility that was wholly or partially dependent on a supporting facility for a critical aspect of its operations, such as the supply of raw materials. These relationships were often characterized by mutually beneficial contractual arrangements, including output contracts (where one entity was obligated to purchase all, or a portion, of another entity's output) and requirement contracts (where one entity was obligated to produce all, or a portion, of a product that another entity requires). As a result of these relationships, in certain cases EPA has found common control due to only the influence that these economically or operationally interconnected entities exert (or have the ability to exert) on one another (*e.g.*, the ability to influence production levels).

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[9] Memorandum from John S. Seitz, Director, OAQPS, to EPA Regional Offices, Major Source Determinations for Military Installations under the Air Toxics, New Source Review, and Title V Operating Permit Programs of the Clean Air Act, 9–10 (August 2, 1996) (the Seitz Memorandum) (citation omitted). Although this memorandum specifically concerned military installations, many of the statements contained therein are illustrative of EPA's past common control interpretations and policies more broadly.

[10] *See, e.g.*, Spratlin Letter at 1–2. Other EPA guidance and correspondence regarding common control can be found at: *https://www.epa.gov/title-v-operating-permits/title-v-operating-permit-policy-and-guidance-document-index* and *https://www.epa.gov/nsr/new-source-review-policy-and-guidance-document-index*.

[11] *See, e.g.*, Letter from Kathleen Cox, Associate Director, Office of Permits & Air Toxics, EPA Region 3 to Troy D. Breathwaite, Air Permits Manager, Virginia Department of Environmental Quality, Re: GPC/SPSA-Suffolk/BASF (January 10, 2012); Letter from Gregg M. Worley, Chief, Air Permits Section, EPA Region 4, to James Capp, Chief, Air Protection Branch, Georgia Department of Natural Resources, Re: PowerSecure/FEMC/Houston County Landfill (December 16, 2011); Letter from Richard R. Long, Director, Air Program, EPA Region 8, to Julie Wrend, Legal Administrator, Air Pollution Control Division, Colorado Department of Public Health and Environment, Re: TriGen/Coors (November 12, 1998); *see also* Seitz Memorandum at 10–13 (discussing control via leases and contract-for-service relationships where a supporting entity is integral to or contributes to the operations of another entity).

III. Need for Revision to EPA's Approach to Common Control Assessments

These latter precedents might be construed to suggest that EPA and PADEP should consider Meadowbrook and KSL to be under common control because of two elements of the relationship between these entities, both related to the support/dependency concept. First, the fact that KSL plans to dispose of its LFG by sending it to Meadowbrook via pipeline indicates that KSL will, in most circumstances, effectively rely on Meadowbrook as the mechanism by which it controls its LFG emissions in order to comply with Subpart WWW NSPS requirements applicable to the landfill. Second, the fact that KSL is expected to supply Meadowbrook with a potentially large proportion of the LFG that Meadowbrook processes implies that KSL could influence production levels at Meadowbrook, and thus, to some extent, Meadowbrook's emissions resulting from processing KSL's LFG. If Meadowbrook and KSL were determined to be under common control based on these facts, they would then be treated as a single source for title V and NSR purposes.[12]

On the other hand, the reasoning of other EPA source determinations involving similar facts could be followed to support the contrary conclusion that Meadowbrook and KSL are not under common control. Using the multi-factor approach to evaluating common control, one could weigh more heavily the fact that neither facility is entirely dependent on the other for operation.[13] KSL can control its LFG emissions via flaring without Meadowbrook, and Meadowbrook plans to receive gas from other entities. Additionally, Meadowbrook and KSL do not share workforces, management, administrative functions, equipment, or pollution control responsibilities. Under the multi-factor approach, these considerations suggest a lack of control.

Thus, during EPA's review of Meadowbrook's request, it became clear that the large number of different factual considerations implicated by prior EPA common control determinations, in addition to the agency's historically broad view of the types of relationships that can establish control (*e.g.*, support/dependency), has resulted in the potential for inconsistent outcomes in source determinations and an overall lack of clarity and certainty for sources and permitting authorities. Additionally, this particular scenario demonstrates practical difficulties that could result from considering these operations to be a single source, including the potential for inequitable outcomes.[14] Moreover, it was not obvious that treating Meadowbrook and KSL as a single source would reflect a "common sense notion of a plant." The potential for inconsistent outcomes under EPA's broad-ranging prior interpretations, as well as these other concerns regarding the facts at hand, have prompted EPA to reevaluate and narrow the agency's interpretation of "common control." The next section explains EPA's narrowed interpretation

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[12] In its March 16, 2018, submission, Meadowbrook states that its facility will be located on a property contiguous to the KSL landfill, and that the two operations will share the same two-digit SIC code. Although Meadowbrook suggests that "shared two-digit SIC codes are unlikely to contribute any meaningful information to any aggregation analysis," this is nonetheless a criterion currently included in EPA's source determination rules.

[13] *See* Letter from Judith M. Katz, Director, Air Protection Division, EPA Region 3, to Gary E. Graham, Environmental Engineer, Commonwealth of Virginia Department of Environmental Quality, Re: Maplewood/INGENCO (May 1, 2002) (Maplewood/INGENCO letter).

[14] In particular, the agency's prior approach could lead to the impractical and potentially inequitable result of holding otherwise separate business entities responsible for each other's actions, even if they do not have the power or authority to dictate such actions.

and other considerations EPA currently views as most relevant to determining common control. The last section applies these principles in an examination of whether the Meadowbrook and KSL facilities are under common control.

IV. Refining EPA's Interpretation and Policy Concerning "Common Control"

Consistent with EPA's longstanding practice and view, determinations of common control are fact-specific and should continue to be made by permitting authorities on a case-by-case basis. However, after re-evaluating the concept of common control, EPA believes it should realign its approach to common control determinations in order to better reflect a "common sense notion of a plant," and to minimize the potential for entities to be held responsible for decisions of other entities over which they have no power or authority. For the reasons discussed further below, the agency believes clarity and consistency can be restored to source determinations if the assessment of "control" for title V and NSR permitting purposes focuses on *the power or authority of one entity to dictate decisions of the other that could affect the applicability of, or compliance with, relevant air pollution regulatory requirements.*

This document reflects EPA's interpretation of "control" in the context of EPA's title V and NSR regulations and EPA's policy regarding how to best apply this interpretation in source determinations. However, states with EPA-approved title V and NSR permitting programs retain the discretion to determine whether specific entities are under common control.[15]

A. Control means the power or authority to dictate decisions.

For purposes of source determinations, EPA considers "control" to be best understood to encompass the power or authority to dictate the outcome of decisions of another entity. This concept includes only the power to dictate a particular outcome and does not include the mere ability to influence. Thus, control exists when one entity has the power or authority to restrict another entity's choices and effectively dictate a specific outcome, such that the controlled entity lacks autonomy to choose a different course of action. This power and authority could be exercised through various mechanisms, including common ownership or managerial authority (the chain of command within a corporate structure, including parent/subsidiary relationships), contractual obligations (*e.g.*, where a contract gives one entity the authority to direct specific activities of another entity), and other forms of control where, although not specifically delineated by corporate structure or contract, one entity nonetheless has the ability to effectively direct the specific actions of another entity. Thus, control can be established: (1) when one entity has the power to command the actions of another entity (*e.g.*, Entity A expressly directs Entity B to "do X"); or (2) when one entity's actions effectively dictate the actions of another entity (*e.g.*, Entity A's actions force Entity B to do X, and Entity B cannot do anything other than X). The

[15] What follows is a discussion of those factors that EPA advises states to consider (and *not* to consider) when determining whether two entities are under common control. The general direction provided here by EPA should not be understood as controlling the outcome of any particular situation, which must be judged based on its individual facts and circumstances. This document is not a rule or regulation, and the statements herein are not binding on state or local permitting authorities. This discussion reflects a change in how EPA interprets the term "common control" in it regulations but does not change or substitute for any law, regulation, or other legally binding requirement.

second scenario that can establish control should not be confused with the broader concept, as historically articulated, embracing the "ability to influence." While distinguishing control from the ability to merely influence will necessarily be a fact-specific inquiry, the key difference is that EPA interprets "control" to exist at the point where one entity's influence over another entity effectively removes the autonomy of the controlled entity to decide whether or how to pursue a particular course of action.[16] Ultimately, the focus is not on *how* control is established (through ownership, contract, or otherwise), but on *whether* control is established—that is, whether one entity can expressly or effectively force another entity to take a specific course of action, which the other entity cannot avoid through its own independent decision-making.

This narrower interpretation of the meaning of "control" in most respects traces back to, and is consistent with, definitions of "control" on which EPA previously relied that emphasized the "power to direct,"[17] as well as a common sense understanding of "control." However, this interpretation differs from definitions that EPA has cited more recently, as well as EPA's prior interpretation of those definitions, which extended "control" to include the ability to influence.[18] For the following reasons, EPA is no longer following these broader definitions and interpretations. Certainly, business relationships and external market forces can constrain the ability of an entity to make decisions with complete autonomy, and it is indeed rare that an entity is fully insulated from such external influences. However, the fact that an entity is influenced, affected, or somewhat constrained by contractual relationships that it negotiated at arm's length, or by external market forces, does not necessarily mean that one entity is actually controlled or governed by these influences in making a given decision. After consideration of the inconsistent, impractical, and inequitable outcomes that could have resulted in this case under the previous interpretation that extended control to include the ability to influence, EPA has concluded that a narrower interpretation is better. A narrower interpretation avoids the potential for entities to be held responsible for actions over which they have no power or authority, but which instead they could merely have some influence over due to of market conditions or a business relationship that was negotiated on the open market or otherwise at arm's length. Thus, EPA will from this point forward interpret the term "control" in its title V and NSR regulations to require more than the ability to merely influence.

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[16] For example, where Entity A is required to accept and process 100% of a raw material or intermediate produced by Entity B, decisions that Entity B makes with respect to the amount of raw material produced will likely affect Entity A's production levels, which could affect Entity A's emissions. However, provided that Entity A has the ability to independently decide how it operates its pollution-generating and pollution-controlling equipment, and to independently decide whether it expands its operations or not, this level of influence would not amount to "control."

[17] The common thread between definitions of "control" that EPA has relied upon is the "power to direct." *See, e.g.*, 17 C.F.R. § 210.1-02(g) (SEC definition of control, "*power to direct* or *cause the direction of* the management and policies of a person") (emphasis added); Spratlin Letter (citing Webster's definition of control, including "*to have power over*") (emphasis added).

[18] *See, e.g.*, Spratlin Letter (Webster's definition of control, including "power or authority to guide or manage," "restraining or directing influence over"); Seitz Memorandum at 9 ("restraining or directing influence"); *see also id.* at 10–13.

B. *Focus should be on control over decisions that affect the applicability of, or compliance with, relevant air pollution regulatory requirements.*

To promote clarity, consistency, and more practical outcomes in source determinations, EPA intends to focus on control (power or authority) over operations relevant to air pollution, and specifically control over such operations that could affect the applicability of, or compliance with, permitting requirements. EPA intends to examine whether the control exerted by one entity would determine whether a permitting requirement applies or does not apply to the other entity, or whether the control exerted by one entity would determine whether the other entity complies or does not comply with an existing permitting requirement. Thus, if "control" represents the power or authority of one entity to dictate a specific outcome at another entity (as described above), EPA considers the most relevant outcome to be the applicability of, or compliance with, air permitting requirements.

EPA considers this to be a reasonable policy, and a better approach, when determining common control in light of the applicable regulatory context. To start with, EPA's regulations reference air pollution-emitting activities when defining what constitutes a single source.[19] Definitions should not be read in isolation, however. Source determinations are made in the context of the NSR and title V permitting programs and their respective requirements pertaining to the control and monitoring of air pollution emissions. It logically follows, therefore, that the type of "control" most relevant to this inquiry is control over air pollution-emitting activities that trigger permitting requirements and affect compliance with those requirements. EPA therefore considers it appropriate to focus this inquiry on control over air pollution-emitting activities that could affect the applicability of, or compliance with, title V and NSR requirements.[20] If the authority one entity has over another cannot actually affect the applicability of, or compliance with, relevant permitting requirements, then the entities cannot control what permit requirements are applicable to each other, or whether another entity complies with its respective requirements. Effectively, this means that each entity has autonomy with respect to its own permitting obligations. It is more logical for such entities to be treated as separate sources, rather than being artificially grouped together for permitting purposes. EPA expects that any benefit that might be thought to be gained from the aggregation of entities that are effectively autonomous for permitting purposes would not "carry out reasonably the purposes" of the title V or NSR program. *See* 45 Fed. Reg. at 525694–95.[21]

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[19] *See, e.g.*, 40 C.F.R. § 52.21(b)(6) (defining "building, structure, facility, or installation" as "all of the *pollutant-emitting activities*" that are under common control, among other criteria (emphasis added)); 40 C.F.R. § 70.2 (clarifying that for the definition of "major source," considerations of major industrial group (SIC code) should focus on "all of the *pollutant emitting activities* at such source or group of sources" (emphasis added)); *id.* (defining "stationary source" as "any building, structure, facility, or installation *that emits or may emit* any regulated air pollutant or any pollutant listed under section 112(b) of the [CAA]") (emphasis added); 40 C.F.R. 52.21(b)(5) (similar definition of "stationary source" for NSR).

[20] EPA has previously articulated the importance of similar considerations, including "the power to make or veto decisions to implement major emission-control measures," and the power to influence "compliance with environmental regulations." Seitz Memorandum at 10 (citations omitted).

[21] First, although a more expansive reading of control could result in more sources being subject to title V, the purpose of the title V program is *not* to indiscriminately maximize the number of sources required to obtain operating permits—such as by requiring small sources that would otherwise not be subject to title V to obtain a

Moreover, aggregating entities that cannot control decisions affecting applicability or compliance with permitting and other requirements would create practical difficulties and inequities. For title V purposes, it may be impossible for the responsible official of one entity to accurately certify the completeness of a permit application for a permit modification (*e.g.*, to incorporate requirements that are applicable to a new unit) that is entirely within the control of another entity, or to certify that the other entity has complied with existing permit requirements, as required by title V. *See* 40 C.F.R. § 70.5(a)(2), (c)(9)(i), (d). Similar problematic scenarios can arise under the NSR program as well. For instance, in order to determine whether a proposed physical or operational change would result in a "significant net emissions increase" and thus constitute a "major modification" at the source, an entity is required to identify and take account of all creditable emissions increases and decreases that had occurred source-wide during the relevant 5-year "contemporaneous" period. *See, e.g.*, 40 C.F.R. § 52.21(b)(3)(i)(*b*). It is not clear how it would even be possible for one entity to identify the creditable emissions increases and decreases that had occurred at that portion of the source under the control of another entity, much less determine whether NSR would be triggered by the proposed change.

More broadly, for both title V and NSR, an entity could face liability for the actions of another entity that were entirely outside the first entity's control if both entities were treated as part of the same source. This result would clearly be inequitable. Put simply, an entity that cannot "direct" or "cause the direction of" a specific decision or action by another entity does not have "control" and should not be subject to the consequences of that decision.[22] Focusing on control over decisions that could affect applicability or compliance with air quality permitting obligations avoids this potentially impractical and inequitable result while reasonably carrying out the purposes of the title V and NSR permitting programs.

In practice, evaluating common control will necessarily be a fact-specific inquiry. However, EPA believes the most relevant considerations should be whether entities have the power to direct the actions of other entities to the extent that they affect the applicability of and compliance with permitting requirements: *e.g.*, the power to direct the construction or modification of equipment that will result in emissions of air pollution; the manner in which such emission units operate; the installation or operation of pollution control equipment; and

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permit simply because of their business relationships with a title V source. Second, the purpose of the NSR program is not to maximize the number of sources subject to PSD requirements (*e.g.*, BACT) by aggregating multiple entities until their combined emissions exceed major source thresholds. That said, it would also not be appropriate to rely on EPA's current approach to artificially separate a source into multiple sources in order to evade major source status or otherwise circumvent title V or NSR requirements. Third, the purposes of the NSR program would not be fulfilled by allowing entities to intentionally (or unintentionally) over-aggregate, in order to share the benefits of emissions reductions (*e.g.*, accounting for emission reductions in determining a significant net emissions increase) at sources that do not have any control over each other's permitting obligations. EPA's current approach is intended to avoid these outcomes that are incongruent with the purposes of the title V and NSR programs by aggregating only those activities that accurately reflect a "common sense notion of a plant" from a permitting standpoint.

[22] For example, if Entity A has no ability to dictate the relevant decisions of Entity B that would subject Entity B to new regulatory requirements or that would affect Entity B's compliance with existing requirements, it would be inequitable to subject Entity A to such new requirements or hold Entity A responsible for Entity B's compliance with existing requirements. Only if Entity A has the ability to dictate an action by Entity B that could result in permitting-related liability for either entity, should Entity A be held responsible for Entity B's action (by virtue of being considered the same source).

monitoring, testing, recordkeeping, and reporting obligations. On the other hand, common control considerations should not focus on the power to direct aspects of an entity's operations that are wholly unrelated to air pollution permitting requirements. If one entity has power or authority over some aspect of another entity's operations that would have no impact on pollutant-emitting activities of the stationary source subject to permitting requirements, EPA does not consider that fact to be relevant to determining whether the two entities should be considered a single source for air quality permitting purposes (*e.g.*, one entity providing security for both its facility and for an adjacent facility belonging to another entity).

Overall, focusing on the power to direct decisions over air pollution-related activities that could affect permitting obligations (*i.e.*, applicability or compliance) is reasonable, and a better approach to determining whether there is common control in the context of title V and NSR permitting. EPA expects that this approach will produce more consistent and sensible outcomes. Accordingly, EPA will generally view common control to exist in situations where entities lack the power or authority to make independent decisions that could affect the applicability of, or compliance with, relevant regulatory requirements concerning air pollution.

C. Dependency relationships should not be presumed to result in common control.

It is important, in evaluating whether common control might be said to exist due to the existence of a dependency relationship between entities, not to confuse this evaluation with the altogether separate issue of whether one entity is a "support facility" for another entity. Questions arising out of the consideration of the latter issue are directly accommodated within a distinct element of the source determination framework: the industrial grouping (2-digit SIC code) prong.[23] EPA has previously stated that "a support facility analysis is only relevant under the SIC-code determination." *In the Matter of Anadarko Petroleum Corp., Frederic Compressor Station*, Order on Petition no. VIII-2010-4 at 16 (February 2, 2011). This important distinction aside, a dependency relationship should not be presumed to result in common control. While mutually beneficial arrangements that give rise to dependency relationships could give one facility influence over the operations of another, entities can be economically or operationally interconnected or mutually dependent through contracts or other business arrangements without having the power or authority to direct the relevant activities of each other. To the extent that the same underlying facts should be weighed in evaluating common control, these considerations should generally be evaluated as outlined above to determine whether one entity has the power or authority to dictate the decisions of another entity (and not simply to determine whether a dependency relationship exists).

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[23] As EPA has explained, both primary and support facilities are to be assigned the same 2-digit SIC code. 45 Fed. Reg. at 52695; *see also* 1987 SIC Code Manual at 16–17 ("Each operating establishment is assigned an industry code on the basis of its primary activity . . . . Auxiliary establishments are assigned four-digit industry codes on the basis of the primary activity of the operating establishments they serve."). In the PSD rulemaking process conducted from 1979 to 1980, EPA decided to accommodate considerations of support or functional interrelatedness as part of the major industrial grouping (2-digit SIC code) prong, as opposed to establishing this as an independent component of the source determination analysis. *See* 45 Fed. Reg. 52676, 52695 (August 7, 1980). In so doing, EPA did not indicate that support or functional interrelatedness considerations should be made in the context of other discrete elements of the source determination framework (*i.e.*, the common control or adjacency prongs).

A number of practical considerations support this separation. First, the fact that economic conditions are such that one entity depends on another facility does not necessarily mean that it has the power or authority to direct the decisions of, or that its decisions are directed by, that other facility on which it depends. Second, the fact that one facility would not profitably exist *but for* the existence of another entity does not necessarily mean that, at some point after beginning operation, the entities will have the power or authority to dictate the outcome of decisions regarding relevant air-pollution related aspects of each other's operations. These situations should be evaluated in light of the principles discussed above, and inquiries concerning common control should not be sidestepped by presuming control based on the presence of a dependency relationship.

V. Evaluation of Meadowbrook and KSL Under Revised Interpretation and Policy for Common Control

Applying the interpretation of "common control" and the policy of focusing on air permitting requirements described above, based on the information provided by Meadowbrook,[24] EPA would not view the Meadowbrook and KSL facilities to be under common control. First, regarding control over KSL's landfill, it does not appear that Meadowbrook has power or authority to dictate decisions over any aspect of KSL's operations that could affect the applicability of, or compliance with, permitting requirements. Specifically, Meadowbrook does not have the power or authority to determine whether KSL complies with regulatory requirements associated with its LFG (*i.e.*, the Subpart WWW NSPS) that are applicable requirements within KSL's title V permit. Of course, Meadowbrook can indirectly affect KSL's operations by declining to take delivery of all of KSL's LFG at the demarcation point (or by ceasing operations). This means that Meadowbrook's actions (accepting or not accepting the LFG) would effectively dictate whether KSL does or does not destroy its LFG via its flares. Because Meadowbrook can effectively dictate this outcome at KSL, this could arguably be considered a form of control over this aspect of KSL's operations. However, this limited amount of control would not be over operations that EPA finds most relevant. Importantly, Meadowbrook will not affect KSL's ability to comply with its regulatory obligations since KSL retains the ability to redirect its LFG to flares operated exclusively by KSL and Meadowbrook has no power or authority over how KSL operates such flares.[25] Because Meadowbrook therefore has no power or authority over KSL's operations of the sort that EPA deems most relevant, *i.e.*, KSL's ability to comply with relevant permitting requirements, EPA's view is that

[24] EPA notes that some of the analysis initially provided by Meadowbrook and supplemented in its March 16, 2018, analysis is based on an agreement between Meadowbrook and KSL that is subject to revision. EPA's analysis below is based on the representations provided by Meadowbrook, and should not be interpreted as a complete evaluation of all facts that may be relevant to the question of common control. PADEP, as the permitting authority, is responsible for making a source determination based on all relevant facts, which may extend to current factual considerations that were not included in Meadowbrook's analysis, or to facts that eventually differ from those that Meadowbrook predicted at the time of its March 16, 2018, submittal.

[25] This situation is no different from a landfill that utilizes flares as a control device and naturally has no other options to dispose of its LFG (*e.g.*, no ability to send the LFG to a treatment facility or energy generating facility). In either case, even if the landfill has only one general option to dispose of its gas (flaring), it would nonetheless likely retain complete control over whether and how it does so (including whether it complies with relevant regulatory requirements when doing so).

Meadowbrook does not control KSL simply because KSL will ordinarily rely on Meadowbrook as a means of disposing of its LFG.[26] There is no indication that Meadowbrook has any power or authority over other activities occurring at KSL.[27]

Second, regarding control over Meadowbrook's operations, although KSL supplies Meadowbrook with a potentially large percentage of the feedstock (LFG) that Meadowbrook processes into a product for market (pipeline-quality renewable natural gas), it does not appear that this arrangement gives KSL power or authority over Meadowbrook's operations. Operations at KSL could ultimately affect the amount of LFG available to Meadowbrook, and thus, could indirectly affect the air emissions that ultimately occur at Meadowbrook in the course of processing the LFG. But it does not appear that Meadowbrook is contractually obligated to purchase the full output of KSL (although this may typically be the case).[28] Moreover, Meadowbrook indicated that it is actively pursuing other suppliers of feedstock, such that KSL will likely not be the only supplier of LFG (or other gas feedstock) to KSL. Thus, KSL does not have the power or authority to determine the amount of gas received (and therefore processed) by Meadowbrook. To the extent that decisions by KSL could indirectly impact air emissions at Meadowbrook, there is no indication that this would give KSL power or authority over any of Meadowbrook's air pollution-related operations, much less affect any permitting obligations applicable to Meadowbrook. At most, this amounts to influence, not control. Therefore, it would be appropriate to conclude that KSL does not control Meadowbrook in the sense relevant for determining whether the two entities' facilities constitute a single source. KSL simply supplies a feedstock product to Meadowbrook through an arm's length contract. KSL has no power or authority to direct other aspects of Meadowbrook's operations, including the means by which Meadowbrook generates and controls emissions.

Although Meadowbrook and KSL have at least influence over each other's operations, neither has "control" (as this term is interpreted above) over decisions that could affect air permitting obligations of the other. Rather, this appears to be, as Meadowbrook claimed, a mutually beneficial arms-length arrangement between two wholly-separate business entities. Therefore, EPA does not recommend that Meadowbrook and KSL be considered to be part of the same stationary source or major source on the basis of common control. However, as the permitting authority, PADEP retains the ultimate discretion to make source determinations based on its EPA-approved title V and NSR rules.

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[26] This conclusion is premised on Meadowbrook's representation that KSL's permit would not be modified in such a manner that Meadowbrook would have the power or authority to dictate whether KSL complies with its permit terms.

[27] Although Meadowbrook may supply funding or other resources to KSL for purposes of optimizing KSL's landfill gas recovery system, Meadowbrook's representations suggest that KSL would nonetheless retain complete control over this optimization process, and that Meadowbrook would not control any aspect of the LFG collection process. Additionally, the limited information presented by Meadowbrook regarding its potential future use of KSL's leachate, condensate, and wastewater treatment systems at market prices does not indicate that this would result in Meadowbrook's control over this aspect of KSL's operations. However, this arrangement may warrant further evaluation as Meadowbrook and KSL finalize their plans.

[28] As noted above, Meadowbrook indicated that it is only required to accept as much LFG as Meadowbrook can process.

Filing ID: 200504-1655380

Filing Date: 05/04/2020

STATE OF SOUTH CAROLINA
SECRETARY OF STATE

ARTICLES OF ORGANIZATION
Limited Liability Company – Domestic

The undersigned delivers the following articles of organization to form a South Carolina limited liability company pursuant to S.C. Code of Laws Section 33-44-202 and Section 33-44-203.

1. The name of the limited liability company **(Company ending must be included in name*)**

Effingham Pellets, LLC

***Note: The name of the limited liability company must contain one of the following endings: "limited liability company" or "limited company" or the abbreviation "L.L.C.", "LLC", "L.C.", "LC", or "Ltd. Co."**

2. The address of the initial designated office of the limited liability company in South Carolina is
4930 Planer Road
(Street Address)
Effingham, South Carolina 29541
(City, State, Zip Code)

3. The initial agent for service of process is
Thomas F. Brodie, III
(Name)

(Signature of Agent)

And the street address in South Carolina for this initial agent for service of process is:
4930 Planer Road
(Street Address)
Effingham (City) South Carolina 29541 (Zip Code)

4. List the name and address of each organizer. Only one organizer is required, but you may have more than one.

(a)
Thomas F. Brodie, III
(Name)
4930 Planer Road
(Street Address)
Effingham, South Carolina 29541
(City, State, Zip Code)

Effingham Pellets, LLC

Name of Limited Liability Company

(b)

(Name)

(Street Address)

(City, State, Zip Code)

5. ☒ Check this box only if the company is to be a term company. If the company is a term company, provide the term specified. 05/04/2119

6. ☒ Check this box only if management of the limited liability company is vested in a manager or managers. If this company is to be managed by managers, include the name and address of each initial manager.

(a)

Jim Anderson

(Name)

4930 Planer Road

(Street Address)

Effingham, South Carolina 29541

(City, State, Zip Code)

(b)

Todd Bush

(Name)

708 Main Street

(Street Address)

Houston, Texas 77002

(City, State, Zip Code)

7. ☐ Check this box only if one or more of the members of the company are to be liable for its debts and obligations under Section 33-44-303(c). If one or more members are so liable, specify which members, and for which debts, obligations or liabilities such members are liable in their capacity as members. This provision is optional and does not have to be completed.

8. Unless a delayed effective date is specified, these articles will be effective when endorsed for filing by the Secretary of State. Specify any delayed effective date and time _____.

Effingham Pellets, LLC

Name of Limited Liability Company

9. Any other provisions not consistent with law which the organizers determine to include, including any provisions that are required or are permitted to be set forth in the limited liability company operating agreement may be included on a separate attachment. Please make reference to this section if you include a separate attachment.

10. Each organizer listed under number 4 must sign.

Signed as Filer: Lindsey B. McIntyre

Signature of Organizer

Date: 05/04/2020

Signature of Organizer

Date: _____

Business Name: Effingham Pellets, LLC

Signature Page for a Secretary of State Business Filing

This page must be completed, scanned, and attached to any business filing where one of the following is true.

- The filing party signs the digital form on behalf of official signee.
- An attorney's signature is required. (Articles of Incorporation for Corporation and Benefit Corporation)

Official Signatures

(Officer, Incorporator, Director, Agent, Partner, etc)

Required for forms where the signee is not present upon online submission and a filing party is providing a digital signing on their behalf. If the provided space is not enough, please attach multiple pages.

Thomas F. Brodie, III — Name

5/4/2020 — Date

Signature

Organizer — Title / Position

Name — Date

Signature — Title / Position

Name — Date

Signature — Title / Position

Name — Date

Signature — Title / Position

Name — Date

Signature — Title / Position

Scan and Upload this document to the Business Filing System during the filing process.
File must be in one of these formats. PDF, GIF, JPEG

STATE OF SOUTH CAROLINA
SECRETARY OF STATE

ARTICLES OF ORGANIZATION
Limited Liability Company – Domestic

The undersigned delivers the following articles of organization to form a South Carolina limited liability company pursuant to S.C. Code of Laws Section 33-44-202 and Section 33-44-203.

1. The name of the limited liability company **(Company ending must be included in name*)**

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4930 Planer Road
(Street Address)

Effingham, SC 29541
(City, State, Zip Code)

3. The initial agent for service of process is

Thomas F. Brodie, III
(Name)

(Signature of Agent)

And the street address in South Carolina for this initial agent for service of process is:

4930 Planer Road
(Street Address)

Effingham — South Carolina — 29541
(City) (Zip Code)

4. List the name and address of each organizer. Only one organizer is required, but you may have more than one.

(a)
Thomas F. Brodie, III
(Name)

4930 Planer Road
(Street Address)

Effingham, SC 29541
(City, State, Zip Code)

Effingham Bio Fuels, LLC

Name of Limited Liability Company

(b)

(Name)

(Street Address)

(City, State, Zip Code)

5. [X] Check this box only if the company is to be a term company. If the company is a term company, provide the term specified. 99 years

6. [ ] Check this box only if management of the limited liability company is vested in a manager or managers. If this company is to be managed by managers, include the name and address of each initial manager.

(a)

(Name)

(Street Address)

(City, State, Zip Code)

(b)

(Name)

(Street Address)

(City, State, Zip Code)

7. [ ] Check this box only if one or more of the members of the company are to be liable for its debts and obligations under Section 33-44-303(c). If one or more members are so liable, specify which members, and for which debts, obligations or liabilities such members are liable in their capacity as members. This provision is optional and does not have to be completed.

8. Unless a delayed effective date is specified, these articles will be effective when endorsed for filing by the Secretary of State. Specify any delayed effective date and time _____.

Effingham Bio Fuels, LLC

Name of Limited Liability Company

9. Any other provisions not consistent with law which the organizers determine to include, including any provisions that are required or are permitted to be set forth in the limited liability company operating agreement may be included on a separate attachment. Please make reference to this section if you include a separate attachment.

10. Each organizer listed under ~~number 4~~ must sign.

Signature of Organizer

Date: 4/16/2020

Signature of Organizer

Date: _____

Filing Checklist

- Two completed copies of this form must be submitted for filing.
- $110.00 made payable to the South Carolina Secretary of State
- Self-addressed, stamped return envelope
- Make sure the organizer has signed the form. Only one organizer is required, but you may have more than one. If you have more than one organizer, every organizer listed on the form must sign. The organizer is the individual who completes the documents and delivers them for filing to the Secretary of State. The organizer may be an owner of the entity, but he or she does not have to be. The organizer may simply be an individual who assists in the formation of the LLC without having any involvement with subsequent ownership or operational functions.
- Return all documents to: South Carolina Secretary of State's Office
  Attn: Corporate Filings
  1205 Pendleton Street, Suite 525
  Columbia, SC 29201

SPECIAL NOTE

Registering your limited liability company name does not, in and of itself, provide an exclusive right to use this name on or in connection with any product or service. Use of a name as a trademark or service mark requires further clearance and registration and may be affected by prior use of the mark. For more information contact the Trademarks Division of the Secretary of State's Office.

OPERATING AGREEMENT
FOR
EFFINGHAM BIO FUELS, LLC
A SOUTH CAROLINA LIMITED LIABILITY COMPANY

THE OWNERSHIP INTERESTS IN EFFINGHAM BIO FUELS, LLC (THE "COMPANY") HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR UNDER SIMILAR APPLICABLE SECURITIES LAWS OR ACTS OF OTHER STATES OR FOREIGN JURISDICTIONS IN RELIANCE UPON EXEMPTIONS UNDER THOSE ACTS. SUCH INTERESTS IN THE COMPANY MAY BE ACQUIRED FOR INVESTMENT ONLY. THESE INTERESTS IN THE COMPANY ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE OFFERED FOR SALE, PLEDGED, HYPOTHECATED, SOLD, ASSIGNED OR TRANSFERRED AT ANY TIME EXCEPT IN COMPLIANCE WITH (I) THE SECURITIES ACT, ANY APPLICABLE STATE SECURITIES LAWS, AND ANY OTHER APPLICABLE SECURITIES LAWS AND (II) THE TERMS AND CONDITIONS OF THIS LIMITED LIABILITY COMPANY AGREEMENT. NO INTERESTS IN THE COMPANY WILL BE TRANSFERRED OF RECORD EXCEPT IN COMPLIANCE WITH SUCH LAWS AND THIS OPERATING AGREEMENT. THEREFORE, PURCHASERS OF SUCH INTERESTS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE RISK OF THEIR INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

April 16, 2020

OPERATING AGREEMENT
FOR
EFFINGHAM BIO FUELS, LLC
A SOUTH CAROLINA LIMITED LIABILITY COMPANY

TABLE OF CONTENTS

THIS AGREEMENT IS SUBJECT TO AN ARBITRATION PROVISION PURSUANT TO THE SOUTH CAROLINA UNIFORM ARBITRATION ACT (SOUTH CAROLINA CODE SECTION 15-48-10, ET. SEQ.)

OPERATING AGREEMENT OF EFFINGHAM BIO FUELS, LLC A SOUTH CAROLINA LIMITED LIABILITY COMPANY

THIS LIMITED LIABILITY COMPANY AGREEMENT for EFFINGHAM BIO FUELS, LLC, a South Carolina limited liability company (hereinafter "Company" or "the Company"), is entered into, and shall be effective as of April 16, 2020, by and among the "Members" identified on Schedule 1.0 hereto and the Company, and all other Persons who shall in the future become Members or Assignees in accordance with the provisions hereof, and who are listed as such on the books and records of the Company, all in accordance with and pursuant to the provisions of the Act.

RECITALS

WHEREAS, the Company was formed under the laws of the State of South Carolina by the filing the Articles of Organization with the Secretary of State of the South Carolina on April 16, 2020 (the "Certificate") for the purposes set forth in this Agreement; and

WHEREAS, the Members wish to enter into this Agreement setting forth the terms and conditions governing the operations and management of the Company.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements hereinafter contained below and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Members agree as follows:

ARTICLE 1 – THE LIMITED LIABILITY COMPANY

Section 1.1 Formation.

The parties hereto hereby form a limited liability company pursuant to the the South Carolina Uniform Limited Liability Company Act of 1996, Sections 33-44-101 et. seq. of the Code of Laws of South Carolina (1976), as amended, and any corresponding provisions of future laws, hereinafter referred to as "the Act," which organization is hereinafter referred to as "Company" or "the Company." The rights and liabilities of the Members (as "Members" are defined in Article 2 below) shall, except as hereinafter expressly stated to the contrary, be as provided for in the Act.

Section 1.2 Organization Certificates.

The parties hereto, or their agents or designees, shall immediately execute, file, record and/or publish Articles of Organization (hereinafter "the Certificate" as defined in Article 2 below) and other documents conforming hereto, and take all other appropriate action, to comply with all

legal requirements for the creation of the Company under the Act, and its operation in the state of South Carolina.

Section 1.3 Name.

The Company shall conduct business under the name of **Effingham Bio Fuels, LLC** within the state of South Carolina, and/or under such name or variations thereof as the Members deem appropriate from time to time.

Section 1.4 Designated Office.

The designated office of the Company shall be 4930 Planer Road, Effingham, South Carolina 29541. The Members may from time to time approve changes to the designated place of business through a vote wherein the majority of Ownership Interests will control. In addition, the Members shall have authority to and shall execute such amendments to filings with governmental agencies as may be required as a result of any changes.

Section 1.5 Registered Agent.

The Company's initial registered agent and the address of its initial registered office in the State of South Carolina shall be set forth in the Certificate. The Members may from time to time approve changes to the registered agent through a vote wherein the majority of Ownership Interests will control. In addition, the Members shall have authority to and shall execute such amendments to filings with governmental agencies as may be required as a result of any changes.

Section 1.6 Term.

The Company shall be a "Term Company" as that term is defined in the Act. The initial term of the Company shall be as set forth in the Articles of Organization. The Company shall be effective from the filing of the Certificate and the payment of the filing fee in the office of the South Carolina Secretary of State, Columbia, South Carolina, as required by the Act, and any amendments thereto, and shall remain effective until the date the Company is dissolved pursuant to the Act or any provisions of this Agreement. The period of time between the date the Company becomes effective and the date it ceases to be effective shall be referred to herein as "the Company Term."

Section 1.7 Identification of Members.

Schedule 1.0, which is attached to this Operating Agreement and also incorporated by reference, sets forth the names and addresses of the Members.

Section 1.8 Admission of Additional Members.

The Company shall not admit additional Members.

ARTICLE 2 - DEFINITIONS

Section 2.1 Definitions.

Whenever used in this Agreement, the terms set forth below shall be defined as follows:

a. "Act" means the South Carolina Limited Liability Company Act of 1996, S.C. Code Ann. §33-44-101, et. seq. (1976), as amended from time to time.

b. "Action of the Company" and any reference to an action taken, or to be taken, by the Company shall mean any action properly approved by the Manager in accordance with ARTICLES 5 and 6.

c. "Affiliate" means, with respect to any Person, any other Person directly or indirectly controlled by, controlling or under common control with, such Person. For purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting securities or otherwise.

d. "Agreement" means this Operating Agreement, as amended from time to time. Words such as "herein," "hereinafter," "hereof," "hereto" and "hereunder," refer to this Agreement as a whole, unless the context otherwise requires.

e. "Bankrupt" means, with respect to any Member, the occurrence of any one or more of the following: (i) the making by the Member of an assignment for the benefit of creditors; (ii) the filing of an involuntary petition seeking an adjudication of bankruptcy under Chapter 7 of the Bankruptcy Code, which filing is not dismissed within sixty (60) days of the filing; (iii) the filing of a voluntary petition by the Member under Chapter 7 of the Bankruptcy Code; (iv) the filing of a voluntary or involuntary petition under Chapters 11 or 13 of the Bankruptcy Code which is not dismissed within sixty (60) days of the filing, but only if the Member is not the debtor-in-possession of its assets; (v) the entry of an order, judgment or decree by a court of competent jurisdiction providing for the liquidation of the assets of the Member or appointing a receiver, trustee or other administrator of the Member's assets which continues in effect and unstayed for a period of sixty (60) days; or (vi) the confirmation of any plan of reorganization under either Chapter 11 or 13 of the Bankruptcy Code providing for the liquidation of substantially all of the Member's assets. For purposes of (iv) above, a Member shall not be considered a debtor-in-possession of its assets if a trustee, receiver or other person or entity is appointed to, or in fact does, control or operate the assets of the Member.

f. "Bankruptcy Code" means Title 11 of the United States Code, as now in effect or as hereafter amended.

g. "Capital" means the total contributions actually made to the Company pursuant to Article 3.

h. "Capital Account" means, with respect to any Member, the Capital Account maintained for such person in accordance with Section 7.6 hereof. Each Member's initial capital contribution is reflected on the attached Schedule 2.0.

i. "Capital Contribution" means the amount of cash and the fair market value of property contributed by a Member to the Company, whenever contributed. "Initial Capital Contribution" shall mean the initial contribution to the capital of the Company pursuant to this Agreement, as shown on Schedule 2.0.

j. The "Certificate" shall mean the Articles of Organization to be filed on behalf of the Company as required by the Act, all similar certificates required by the laws of other jurisdictions in which the Company may conduct business and all amendments thereto and substitutions thereof.

k. "Code" means the Internal Revenue Code of 1986, as amended from time to time (or any corresponding provision of succeeding law).

l. "Company" means **Effingham Bio Fuels, LLC**.

m. "Managing Member" shall mean that Member elected as Managing Member, or who succeeds to that capacity pursuant to Article 5 of the Agreement. The initial Managing Member shall be Thomas F. Brodie, III.

n. "Members" means the Members identified in Schedule 1.0, which shall constitute the owners of the Company.

o. The "Membership Percentage" of any Member in the Company will be the Ownership Interest of the Member divided by the total Ownership Interest of all Members.

p. "Net Cash Flow" means for any given fiscal period of the Company, the amount by which (1) the gross cash receipts received by the Company during that fiscal period (excluding capital contributions) exceeds (2) the sum, without duplication, of (a) all cash operating expenses of the Company during that fiscal period and (b) all amounts allocated during that fiscal period, in the reasonable judgment of the Members, to reserves established to meet the reasonable needs of the business, including working capital and for unknown or unfixed liabilities or contingencies of the Company.

q. "Person" means any natural person, partnership, trust, estate, association, limited liability company, corporation, custodian, nominee, governmental instrumentality or agency, body politic or any other entity in its own or any representative capacity.

r. "Reserves" means, with respect to any fiscal period, funds set aside or amounts allocated during such period to reserves which shall be maintained in amounts deemed sufficient by the Managing Member in his sole discretion for working capital needs, to pay taxes, insurance, debt service, asset replacement, contingencies, liabilities or other costs or expenses incident to the operation of the Company.

s. "Treasury Regulations" or "Regulations" means the Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

ARTICLE 3 – OWNERSHIP INTERESTS AND CAPITAL CONTRIBUTIONS

Section 3.1 Ownership Interests.

Except as otherwise stated in this Agreement, the interest of each Member in the capital and profits of the Company shall be referred to as the Member's Ownership Interest in the Company. The "Membership Percentage" of any Member in the Company will be the Ownership Interest of the Member divided by the total Ownership Interest of all Members. Schedule 1.0, which is attached to this Operating Agreement and also incorporated by reference, sets forth the initial Membership Percentage of each Member.

Section 3.2 Capital Contributions.

Schedule 2.0, which is attached to this Operating Agreement and also incorporated by reference, sets forth the value, nature, and timing of each Member's initial Capital Contribution to the Company.

Section 3.3 Additional Capital Contributions.

Additional Capital Contributions shall not be required except as approved by the Members through a vote wherein the majority of Ownership Interests will control.

Section 3.4 No Interest on Capital Contributions.

No Member shall be entitled to interest or other compensation for the Members' Capital Contributions except as expressly provided herein.

Section 3.5 Title to Company Assets.

The Company Assets shall be owned by the Company as an entity and no Member, in his, her, or its capacity as a Member, shall have any ownership interest (but may have a security interest) in the Company Assets in that Member's individual name or right, and each Member's Interest shall be personal property for all purposes. Except as otherwise provided in this Agreement, the Company shall hold all of the Company Assets in the name of the Company and not in the name of any Member, in its capacity as a Member.

Section 3.6 Member Representations Regarding Issuance of Interests.

Each Member hereby represents and warrants to the Company and to each other Member as follows:

(a) By reason of their own business and investment experience and independent tax and other financial advice, the Member has the knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of investment in the Company;

(b) The Member is able to bear the economic risk of investment in the Company, and in this regard (i) is able to bear the economic risk of losing the entire investment in the Member's interest, (ii) does not have an overall commitment to investments which are not readily marketable, including the interest, disproportionate to its net worth, (iii) has adequate means for providing for its current and anticipated needs and personal contingencies and does not anticipate in the foreseeable future any need to sell the interest purchased or to liquidate otherwise any investments made in the Company, and (iv) the investment in the interest does not exceed twenty percent (20%) of its net worth;

(c) The address set forth on Schedule 1.0 attached hereto is the Member's true and correct address;

(d) The Member has received and read and is familiar with this Agreement and confirms that it is purchasing its interest without having been furnished any offering or promotional literature and that all documents, records and books pertaining to investment in the Company requested by the undersigned have been made available or delivered by the Company or its Members;

(e) The Member has had an opportunity to ask questions of and receive answers from the Company, or a person or persons acting on its behalf, concerning the terms and conditions and all other aspects of investment in the Company;

(f) The Member understands that no interests in the Company have been registered under the Securities Act of 1933 or any state securities laws in reliance upon exemption from those laws and acknowledges its understanding of the following legend, which will be placed upon any instrument or certificate representing any interest in the Company;

> THESE SECURITIES HAVE BEEN OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER APPLICABLE STATE STATUTES AND SECTION 4(2) OF THE SECURITIES ACT OF 1933 AND/OR REGULATION D PROMULGATED THEREUNDER. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE SECURITIES DEPARTMENT OF ANY STATE OR WITH THE SECURITIES AND EXCHANGE COMMISSION. NEITHER ANY STATE SECURITIES DEPARTMENT NOR THE COMMISSION HAS PASSED UPON THE VALUE OF THESE SECURITIES, MADE ANY RECOMMENDATION AS TO THEIR PURCHASE, APPROVED OR DISAPPROVED THE OFFERING, OR PASSED UPON THE ADEQUACY OR ACCURACY OF ANY DISCLOSURE. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. FURTHER, IT IS UNLAWFUL TO TRANSFER OR SELL ANY MEMBERSHIP INTERESTS IN THE COMPANY WITHOUT COMPLYING WITH THE FOREGOING STATED SECURITIES ACTS. SALES OF MEMBERSHIP INTEREST ARE

RESTRICTED TO THE EXISTING MEMBERS OR THIRD PARTIES AS STATED IN ARTICLE EIGHT (8).

ALL MEMBERSHIP CERTIFICATES ISSUED SHALL HAVE A STATEMENT RESTRICTING TRANSFER SUBSTANTIALLY AS PROVIDED IN ARTICLE EIGHT (8).

(g) The interest for which the Member is subscribing is being acquired solely for its own account for investment and is not being purchased with a view to or for sale, distribution or other disposition, and the undersigned has no present plans to enter into any contract, undertaking, agreement or arrangement for any such resale, distribution or other disposition;

(h) The Member, if other than a natural person, is duly organized, validly existing, and in good standing under the law of its state or organization and it has full organizational power to execute and agree to this Agreement and to perform its obligations hereunder.

ARTICLE 4 – ALLOCATION OF INCOME AND LOSS AND DISTRIBUTIONS

Section 4.1 Determination of Income and Loss.

The Company's profits or losses for each fiscal year will be determined as of the end of that fiscal year by the Company's accountant in accordance with federal income tax accounting principles, consistently applied, and utilizing that method of accounting employed in the federal income tax informational return filed by the Company for that fiscal year.

Section 4.2 Allocation of Profits and Losses.

The profits and losses of the Company for each fiscal year will be allocated among the Members *pro rata* in proportion to their respective Membership Percentages.

Section 4.3 Distribution of Net Cash Flow.

After determining the amount of any needed Reserves and after paying or making provisions for the payment of all amounts owed by the Company, the Managing Member may make distributions of the Net Cash Flow of the Company, if any, to the Members on an annual basis and will be allocated among the Members *pro rata* in proportion to each Member's respective Membership Percentages. Notwithstanding this general rule, any income, gain, loss, and deduction with respect to property contributed to the LLC by a Member shall be shared among the Members so as to take account of any variation between the basis and the fair market value of the contributed property at the time of the contribution, in accordance with any applicable U.S. Treasury regulations and the LLC shall make the special allocations as provided and required by the provisions contained in Exhibit A.

Section 4.4 No Demands for Return of Capital.

No Member has a right to any distribution except as expressly provided in this Agreement. No Member has any drawing account in the Company.

Section 4.5 Distributions upon Liquidation of a Member's Interest in the Company.

Upon the liquidation of a Member's Ownership Interest in the Company (other than in connection with the liquidation of the entire Company), the Company assets will be valued and the Members' Capital Accounts will be adjusted as provided in Section 4.6. The Member whose interest is being liquidated will be entitled to a liquidating distribution equal to the amount of the Member's Capital Account after the adjustment. This section shall not be interpreted as implying a right of a Member to receive a liquidating distribution for the Member's Ownership Interest in the Company.

Section 4.6 Revaluation of Company Property.

Upon the occurrence of (i) a subsequent contribution of money or property to the Company by a Member as consideration for an additional Ownership Interest, or (ii) a distribution of money or property by the Company to a retiring or continuing Member as consideration for the purchase or redemption of some or all of such Member's Ownership Interest, or otherwise as provided in this Agreement, the Members may elect to increase or decrease the respective Capital Accounts of all Members to reflect a revaluation of all Company property on the books of the Company, but:

4.6.1 Such adjustments must be based on the fair market value of the property on the date of adjustment;

4.6.2 The adjustments must reflect the manner in which the unrealized income, gain, loss, or deduction inherent in such property (that has not been reflected in the Capital Accounts of the Members previously) would be allocated among the Members under this Section if there were taxable disposition of the property for the fair market value on the adjustment date; and

4.6.3 thereafter, the Capital Accounts of the Members must be adjusted in accordance with Treasury Regulation § 1.704-1 (b)(2)(iv)(g) for allocations to them of depreciation, depletion, amortization, and gain or loss, as computed for book purposes, with respect to the property; and

4.6.4 thereafter, the Members' distributive shares of depreciation, depletion, amortization, and gain or loss, as computed for tax purposes, with respect to the property will be determined so as to take account of the variation between the adjusted tax basis and the book value of the property in the same manner as under Internal Revenue Code § 704(c) and Treasury Regulation § 1.704-1(b)(4)(i). The provisions of this Section 4.6 apply instead of the adjustments described in the Act.

Section 4.7 Limitations on Distributions.

Notwithstanding any other provisions of this Agreement, no distribution will be declared and paid unless, as reasonably determined by the Members, (a) after the distribution is made, the assets of the Company will be in excess of all liabilities of the Company, except liabilities to Members on account of their contributions, and (b) the Company is able to pay its debts as they become due in the ordinary course of business.

Section 4.8 Transfer of Member's Ownership Interest During Fiscal Year.

If, after compliance with the requirements of Article 8, any Member who transfers any Ownership Interest during any fiscal year of the Company by sale, exchange, transfer, assignment, gift, death, operation of law, or in any other manner, the income, gain, loss or expense of the Company allocable to the transferred Ownership Interest will be prorated between the transferor and the transferee in accordance with the number of days during the fiscal year each party owned the Ownership Interest; but the gain or loss realized by the Company from an insurance recovery or a condemnation award will be allocated to the owner of the Ownership Interest on the date of the transaction.

ARTICLE 5 – MANAGEMENT AND CONTROL BY MANAGING MEMBER

Section 5.1 Management by Managing Member.

The Company shall be a member-managed company as that term is defined in the Act, such that the business and affairs of the Company shall be managed by the Members; provided, however, that the Members may designate a Managing Member to manage the business and affairs of the Company. Except for situations in which the approval of the Members is expressly required by this Operating Agreement or by non-waivable provisions of applicable law, the Managing Member shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business.

Section 5.2 Certain Powers of Managing Member.

Without limiting the generality of Section 5.1, and except as provided in Section 5.3 of this Agreement, the Managing Member shall have the power and authority on behalf of the Company to:

(a) Acquire property, real, personal, tangible and intangible;

(b) Borrow money for the Company from banks, other lending institutions, and other persons on such terms as the Company deems appropriate and to hypothecate, encumber and grant security interests in the assets of the Company to secure payment of the borrowed sums;

(c) Purchase liability and other insurance to protect the Company Property and business;

(d) Hold and own any property, real, personal, tangible and intangible, in the name of the Company, including, but not limited to, deeds, mortgages, leasehold interests, interests in general partnerships, limited partnerships, limited liability companies, common trust funds, mutual funds, stocks, options, warrants, rights, puts, calls, contracts, futures, bonds, debentures, securities (public and private), and other debt and equity interests of any kind or nature;

(e) Invest and reinvest any Company funds in time deposits, short-term governmental obligations, commercial paper or other investments including real estate, stocks, options, general and limited partnerships, limited liability companies, common trust funds, mutual funds, futures, rights, warrants, puts, calls, contracts, public and private bonds, debentures, securities, and other debt and equity interests and to actively trade, speculate on and manage the same;

(f) Enter into, make, and perform contracts, agreements, and other undertakings binding on the Company that may be necessary, appropriate, or advisable in furtherance of the purposes of the Company and make all decisions and waivers thereunder;

(g) Employ accountants, legal counsel, managing agents money managers, property managers, investment advisors and other advisors to perform services for the Company and to compensate them from Company funds;

(h) Screen, interview, and examine staff and personnel to be employed by the Company;

(i) Open and maintain bank and investment accounts and arrangements, draw checks, letters of credit, and other orders for payment of money and designate individuals with authority to sign or give instructions with respect to those accounts and arrangements;

(j) Maintain the assets of the Company in good order;

(k) Collect sums due the Company;

(l) Pay debts and obligations of the Company to the extent that Company funds are available;

(m) Sell, purchase, lease, loan, borrow, rent, repair, partition, mortgage, pledge, encumber, develop, improve, subdivide or otherwise deal with any property, including Company Property;

(n) Bring suit on the Company's behalf or defend the Company in any such action, and compromise, settle, collect, and otherwise represent, prosecute and defend the legal rights and interests of the Company;

(o) File on behalf of the Company a voluntary petition for bankruptcy, or to bring an action on behalf of the Company for receivership, insolvency or other similar relief in any court of competent jurisdiction, and to defend, answer, respond and otherwise represent the Company in any such action or proceeding;

(p) Invest and reinvest in any kind of property, real, personal, tangible and intangible, including, but not limited to, common trust funds, stocks, bonds, notes, mortgages, general or limited partnerships, limited liability companies, savings accounts and certificates of deposit, mutual funds, and real estate; and

(q) Perform all other acts as may be necessary or appropriate to the conduct of the Company's business, and to execute, acknowledge, verify and deliver any or all instruments desirable to effectuate any of the foregoing.

Section 5.3 Members' Approval Required for Certain Major Decisions.

Notwithstanding anything herein to the contrary, the following major decisions shall require approval of the Members in the percentages designated:

(a) Any amendment to this Agreement or the Articles of Organization shall require the approval of those Members who own more than **fifty percent (50%)** of the Ownership Interests in the Company.

(b) The Company shall not compromise, settle, waive or limit the obligation of any Member to make a Capital Contribution to the Company without the consent of those Disinterested Members in the Company who own more than **fifty percent (50%)** of the Ownership Interests of all Disinterested Members in the Company.

(c) The Company shall not sell, or contract to sell, or otherwise dispose of substantially all of the Company Property without the approval of those Members who own more than **fifty percent (50%)** of the Ownership Interests in the Company. For purposes of this paragraph, all or substantially all of the Company Property shall mean more than **eighty percent (80%)** of such property by value.

(d) The Company shall not enter into any merger, or any profit sharing, joint venture, or other such arrangement without the approval of those Members who own more than **fifty percent (50%)** of the Ownership Interests in the Company.

(e) The Company shall not hire anyone who is a member of a Member's or Manager's Family on a full time basis without the approval of those Members who own more than **fifty percent (50%)** of the Ownership Interests in the Company.

Section 5.4 Liability for Certain Acts.

The Managing Member shall perform his duties in good faith, in a manner he reasonably believes to be in the best interests of the Company, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. A Managing Member who so performs the duties as Managing Member shall not have any liability by reason of being or

having been a Managing Member of the Company. The Managing Member does not, in any way, guarantee the return of the Members' Capital Contributions or a profit for the Members from the operations of the Company. The Managing Member shall not be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member, unless the loss or damage shall have been the result of fraud, deceit, gross negligence, willful misconduct, breach of this Agreement or a wrongful taking by the Managing Member.

Section 5.5 Compensation.

The Managing Member shall not be entitled to receive compensation for his time and efforts spent in performing his duties hereunder; however, he shall be entitled to be reimbursed for reasonable out-of-pocket costs, including, but not limited to, travel expenses and mileage allowances.

Section 5.6 Waiver of Notice.

The Managing Member may waive notice of any meeting by a signed writing. In addition, a Managing Member who attends a meeting waives his or her right to assert any lack of notice, or defect in notice, of the meeting unless he or she states such objection at the outset of the meeting.

Section 5.7 Action without Meeting.

The Managing Member may take any authorized action without notice and a meeting.

Section 5.8 Managing Member: Number, Election, Tenure and Qualifications.

The Company shall have one Managing Member. The Managing Member shall agree to be bound by the provisions of this Agreement as they relate to the Managing Member. The Managing Member shall be elected by the affirmative vote of those Members who own more than **fifty percent (50%)** of the Ownership Interests in the Company. Following his or her election, the Manager will serve until (a) his or her removal, (b) his or her resignation, or (c) the election of a successor, whichever occurs first. The initial Managing Member shall be Thomas F. Brodie, III.

Section 5.9 Removal of Managing Member.

The Managing Member may be removed at any time, with or without cause, by those Members who own more than **fifty percent (50%)** percent of the Ownership Interests in the Company.

Section 5.10 Resignation of Managing Member.

Any Managing Member of the Company may resign at any time by giving written notice to the Members of the Company. The resignation of such Managing Member shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The resignation of a Managing Member shall not affect such Managing Member's rights as a Member and shall not constitute a withdrawal as a Member.

Section 5.11 Right to Rely on the Managing Member

Any Person dealing with the Company may rely (without duty of further inquiry) upon a certificate signed by the Managing Member as to:

(a) The identity of any Managing Member or any Member;

(b) The existence or nonexistence of any fact or facts which constitute a condition precedent to acts by any Managing Member or which are in any other manner germane to the affairs of the Company;

(c) The Persons who are authorized to execute and deliver any instrument or document of the Company; or

(d) Any act or failure to act by the Company or any other matter whatsoever involving the Company or any Member.

Section 5.12 Managing Member and Members Have No Exclusive Duty to Company

The Managing Member shall not be required to manage the Company as his sole and exclusive function and he (and any Managing Member and/or Member) may have other business interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, by virtue of this Operating Agreement, to share or participate in such other investments or activities of the Managing Member and/or Members or to the income or proceeds derived therefrom. Neither the Managing Member nor any Member shall incur any liability to the Company or to any of the Members as a result of engaging in any other business or venture.

ARTICLE 6 – POWERS AND FIDUCIARY DUTIES OF MANAGING MEMBER AND MEMBERS

Section 6.1 Duties of Members.

A Member who is not also a Managing Member owes no duties to the Company or to the Members solely by reason of being a Member; provided, however, that a Member who, pursuant to this Agreement, exercises some or all of the rights of a Managing Member in the management and conduct of the Company's business is held to the standards of conduct applicable to the Managing Member under this Agreement and the Act to the extent that the Member exercises the managerial authority vested in a Managing Member by this Agreement or the Act.

Section 6.2 Duty of Loyalty.

A Managing Member's duty of loyalty to the Company and the Members is limited to the following:

(a) To account to the Company and to hold as trustee for the Company any property, profit or benefit derived by the Managing Member in the conduct or winding up of the

Company's business or derived from a use by the Managing Member of the Company's property, including the appropriation of a Company opportunity;

(b) To refrain from dealing with the Company in the conduct or winding up of the Company's business as or on behalf of a party having an interest adverse to the Company; and

(c) To refrain from competing with the Company in the conduct of the Company's business before dissolution of the Company.

Section 6.3 Duty of Care.

A Managing Member's duty of care to the Company and the Members in the conduct of and winding up of the Company's business is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct or a knowing violation of law.

Section 6.4 Fiduciary Duties.

A Managing Member shall discharge his or her duties and exercise any of his or her rights consistently with the obligation of good faith and fair dealing which he or she owes to the Company and the Members. A Managing Member does not violate a duty or obligation to the Company merely because the Managing Member's conduct furthers the Managing Member's own interest. A Managing Member may lend money to and transact other business with the Company. As to each loan or transaction, the rights and obligations of the Managing Member are the same as those of a Person who is not a Managing Member, subject to other applicable law.

Section 6.5 Duty of Confidentiality.

A Managing Member hereby warrants, covenants and agrees that he or she will not furnish, divulge, communicate, use to the detriment of the Company or use for the business of any other Person, any of the Company's confidential information, including but not limited to pricing information, data, sales methods, know how, processes, licenses, trade secrets, names of customers, customer lists, names of Members, or the partners, shareholders, members or other principals of any Member, future plans, accounting, marketing, financial data, or contract information.

Section 6.6 Right to Rely.

The Managing Member shall not be held liable to the Company, or to the Members, for relying in good faith upon the records required to be maintained by this Agreement and upon such information, opinions, reports or statements by any of the Members, attorneys, accountants, agents, advisors or any other Person who has been selected with reasonable care by or on behalf of the Company, as to matters the Managing Member may reasonably believe are within such other Person's professional or expert competence, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits or losses of the Company

or any other facts relevant to the existence or amount of assets from which distributions to Members might properly be made.

Section 6.7 Indemnification of Managing Member, Employees and Other Agents.

The Company shall indemnify the Managing Member, his agents and employees, and make advances for expenses to the fullest extent permitted under the law. The Company shall indemnify its employees and other agents who are not Managing Members to the fullest extent permitted by law, provided that such indemnification in any given situation is approved by the Managing Member. Provided, however, that no such indemnification will be afforded to any party who has been adjudged to have acted in bad faith or to have been liable for gross negligence, willful misconduct, or knowing violation of the law.

Section 6.8 Remedies.

A Managing Member acknowledges and represents that irreparable damage and harm could be done to the Company if there is a breach of the covenants contained herein, and that in the event of a breach, the Managing Member agrees that the Company shall be entitled to injunctive relief (both temporary and/or permanent), without posting bond, as well as monetary damages and reasonable attorney's fees for the enforcement of this Agreement. The Managing Member agrees to return all documents and copies of documents upon request by the Company.

Section 6.9 Scope of Duties.

A Managing Member is relieved of liability imposed by law or this Agreement for violation of the standards prescribed by this ARTICLE 6 to the extent of the managerial authority delegated to the Members by this Agreement.

Section 6.10 Loans.

The Members may, but shall not be obligated, to make loans to the Company to cover the Company's cash requirements. Such loans will bear interest at a rate equal to the publicly announced prime rate or similar reference rate of the Company's principal bank, fully floating.

Section 6.11 Dealing with the Company.

Any Member may deal with the Company by providing or receiving property and services to or from it, and may receive from others or from the Company normal profits, compensation, commissions or other income incident to such dealings. In each such case, however, the dealing or transaction, and the accompanying profit or compensation, shall approved in advance by a vote of the Members wherein the majority of Ownership Interests will control.

Section 6.12 Liability of Members.

Except to the limited extent provided in the Act or the Certificate, a Member will not have any personal liability for any Company obligation, expense, or liability. Notwithstanding anything in this Agreement to the contrary, the Members will not be liable for any capital contribution beyond the initial capital contribution described in Section 3.2.

Section 6.13 Withdrawal by a Member.

Unless otherwise agreed upon by the unanimous consent of the Members, no Member may withdraw from the Company as a Member prior to the date specified in the Articles of Organization for dissolution of the Company.

Section 6.14 Confidentiality.

Each Member shall at all times during the existence of the Company and thereafter use its best, good faith efforts to safeguard the secrecy and confidentiality of any confidential information regarding the Company. Any Member may disclose confidential information to its Affiliates who, in the reasonable belief of such Member, need to know such confidential information; provided, that such Affiliate agrees to exercise the same level of care in safeguarding the secrecy and confidentiality of the confidential information as is required of a Member hereunder. In the event that any Member is requested or required, pursuant to applicable law or regulation or by legal process, to disclose any confidential information regarding the Company, each Member agrees that it will provide the Company with prompt notice of any such requests, if permitted by applicable law, to enable the Company to seek an appropriate protective order. If such protective order or other remedy is not obtained, each Member agrees that it will furnish only that portion of the confidential information which, in the opinion of its counsel, such Member is required to disclose and each Member agrees to use reasonable efforts to obtain assurances that confidential treatment will be accorded to that portion of the confidential information disclosed.

Section 6.15 Tax Matters Member.

The Managing Member shall be "tax matters partner" (within the meaning of Code Section 6231), to the extent applicable for taxable years beginning before December 31, 2017, and the "partnership representative" (within the meaning of Code Section 6223(a), as amended by the Bipartisan Budget Act of 2015 (the "Budget Act")) (in each case, the "Tax Matters Member"). Each Member agrees that the Managing Member is authorized to take (or cause the Company to take) such other actions as may be necessary pursuant to Treasury Regulations or other IRS or Treasury guidance to cause the Tax Matters Member to be designated as the "partnership representative." Any cost or expense incurred by the Tax Matters Member in connection with its duties, including the preparation for or pursuance of administrative or judicial proceedings, shall be paid by the Company. The Tax Matters Member shall be **Thomas F. Brodie, III**.

Section 6.16 Authority to Make Tax Elections

(a) In respect of an income tax audit of any tax return of the Company, the filing of any amended return or claim for refund in connection with any item of income, gain, loss, deduction or credit reflected on any tax return of the Company, or any administrative or judicial proceedings arising out of or in connection with any such audit, amended return, claim for refund or denial of such claim, (i) the Managing Member shall direct the Tax Matters Member to act for, and such action shall be final and binding upon, the Company and all Members except to the extent a Member shall properly elect to be excluded from such proceeding pursuant to the Code;

(ii) no Member shall have the right to (1) participate in the audit of any Company tax return, (2) file any amended return or claim for refund in connection with any item of income, gain, loss, deduction or credit (other than items which are not partnership items within the meaning of Code Section 6231(a)(4) or which cease to be partnership items under Code Section 6231(b)) reflected on any tax return of the Company, (3) participate in any administrative or judicial proceedings conducted by the Company or the Tax Matters Member arising out of or in connection with any such audit, amended return, claim for refund or denial of such claim, or (4) appeal, challenge or otherwise protest any adverse findings in any such audit conducted by the Company or the Tax Matters Member or with respect to any such amended return or claim for refund filed by the Company or the Tax Matters Member or in any such administrative or judicial proceedings conducted by the Company or the Tax Matters Member; and (iii) the Tax Matters Member shall keep the Members reasonably apprised of the status of any such proceeding. The Tax Matters Member shall be permitted to elect under Section 6226 of the Code, as amended by Budget Act, to furnish each Member and the IRS with a statement of the Member's share of any adjustment to income, gain, loss, deduction or credit (as determined in a notice of a final partnership adjustment) at the time and in the manner that will be prescribed by the IRS. Notwithstanding the foregoing, if a petition for a readjustment to any partnership item included in a final partnership administrative adjustment is filed with a District Court or the Court of Claims and the IRS has elected to assess income tax against a Member with respect to that final partnership administrative adjustment (rather than suspending assessments until the District Court or Court of Claims proceedings become final), such Member shall be permitted to file a claim for refund within such period of time as to avoid application of any statute of limitations which would otherwise prevent the Member from having any claim based on the final outcome of that review.

(b) Each Member agrees that it shall not, except as otherwise required by applicable law or regulatory requirements, (i) treat, on its individual income tax returns, any item of income, gain, loss, deduction or credit relating to its interest in the Company in a manner inconsistent with the treatment of such item by the Company as reflected on the Schedule K-1 or other information statement furnished by the Company to such Member for use in preparing its income tax returns or (ii) file any claim for refund relating to any such item based on, or which would result in, such inconsistent treatment. If any Member intends to file a notice of inconsistent treatment under Section 6222(b) of the Code, such Member shall use reasonable best efforts to give reasonable notice under the circumstances to the other Members of such intent and the manner in which the Member's intended treatment of an item is (or may be) inconsistent with treatment of that item by the other Members.

Section 6.17 Organizational Expenses.

The Company shall pay all expenses incurred by its Members or other organizers for the formation and organization of the Company.

Section 6.18 Other Company Expenses.

The Members will charge the Company for the Members' actual out-of-pocket expenses incurred in conducting the Company's business. Any amounts paid by the Members to satisfy obligations of the Company will be treated as loans to the Company pursuant to Section 6.10.

Section 6.19 Salaries.

Without the unanimous written approval of the Members, no Member shall be entitled to any compensation for services to the Company. All compensation paid by the Company to a Member will be treated as a guaranteed payment governed by Internal Revenue Code § 707(c), and the Company will deduct such compensation as expenses in computing its income or loss.

ARTICLE 7 – ACCOUNTING

Section 7.1 Books of Account.

The Company's books and records, a register showing the names of the Members and the respective Ownership Interests held by each of them, the Certificate, and this Agreement will be maintained at the principal office of the Company. Each Member will have access to such records at all reasonable times. The Members will keep and maintain books and records of the operations of the Company that are appropriate and adequate for the Company's business and for the carrying out of this Agreement.

Section 7.2 Accounting Reports.

Within one hundred twenty (120) days after the end of each fiscal year of the Company, each Member will be furnished with copies of internally prepared financial statements of the Company.

Section 7.3 Tax Returns.

The Members will cause to be prepared and timely filed with the appropriate authorities as necessary all federal and state income tax returns for the Company. Within one hundred five (105) days after the end of each taxable year, or such lesser time if prescribed by the Internal Revenue Service, each Member will be furnished with a statement that may be used by the Member in the preparation of the Member's income tax returns, showing the amounts of any distributions, gains, profits, losses or credits allocated to or against the Member during such fiscal year.

Section 7.4 Accounting Method.

The Company shall use the methods of accounting for financial reporting and tax purposes selected by the Members after consultation with the Company's accountants through a vote wherein the majority of Ownership Interests will control.

Section 7.5 Fiscal and Taxable Year.

The fiscal year and the taxable year of the Company shall be the calendar year.

Section 7.6 Capital Accounts.

The Company will maintain a Capital Account for each Member on a cumulative basis in accordance with federal income tax accounting principles as set forth in Treasury Regulation § l.704-1(b)(2)(iv). Each Member's Capital Account will be equal to:

7.6.1 the amount of cash and the fair market value of the property contributed to the capital of the Company by the Member (net of any liabilities secured by such contributed property assumed by the Company or to which such contributed property is subject), but excluding any loans to the Company; plus

7.6.2 the Member's allocable share under Article 4 of any income and gain, or items thereof, of the Company (including any income and gain exempt from federal income tax and including any items of gain, as computed for book purposes, under Treasury Regulation § 1.704-1 (b)(2)(iv)(g), with respect to property properly reflected on the books of the Company at a value that differs from the adjusted tax basis of such property, but excluding items of income or gain, as computed for tax purposes, as described in Treasury Regulation § 1.704-1(b)(4)(i)); less

7.6.3 the Member's allocable share under Article 4 of any loss or deduction, or any items thereof of the Company (including any items of depreciation, depletion, amortization, and loss, as computed for book purposes under Treasury Regulation § 1.704-1 (b)(2)(iv)(g), with respect to property properly reflected on the books of the Company at a value that differs from the adjusted tax basis of the property, but excluding items of depreciation, depletion, amortization, and loss, as computed for tax purposes as described in Treasury Regulation § 1 .704-1(b)(4)(i)); less

7.6.4 The amount of cash and the fair market value of property distributed to the Member (net of any liabilities secured by the distributed property assumed by the Member or to which such distributed property is subject); less

7.6.5 The Member's allocable share under Article 4 of any Company expenditures described in Internal Revenue Code § 705(a)(2)(B), including items treated as § 705(a)(2)(B) expenditures by Treasury Regulation § 1.704-1 (b)(2)(i); and

7.6.6 Otherwise adjusted as required pursuant to Treasury Regulation § 1.704-1 (b)(2)(iv).

Section 7.7 Banking.

All funds of the Company will be deposited in a separate account maintained at such banking or financial institution as may be determined from time to time by the Members through a vote wherein the majority of Ownership Interests will control. Such funds will be invested or deposited with an institution, the accounts or deposits of which are insured or guaranteed by an agency of the United States Government. Such funds may be withdrawn from such account or accounts upon the signature of such persons as designated from time to time by the Members through a vote wherein the majority of Ownership Interests will control.

Section 7.8 Management of Funds.

The Members must hold and disburse all funds of the Company in accordance with the terms of this Agreement and must account for all funds as a fiduciary. All funds of the Company held by a Member must be held in trust for the benefit of the Company and must not be commingled with other funds of a Member, not be the personal property of a Member, and, to the maximum extent permitted by law, not be vulnerable to inclusion in the bankruptcy estate of a Member.

ARTICLE 8 – TRANSFERS OF OWNERSHIP INTERESTS

Section 8.1 General Restriction.

Except as expressly set forth in this Agreement, no Member will have the right to sell, assign, transfer, pledge, mortgage, or otherwise dispose or encumber (hereinafter "transfer") all or any portion of the Ownership Interest held by the Member. No assignee or other person may become a Member of the Company without the prior written consent of all the Members. Any purported Transfer in violation of this Agreement shall be null and void.

Section 8.2 Permitted Transfers.

Notwithstanding Section 8.1, any Member may, without further consent of any person, and without compliance with the right of first refusal provisions of Section 8.3, transfer an Ownership Interest to any other Member (hereinafter "Permitted Transferees"), provided the transferee executes an amendment to this Agreement in which the Permitted Transferee or a partnership or limited liability company whose partners or members are all Members or Permitted Transferees agree to abide by the provisions of this Agreement. Upon such a Permitted Transfer, Schedule 1.0 shall be amended to add the names and addresses and the Ownership Interest of any transferees.

Section 8.3 Reserved.

Section 8.4 Death, Disability, Incompetence, Retirement, or Bankruptcy of a Member.

Upon the death, disability, incompetence, retirement, or bankruptcy of any Member (or the majority owner of any legal entity that is a Member), the Ownership Interest held by the Member may be transferred to the Member's heirs pursuant to the Member's Last Will and Testament or otherwise by operation of law and the Transferee (or Transferees) will be entitled to the capital and profits interest represented by the Ownership Interest. The Transferee (or Transferees), however, will become a substitute Member (or Members) in the Company only upon:

8.4.1 Consent of the Members as provided in Section 8.1; and

8.4.2 Execution of an amendment to this Agreement in which the Transferee agrees to be bound by this Agreement. Upon such a transfer, Schedule 1.0 shall be amended to add the name and addresses and the Ownership Interest of any Transferee. Whether or not a Transferee

of a Member is admitted as a substitute Member, the Ownership Interest of the Transferee will remain subject to the restrictions set forth in this Article 8.

Section 8.5 Divorce of a Member.

In the event that, as a result of or in connection with the divorce or separation of any Member, all or any portion of the Ownership Interest held by the Member that would otherwise be Transferred (whether by agreement or pursuant to a court decree or order) to the spouse of the Member (which spouse is not also a Member), the Company will have the option to purchase the Ownership Interests that would otherwise be Transferred to the spouse for the price and pursuant to the payment terms described in Section 8.6. The Company may exercise this option at any time within sixty (60) days after the Company receives actual knowledge of the proposed Transfer. The Company may assign this option to one or more of the other Members through a vote of the Members wherein the majority of Ownership Interests will control.

Section 8.6 Purchase Price and Payment.

8.6.1 Purchase Price. Upon exercise by the Company of an option pursuant to Section 8.4 or Section 8.5, the purchase price for the Ownership Interest being purchased will be the fair market value of the Ownership Interests (hereinafter "the fair market value"). Fair market value shall be determined by an independent appraisal performed by a professional appraiser selected by the Company. In determining fair market value of the Ownership Interest, the appraiser shall consider any applicable discounts for lack of control and lack of marketability.. If the Member does not agree with the fair market value determined by the appraiser selected by the Company, the Member shall have thirty days (30) to retain a professional appraiser to provide an opinion of fair market value. If the opinion of fair market value rendered by the appraiser retained by the Member is within thirty (30) percent of the opinion of value rendered by the appraiser retained by the Company, then the two opinions of value shall be averaged to determine the fair market value of the Ownership Interest. If the opinion of fair market value rendered by the appraiser retained by the Member is not within thirty (30) percent of the opinion of fair market value rendered by the appraiser retained by the Company, then the fair market value will be determined by an independent third professional appraiser mutually acceptable to both the Company and the Member (or the Member's representative). That appraisal amount will be final and binding on all parties and their respective successors, assigns, and representatives. The Company and the Member shall share the costs and expenses of such independent third appraiser.

8.6.2 Payment. The payment of twenty percent (20%) of the purchase price determined under Section 8.6.1 will be made within ten (10) days after the purchase price is determined. The entire remaining balance of the purchase price shall be paid in sixty (60) substantially equal monthly installments of principal and interest commencing on the first day of the month following the month the down payment is made. The unpaid balance may be prepaid at any time without penalty and shall bear interest at the rate of prime plus 2 percent (2%) per annum from the date the purchase price is determined. The obligation will be evidenced by a promissory note, which will be secured by the Ownership Interest. The note will provide for attorney fees to enforce its provisions. The note will require fifteen (15) days' prior written notice to declare it in default. The note will also provide that a payment not paid within fifteen (15) days of the due date will result in a five percent (5%) late payment penalty.

8.6.3 Closing Date.

(a) With respect to the closing of a purchase in the event of a Transfer Option event other than a Member's death, the date for the closing shall be the later of (i) thirty (30) days after the mailing by the Company of the notice of its decision to purchase all of the Ownership Interest available, (ii) sixty (60) days after the final determination of the Purchase Price, or (iii) thirty (30) days after all options or obligations created under this Agreement have been exercised or honored or have lapsed. Notwithstanding the provisions of this or any other paragraph of this Agreement, all rights of a Transferring Member with respect to Ownership Interest purchased pursuant to this Agreement shall pass to the Company and/or the Purchasing Members, as the case may be, at the time of exercise of the option or honor of the obligation.

(b) With respect to the closing of a purchase in the event of a Member's death, the date for the closing shall be the later of sixty (60) days after the Purchase Price has been determined, or thirty (30) days after the decedent's estate gives written notice and provides reasonable assurances (which may include a Court Order) to the Company and the remaining Members that the sale can be made free and clear of any liens or claims of creditors of the decedent's estate.

ARTICLE 9 – DISSOLUTION AND WINDING UP OF THE COMPANY

Section 9.1 Dissolution.

The Company will be dissolved upon any of the following events:

9.1.1 The determination of all the Members to dissolve the Company voluntarily; or

9.1.2 Otherwise by operation of law.

Section 9.2 Winding Up.

Upon the dissolution of the Company, the Members will take full account of the Company's assets and liabilities, and the assets will be liquidated as promptly as is consistent with obtaining the fair market value of the assets, and the proceeds, to the extent sufficient to pay the Company's obligations with respect to such liquidation, will be applied and distributed in the following order, after any gain or loss realized in connection with the liquidation has been allocated in accordance with Article 4, and the Members' Capital Accounts have been adjusted to reflect such allocation and all other transactions through the date of such distribution:

9.2.1 To payment and discharge of the expenses of liquidation and of all the Company's debts and liabilities to creditors including Members and former Members; and

9.2.2 To Members for each Member's respective adjusted positive Capital Account balances on the date of distribution.

ARTICLE 10 – MISCELLANEOUS PROVISIONS

Section 10.1 Amendments.

Amendments to this Agreement may be proposed by any Member. The Member proposing an amendment shall submit such proposed amendment in writing to the other Members, and shall seek the written approval of the Members of the proposed amendment. A proposed amendment shall be adopted and be effective as an amendment to this Agreement if it receives the affirmative vote of those Members holding at least two-thirds (2/3) of the Ownership Interests, unless the Act or this Agreement requires a greater percentage.

Section 10.2 Governing Law.

This Agreement and the rights of the parties hereunder will be governed by the laws of the State of South Carolina, without regard to principles of conflicts of law. By signing this Agreement, the parties agree to be bound by South Carolina law.

Section 10.3 Waiver of Action for Partition.

Each Member irrevocably waives, during the term of this Company and during the period of its winding up and liquidation following any event of dissolution, any right that the Member may have to maintain any action for partition with respect to any of the assets of the Company.

Section 10.4 Parties in Interest.

Subject to the limitations on the transfer of Ownership Interests set forth in Article 8 of this Agreement, each and every covenant, term, provision and agreement herein contained will be binding upon and inure to the benefit of the parties and the parties' respective heirs, successors, assigns, and legal representatives.

Section 10.5 Member Approval.

Except as otherwise provided in this Agreement, any provision requiring the decision, consent, approval, judgment, or act of the Members requires the approval of Members holding a majority of the Membership Percentages in the Company.

Section 10.6 Integration.

This Agreement constitutes the entire understanding and agreement between the Members with respect to the subject matter hereof, and there are no agreements, understandings, restrictions, representations, or warranties between the Members other than those set forth herein or herein referred to or provided for.

Section 10.7 Arbitration.

Any controversy or claim arising out of this Agreement will be settled by binding arbitration before a single arbitrator in Florence County, South Carolina, or at such other place as the Members may designate, in accordance with the duly promulgated rules and regulations of the

American Arbitration Association or its successor and the pertinent provisions of South Carolina Code Sections 15-48-10, et. seq relating to arbitration. If the parties cannot agree on a single arbitrator, a panel will appoint such arbitrator. The panel will consist of one designee appointed by each Member. If the panel is an even number and the panel cannot agree upon an arbitrator, another panel member will be appointed by the panel. The decision of the arbitrator so appointed will be final and binding on the parties. The cost of arbitration will be shared equally between the Members.

Section 10.8 Attorney Fees.

In the event of any suit or action or arbitration proceeding to enforce or interpret any provision of this Agreement (or which is based on this Agreement), the prevailing party will be entitled to recover, in addition to other costs, reasonable attorney fees in connection with such suit, action or arbitration and in any appeal. The determination of who is the prevailing party and the amount of reasonable attorney fees to be paid to the prevailing party will be decided by the arbitrator (with respect to attorney fees incurred prior to and during the arbitration proceedings) or by the court, including any appellate courts, in which the matter is tried, heard, or decided, including the court that hears any exceptions made to an arbitration award submitted to it for confirmation as a judgment (with respect to attorney fees incurred in such confirmation proceedings.).

Section 10.9 Further Effect.

In connection with this Agreement and the transactions contemplated hereby, each Member shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and those transactions.

Section 10.10 Severability.

If any term or provision of this Agreement is held to be void or unenforceable, that term or provision will be severed from this Agreement, the balance of the Agreement will survive, and the balance of this Agreement will be reasonably construed to carry out the intent of the parties as evidenced by the terms of this Agreement.

Section 10.11 Headings.

The headings or section titles used in this Agreement are for the convenience of the parties only and will not be interpreted to enlarge, contract, or alter the terms and provisions of this Agreement.

Section 10.12 Notices.

All notices required to be given by this Agreement will be in writing and will be effective when actually delivered or, if mailed, when deposited as certified mail, postage prepaid, directed to the addresses set forth in Schedule 1.0 for each Member or to any other address that a Member may specify by notice given in conformance with these provisions to the other Members.

Section 10.13 Representation.

This Agreement was prepared by J. David Johnson, IV of Turner Padget Graham & Laney, P.A. who represented the Company. Each Member represents that said Member had an opportunity to consult with separate legal counsel before executing this Agreement.

Section 10.14 Counterparts.

This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same counterpart. All counterparts will be construed together and will constitute one Agreement. A single counterpart may be introduced as evidence of the Agreement.

Section 10.15 Third Party Beneficiaries.

This Agreement shall not create any rights for the benefit of any third party.

Section 10.16 Captions, Gender and Number.

Captions contained in this Agreement are inserted only as a matter of convenience and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof. Whenever the context so requires, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

Section 10.17 Construction.

Every covenant, term and provision of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any Member.

Section 10.18 Conflicting Provisions.

To the extent that one or more provisions of this Operating Agreement appear to be in conflict with one another, then the Members shall have the right to choose which of the conflicting provisions are to be enforced. Wide latitude is given to the Members in interpreting the provision of this Operating Agreement to accomplish the purposes and objectives of the Company, and the Members may apply this Operating Agreement in such a manner as to be in the best interest of the Company, in their sole discretion, even if such interpretation or choice of conflicting provisions to enforce is detrimental to one or more Members or Members.

Section 10.19 Rights and Remedies Cumulative.

The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any Member shall not preclude or waive its right to use any or all other remedies.

Section 10.20 Nature of Interest of Members.

The Ownership Interest of each Member in the Company is personal property, and no Member shall have any interest in or right to any specific assets of the Company. However, in no event shall the Ownership Interest be pledged to serve as collateral for any personal loan or any other obligation of a Member.

Section 10.21 Meetings.

Any Member may call a meeting of the Members by giving notice of not less than fourteen (14) days. Notice of a Company meeting may be telephonic or sent via electronic mail. No voting shall occur at a meeting of the Members unless a quorum of Members holding Membership Percentages in excess of fifty percent (50%) of the total Ownership Interests are present. Action by or attendance at any meeting by a Member shall be deemed a waiver by such Member of the notice requirement, unless such Member objects on such basis at the commencement of the meeting. Any Member may delegate by written proxy his ability to vote on any matter hereunder.

Section 10.22 No Partnership Intended.

The Members have formed the Company under the Act, and expressly do not intend hereby to form a partnership under either the South Carolina Uniform Partnership Act nor the South Carolina Uniform Limited Partnership Act. The Members do not intend to be partners one to another, or partners as to any third party. To the extent any Member, by word or action, represents to another person that any other Member is a partner or that the Company is a partnership, the Member making such wrongful representation shall be liable to any other Member who incurs personal liability by reason of such wrongful representation.

IN WITNESS WHEREOF, the Members have set their hands and seals effective as of the date set forth above.

Thomas F. Brodie, III

James C. Hudson, Jr.

Jesse Lee Moore

Charles Ingram Lumber Co., Inc.

By: _____

Its: Vice President

SCHEDULE 1.0

MEMBER'S NAME & ADDRESS	MEMBERSHIP PERCENTAGE
Thomas F. Brodie, III 1948 Osprey Dr Florence SC 29501	20.00%
James C. Hudson, Jr. 207 Chester Avenue Hartsville, SC 29550	20.00%
Jesse Lee Moore 5835 Francis Marion Road Effingham, SC 29541	20.00%
Charles Ingram Lumber Co. Inc. 4930 Planer Road Effingham, SC 29541	40.00%

SCHEDULE 2.0

Name	Nature of Contribution	Value	Date Made
Thomas F. Brodie, III	Cash	$300,000.00	_____
James C. Hudson, Jr.	Cash	$300,000.00	_____
Jesse Lee Moore	Cash	$300,000.00	_____
Charles Ingram Lumber Co. Inc.	Cash	$600,000.00	_____

EXHIBIT A
SPECIAL ALLOCATIONS

The following Special Allocations shall be made in the following order:

1. Minimum Gain Chargeback. Except as otherwise provided in Treas. Reg. §1.704-2(f), if there is a net decrease in Company Minimum Gain during any fiscal year, each member shall be specially allocated items of LLC income and gain for such fiscal year (and, if necessary, subsequent years) in an amount equal to such member's share of the net decrease in Company Minimum Gain, determined in accordance with Treas. Reg. §1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each member pursuant thereto. The items to be so allocated shall be determined in accordance with Treas. Regs. §1.704-2(f)(6) and §1.704-2(j)(2). This Paragraph is intended to comply with the minimum gain chargeback requirement in Treas. Reg. §1.704-2(f) and shall be interpreted consistently therewith.

2. Member Minimum Gain Chargeback. Except as otherwise provided in Treas. Reg. §1.704-2(i)(4), notwithstanding any other provision in this Exhibit or the Operating Agreement, if there is a net decrease in Member Nonrecourse Debt Minimum Gain attributable to a Member Nonrecourse Debt during any fiscal year, each member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Treas. Reg. §1.704-2(i)(5), shall be specially allocated items of LLC income and gain for such fiscal year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Member Nonrecourse Debt, determined in accordance with Treas. Reg. §1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each member pursuant thereto. The items to be so allocated shall be determined in accordance with Treas. Reg. §1.704-2(i)(4) and §1.704-2(j)(2). This Paragraph is intended to comply with the minimum gain chargeback requirement in Treas. Reg. §1.704-2(i)(4) and shall be interpreted consistently therewith.

3. Qualified Income Offset. In the event any member unexpectedly receives any adjustments, allocations, or distributions described in Treas. Regs. §1.704-1(b)(2)(ii)(d)(4), (5), or (6), items of LLC income and gain shall be specially allocated to such member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital. Account Deficit of the member as quickly as possible, provided that an allocation pursuant to this Paragraph shall be made only if and to the extent that the member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Exhibit or the Operating Agreement have been tentatively made as if this Paragraph were not in this Operating Agreement.

4. Gross Income Allocation. In the event any member has an Adjusted Capital Account Deficit at the end of any fiscal year, such member shall be specially allocated items of LLC income and gain in .the amount of such deficit as quickly as possible, provided that an allocation pursuant to this Paragraph shall be made only if and to the extent that such member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Exhibit and

the Operating Agreement have been made as if this Paragraph and Paragraph (3) were not in this Operating Agreement.

5. Nonrecourse Deductions. Nonrecourse Deductions for any fiscal year shall be specially allocated to the members in proportion to their share of profits and losses.

6. Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any fiscal year shall be specially allocated to the member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Treas. Reg. §1.704-2(i)(1).

7. Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any LLC asset pursuant to I.R.C. §734(b) or I.R.C. §743(b) is required, pursuant to Treas. Reg. §§1.704-1(b)(2)(iv)(m)(2) or (m)(4), to be taken into account in determining capital accounts as a result of a distribution to a member in compete liquidation of such member's interest in the LLC, the amount of such adjustment to capital accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the members in accordance with their interests in the LLC in the event Treas. Reg. §1.704-1(b)(2)(iv)(m)(2) applies, or to the member to whom such distribution was made in the event Treas. Reg. §1.704-1(b)(2)(iv)(m)(4) applies.

8. Definitions. The following terms shall for purposes of this Exhibit and elsewhere in this Operating Agreement have the following definitions:

(A) **"Adjusted Capital Account Deficit"** means with respect to any member (or assignee), the deficit balance, if any, in such member's capital account as of the end of the relevant fiscal year; after giving effect to the following adjustments:

(i) Credit to such capital account any amount which such member is deemed to be obligated to restore pursuant to the next to the last sentences in Treas. Regs. §1.704-2(g)(1) and §1.704-2(i)(5); and

(ii) Debit to such capital account the items described in Treas. Reg. §§1.704-1(b)(2)(ii)(d)(4), (5), and (6).

The foregoing definition of "Adjusted Capital Account Deficit" is intended to comply with the provisions of Treas. Reg. §1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(B) **"Company Minimum Gain"** shall have the same meaning as "partnership minimum gain" as set forth in Treas. Reg. §1.704-2(b)(2).

(C) **"Member Nonrecourse Debt"** has the same meaning as "partner nonrecourse debt" as set forth in Treas. Reg. §1.704-2(b)(4).

(D) **"Member Nonrecourse Debt Minimum Gain"** has the same meaning as "partner nonrecourse debt minimum gain" as set forth in Treas. Reg. §1.704-2(i)(2).

(E) **"Member Nonrecourse Deductions"** has the same meaning as "partner nonrecourse deductions" as set forth in Treas. Reg. §1.704-2(i)(1).

(F) **"Nonrecourse Deductions"** has the same meaning as is set forth in Treas. Reg. §1.704-2(b)(1).

(G) **"Nonrecourse Liability"** has the same meaning set forth in Treas. Reg. §1.704-2(b)(3).

Part 1

Fiber Requirements Contract Commercial Terms

This Contract Summary confirms that on the Contract Date, Charles Ingram Lumber Company, or such Affiliate to which the obligations are assigned in whole or in part, ("Seller") has agreed to sell and deliver and Effingham Pellets, LLC ("Buyer") has agreed to purchase and accept Fiber on the terms set out below and subject to the General Terms and Conditions at Part 2.

1. Contract Date	14 July 2020
2. Wood Fiber	Wood Fiber, at the specifications set forth and specified in Appendix 1 (the "**Fiber**") and in any case, material made from dry shavings from debarked pine between 8% and 12% moisture content with ash of less than 0.5% on a dry matter basis. ("Wood Pellets").
3 Term	Five (5) Delivery Year Initial Term, automatically renewing for two additional, successive five (5) Delivery Year Renewal Terms, unless either Party elects not to renew this Agreement by giving written notice of such election to the other Party no less than one (1) year prior to the end of the then occurring Initial or Renewal Term.
4. Quantity per Delivery Year	35,000 Short Tons per Delivery Year, to be weighed on scales at Delivery Point (with Buyer reserving right to re-weigh elsewhere in event of a disagreement). For the avoidance of doubt, deliveries in a Delivery Year should be reasonably spread throughout the Delivery Year unless expressly agreed otherwise in writing by both Parties.
5. Shipment Size	Intentionally left blank
6. Delivery Year and Schedule	Start of Commercial Deliveries means the day on which the Buyer declares that the first Delivery Year will start. Shall occur no later than 1 August 2021. The First Delivery Year shall run from the Start of Commercial Deliveries until 12 months after said date. Each subsequent 12-month period shall be deemed consecutive "Delivery Years". Tentative delivery schedule to be agreed 30 days before first day of relevant Delivery Year. Quarterly schedule agreed 30 days before start of relevant quarter. For the avoidance of doubt, deliveries are to be reasonably spread throughout a given Delivery Year.
7. Origin	Sawmill facility at 4930 Planer Rd, Effingham, SC 29541, USA
8. Delivery Point	Buyer pellet plant at 4905 Ingram Bypass, Effingham, SC 29541 ("**Pellet Plant**")

9. Base Price	**Base Price: USD $40.00 per short ton**
9a. Escalator	Base Price shall increase by 2.0% per Delivery Year, beginning with the second Delivery Year
10. Options	Buyer shall have a right of first refusal on any volume of Fiber in excess of the Volume produced by Seller
11. Payment	See Part 2, Section 4
12. Applicable Incoterm	DAP Delivery Point at Pellet Plant, Incoterms 2010
13. Certifications and Sustainability	None though Seller agrees to act in good faith to assist Buyer in attaining all sustainability certifications that it needs (i.e. SBP, FSC, PEFC)
14. Pre-Commercial Volumes	Seller agrees to buy up to 10,000 short tons of fiber ahead of Start of Commercial Deliveries to be taken between 1 April 2021 and Start of Commercial Deliveries.
15. Expansion	Both Buyer and Seller agree to work in good faith to expand the operation to accept an additional 30,000 short tons/y within two years of Start of Commercial Operations. Commercial terms for expansion volumes to be agreed upon by the parties.
Seller: Charles Ingram Lumber Company, 4930 Planer Rd, Effingham, SC 29541	**Buyer:** Effingham Pellets, LLC, 4930 Planer Rd. , Effingham, SC 29541
Signed T. Furman Brodie Duly authorized representative of Charles Ingram Lumber Company	Signed Todd Bush Duly authorized representative of Effingham Pellets, LLC
Name T. FURMAN BRODIE Title V.P.	Name Todd Bush Title: Partner

PART 2

GENERAL TERMS AND CONDITONS

1. Non-Binding Forecasts of Buyer's Requirements. Buyer shall provide to Seller (i) not less often than once per calendar year, a forecast of its requirements of Fiber during the next 12 months, and (ii) not less often than once every three calendar months, a forecast of its expected Fiber usage during the next three months. Buyer shall notify Seller at least 30 days prior to any significant change in its actual monthly tonnage requirements. Forecasts are for informational purposes only and do not create any binding obligations on behalf of either Party. Buyer has no obligation to purchase any quantity set forth in any forecast exceeding the specified percentage of its actual requirements.

2. The Price in Part 1 includes all packaging, transportation costs, insurance, customs duties, and, fees and applicable taxes, including, but not limited to, all sales, use, or excise taxes. No increase in the Price is effective, whether due to increased material, labor, transportation costs, or otherwise, without the prior written consent of Buyer.

3. (Intentionally Omitted).

4. Payment. Payment shall be via Electronic Funds Transfer ("**EFT**"). Each Seller invoice shall contain applicable bill of lading numbers, and shall show the delivered Fiber price. In the event of a payment dispute, Buyer shall deliver a written statement to Seller no later than two (2) days prior to the date payment is due on the disputed invoice listing all disputed items. The Parties shall seek to resolve all such disputes expeditiously and in good faith. Each Party shall continue performing its obligations under this Agreement notwithstanding any such dispute.

5. Shipment and Delivery. Seller shall deliver the Fiber in the quantities and on the dates agreed in writing by the parties.

6. Title and Risk of Loss. Title passes to Buyer upon delivery of the Fiber. Seller bears all risk of loss or damage to the Fiber until delivery of the Fiber

7. Warranties.

(a) Limited Warranty. Subject to the warranty limitation set forth in Section 7(b) below, Seller warrants that the Fiber sold hereunder will conform to the Specifications and will be free from defects in material and will be suitable for its intended use.

(b) Warranty Limitation and Disclaimer. The warranty and remedies for breach of warranty provided for in this Agreement do not cover, and Seller shall not be liable for (i) abnormal wear and tear or damage caused by use or handling which is improper or contrary to Seller's instructions, or (ii) improper storage of Fiber, including storage of Fiber unprotected from weather. **THE WARRANTY SET FORTH IN SECTION 7(a) IS STRICTLY LIMITED TO ITS TERMS AND IS IN LIEU OF ALL OTHER WARRANTIES AND GUARANTEES, EXPRESS OR IMPLIED, ARISING BY OPERATION OF LAW, COURSE OF DEALING, USAGE OF TRADE OR OTHERWISE, SPECIFICALLY EXCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.**

8. LIMITATION OF LIABILITY. EXCEPT IN THE INSTANCE OF FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, IN NO EVENT SHALL EITHER PARTY BE LIABLE

FOR ANY CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE, OR ENHANCED DAMAGES, LOST PROFITS OR REVENUES OR DIMINUTION IN VALUE, ARISING OUT OF, OR RELATING TO, AND/OR IN CONNECTION WITH ANY BREACH OF THIS AGREEMENT, REGARDLESS OF (i) WHETHER SUCH DAMAGES WERE FORESEEABLE, (ii) WHETHER OR NOT SUCH PARTY WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, (iii) THE LEGAL OR EQUITABLE THEORY (CONTRACT, TORT OR OTHERWISE) UPON WHICH THE CLAIM IS BASED, AND (iv) THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE.

9. Indemnification. Each Party (as "**Indemnifying Party**") shall indemnify, hold harmless, and defend the other Party and its successors and permitted assigns (collectively, "**Indemnified Party**") against any and all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs, or expenses of whatever kind, including reasonable attorneys' fees, that are incurred by Indemnified Party (collectively, "**Losses**"), relating to any claim of a third party arising out of or occurring in connection with the Fiber or the Indemnifying Party's negligence, willful misconduct, or material breach of this Agreement. The Indemnifying Party shall not enter into any settlement without the Indemnified Party's prior written consent.

10. Confidentiality. From time to time during the Term, either Party may disclose or make available to the other Party information about its business affairs, products, confidential intellectual property, trade secrets, third-party confidential information, and other sensitive or proprietary information (collectively, "**Confidential Information**"). Confidential Information shall not include information that is (i) in the public domain, (ii) known to the receiving Party at the time of disclosure, or (iii) rightfully obtained by the receiving Party on a non-confidential basis from a third party. The receiving Party shall use the Confidential Information solely to perform its obligations under this Agreement and shall not disclose any Confidential Information to any person or entity, except to the receiving Party's employees who have a need to know the Confidential Information for the receiving Party to perform its obligations hereunder. On the expiration or termination of this Agreement, the receiving Party shall promptly return to the disclosing Party all copies, whether in written, electronic, or other form or media, of the disclosing Party's Confidential Information, or destroy all such copies and certify in writing to the disclosing Party that such Confidential Information has been destroyed.

11. Force Majeure.

(a) Neither Buyer nor Seller shall be liable for delay in performance of any of its obligations under this Agreement if such delay is caused by an event of force majeure ("**Force Majeure**"), which shall mean an event beyond the control of either party making performance impossible, including, but not limited to, fire, earthquake, flood, strike, act of God, or any civil or military authority, insurrection, riot, embargo, or shortage of or inability to obtain fuel due to a state of war, but not including price fluctuations or market conditions.

(b) No Force Majeure shall relieve either Party of its obligation to pay any money already due and owing when the Force Majeure delay starts. Both Parties shall be obligated to take reasonable action to mitigate their damages and to repair and recover from the effects of any Force Majeure.

(c) Any claim of Force Majeure must be made in writing by the Party so claiming to the other Party within not more than 10 days after the beginning of any such delay. Any such claim not made within that time period shall be barred.

(d) In the event that a condition of Force Majeure occurs which prevents the processing, handling, loading, or delivery by Seller of suitable Fiber, Seller shall make commercially reasonable inquiries regarding alternative sources of Fiber meeting the Specifications, and inform Buyer if any such sources are available. Following receipt of any Force Majeure notice from Seller, Buyer shall advise Seller whether shipments of Fiber from such alternative source are acceptable to Buyer. Should Buyer decide, for any reason whatsoever, that it does not desire shipments of Fiber from Seller's alternative source, or if Buyer fails to respond to Seller within five (5) days, then Seller's obligations to supply Fiber shall be suspended until the Force Majeure condition is removed.

(e) Buyer shall be free to purchase replacement Fiber from third parties during any periods of Force Majeure which impair Seller's ability to supply Fiber under this Agreement. After the Force Majeure condition is removed or ceases to exist, (i) Buyer may, at its option, require Seller to supply Fiber to make up any deficiency in the quantities of the Fiber procured by Buyer during said condition of Force Majeure, (ii) Buyer shall terminate all deliveries from third parties as soon as reasonably practical, but in no event later than 30 days after the effective date of resumed performance, and (iii) Buyer's minimum purchase obligation for the relevant Delivery Year shall be adjusted for any deficiency in the quantities of the Fiber procured by Buyer.

(f) Notwithstanding the foregoing, should either Party be in a condition of Force Majeure for a period of 60 days or more, or for two or more periods totaling sixty days or more within any 12-month period, the other Party may, at its option, terminate this Agreement with no further obligations owing to the impacted Party.

12. Failures to Deliver. If for any reason other than a Force Majeure or reasons attributable to Buyer, the Seller fails to deliver all or any part of a scheduled shipment of Fiber in accordance with the agreed upon delivery schedule, or the Quantity per Delivery Year, then the Seller shall pay to the Buyer as compensation for damages incurred an amount for such quantity of undelivered Fiber equal to the product of:

(a) the amount, if positive, by which the price (per short ton), if any, at which the Buyer acting in a commercially reasonable manner is or would be able to purchase or otherwise acquire in the market the quantity of undelivered Fiber exceeds the Base Price; and

(b) the quantity of undelivered Fiber,

such amount to be increased by any actually incurred incremental transportation costs and other reasonable and verifiable costs and expenses incurred by Buyer as a result of Seller's failure.

13. Failures to Accept Delivery. If for any reason other than Force Majeure or reasons attributable to Seller, the Buyer fails to take delivery of all or any part of a scheduled shipment of Fiber in accordance with the agreed upon delivery schedule, or the Quantity per Delivery Year, then the Buyer shall pay the Seller as compensation for damages incurred an amount for the quantity of such non-accepted Fiber equal to the product of:

(a) the amount, if positive, by which the Base Price exceeds the price at which the Seller is or would be able to sell any quantity of non-accepted Fiber in the market acting in a commercially reasonable manner; and

(b) the quantity of the non-accepted Fiber,

such amount to be increased by any actually incurred incremental transportation costs and other reasonable and verifiable costs and expenses incurred by the Seller as a result of Buyer's failure.

14. Termination. Either Party may terminate this Agreement upon notice to the other Party:

(a) except as otherwise specifically provided under this Agreement, if the other Party is in material breach of this Agreement and either the breach cannot be cured or, if the breach can be cured, it is not cured within 30 days following the other Party's receipt of notice of such breach; and

(b) if the other Party:

(i) becomes insolvent or is generally unable to pay, or fails to pay, its debts as they become due;

(ii) files or has filed against it, a petition for voluntary or involuntary bankruptcy or otherwise becomes subject, voluntarily or involuntarily, to any proceeding under any domestic or foreign bankruptcy or insolvency law;

(iii) seeks reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts;

(iv) makes or seeks to make a general assignment for the benefit of its creditors; or

(v) applies for or has a receiver, trustee, custodian or similar agent appointed by order of any court of competent jurisdiction to take charge of or sell any material portion of its property or business.

15. Audit and Inspection Rights. During the term of this Agreement, on five business days' notice and during regular business hours, either Party may at its own expense inspect and audit the other Party's books, records, and other documents as necessary to verify compliance with the terms and conditions of this Agreement. The Parties shall not exercise their respective audit and inspection rights more than three times in any Contract Year.

16. Miscellaneous.

(a) Each Party shall deliver all communications in writing either in person, by certified or registered mail, return receipt requested and postage prepaid, by facsimile or email (with confirmation of transmission), or by recognized overnight courier service, and addressed to the other Party at the addresses set forth above (or to such other address that the receiving Party may designate from time to time in accordance with this section).

(b) This Agreement and all matters arising out of or relating to this Agreement, including tort and statutory claims, are governed by, and construed in accordance with, the laws of South Carolina, without giving effect to any conflict of laws provisions thereof that would result in the application of the laws of a different jurisdiction.

(c) ANY CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO THIS CONTRACT, OR THE BREACH THEREOF, OR THE OPERATION OF THE COMPANY, SHALL BE SETTLED EXCLUSIVELY BY ARBITRATION ADMINISTERED

BY THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE WITH ITS COMMERCIAL ARBITRATION RULES, IN ARBITRATION TO BE SITED IN ATLANTA, GEORGIA, AND JUDGMENT ON THE AWARD RENDERED BY THE ARBITRATOR(S) MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. THE PARTIES AGREE TO INITIALLY SEEK TO INFORMALLY RESOLVE ANY SUCH DISPUTE THROUGH NON-BINDING MEDIATION, WITH A MEDIATOR REASONABLY ACCEPTABLE TO BOTH PARTIES, WITH SUCH MEDIATION AN EXPRESS CONDITION PRECEDENT TO THE INITIATION OF ANY ARBITRATION OR OTHER PROCEEDING. THE ARBITRAL PANEL SHALL CONSIST OF ONE ARBITRATOR. THE ARBITRATION SHALL BE SITED IN ATLANTA, GEORGIA. A JUDGMENT ON THE AWARD RENDERED BY THE ARBITRATORS MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. NOTHING IN THIS CLAUSE SHALL PREVENT EITHER PARTY FROM SEEKING IMMEDIATRE INJUNCTIVE RELIEF FROM A COURT OF COMPETENT JURISDICTION, PENDING A FINAL DETERMINATION BY THE ARBITRAL PANEL.

(d) This Agreement contains the entire understanding of the Parties with respect to the subject matter hereof, and supersedes all prior and contemporaneous written or oral understandings, agreements, representations, and warranties with respect to such subject matter. In the event of conflict between the terms of this Agreement and the terms of any purchase order or other document submitted by one Party to the other, this Agreement shall control.

(e) The invalidity, illegality, or unenforceability of any provision herein does not affect any other provision herein or the validity, legality, or enforceability of such provision in any other jurisdiction.

(f) The Parties may not amend this Agreement except by written instrument signed by the Parties.

(g) No waiver of any right, remedy, power, or privilege under this Agreement ("**Right(s)**") is effective unless contained in a writing signed by the Party charged with such waiver. No failure to exercise, or delay in exercising, any Right operates as a waiver thereof. No single or partial exercise of any Right precludes any other or further exercise thereof or the exercise of any other Right.

(h) The Rights under this Agreement are cumulative and are in addition to any other rights and remedies available at law or in equity or otherwise.

(i) Neither Party may directly or indirectly assign, transfer, or delegate any of or all of its rights or obligations under this Agreement (except to an Affiliate, with the consent of the other party, which consent shall not be unreasonably withheld), voluntarily or involuntarily, including by change of control, merger (whether or not such Party is the surviving entity), operation of law, or any other manner, without the prior written consent of the other Party. Any purported assignment in violation of this Section shall be null and void.

(j) This Agreement is binding upon and inures to the benefit of the Parties and their respective successors and permitted assigns.

(k) Except for the Parties, their successors and permitted assigns, there are no third-party beneficiaries under this Agreement.

(l) Section 10 of this Agreement, as well as any other provision that, in order to give proper effect to its intent, should survive the expiration or termination of this Agreement, will survive such expiration or termination for the period specified therein, or if nothing is specified, for a period of 48 months after such expiration or termination.

(m) This Agreement may be executed in counterparts.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

Effingham Pellets, LLC

By_____

Name: Todd G Bush

Title: Partner

Charles Ingram Lumber Company

By_____

Name: T. FURMAN BRODIE

Title: V.P.

EXHIBIT A

- DESCRIPTION OF FIBER
- SPECIFICATIONS

CM Biomass Partners A/S

And

Effingham Pellets, LLC

FCA CONTRACT

FOR THE SALE AND PURCHASE OF WOOD PELLET BIOMASS

Part 1

FCA Contract Commercial Terms

This Contract Summary confirms that on the Contract Date, Effingham Pellets, LLC ("Seller") has agreed to sell and deliver and CM Biomass Partners A/S ("Buyer") has agreed to purchase and accept Biomass on the terms set out below and subject to the Buyer's General Terms and Conditions at Part 2.

1. Contract Date	14 July 2020
2. Biomass	Wood pellets in bulk meeting the Biomass Specification at Appendix 1.
3. Term	Five (5) Delivery Year Initial Term, automatically renewing for two additional, successive five (5) Delivery Year Renewal Terms unless either Party elects not to renew this Agreement by giving written notice of such election to the other Party no less than one (1) year prior prior to the end of the then occurring Initial or Renewal Term.
4. Quantity per Delivery Year	Minimum 30,000 metric tons per Delivery Year up to total production of Seller Pellet Plant, but if more than 30,000 metric tons per Delivery Year is produced, then new price terms will have to be agreed.
5. Shipment Size	Intentionally left blank
6. Delivery Year and Schedule	Start of Commercial Deliveries means the day on which the Seller declares that the first Delivery Year will start. Shall occur no later than 1 August 2021. Seller shall furnish Buyer with at least 30 days' advance notice. The First Delivery Year shall run from the Start of Commercial Deliveries until 12 months after said date. Each subsequent 12-month period shall be deemed consecutive "Delivery Years". Tentative delivery schedule to be agreed 30 days before first day of relevant Delivery Year. Quarterly schedule agreed 30 days before start of relevant quarter. For the avoidance of doubt, deliveries are to

	be reasonably spread throughout a given Delivery Year.
7. Origin	Pellet Plant at Effingham Pellets, LLC, 4905 Ingram Bypass, Effingham, SC 29541("**Pellet Plant**")
8. Delivery Point	**Pellet Plant** **Bulk:** In walking floor, dump body, or hopper bottom trailers. Or **Containers:** Maximum road weight in containers. Bulk vs Container Deliveries in Buyer's Option
9. Base Price + Adjustments	**Base Price:** Delivery Year 1: 105 USD/MT Delivery Year 2+: 2.0% annual escalator
10. Options	Intentionally left blank
11. Payment	See Part 2, Section 3
12. Loading Rate	Intentionally left blank
13. Applicable Incoterm	Free on Truck at Delivery Point, Incoterms 2010
14. Certifications	Each cargo/shipment will have a valid FSC CoC Claim and shall be Controlled Wood. All cargoes shall come with a relevant SBP Compliant claim. All cargo shall be EN+ A1 certified unless otherwise agreed between the Parties and subject to all adjustments in Part 1, Section 9.
15. Sustainability	See Part 1, Section 14 - "Certifications"
16. Pre-Commercial Volumes	The Buyer agrees to purchase and take delivery of Wood Pellets under the general terms of this contract

	prior to Start of Commercial Deliveries with the following allowances: • Quality: Pellets shall meet the specification in Annex 1 but need not be EN Plus prior to 1 May 2021 • Sustainability: Pellets need not be SBP Compliant or FSC CoC Certified, but Seller shall be making reasonably sufficient progress towards said certifications • Delivery: It is intended for all deliveries to be in containers unless Buyer cannot provide sufficient containers to meet production in which case Parties shall make best efforts for alternative delivery Schedule: Buyer and Seller shall agree to a delivery schedule for each month but the first day of the preceding month.
17. Expansion	Both Buyer and Seller agree to work in good faith to expand the operations.
Seller: Effingham Pellets, LLC 4930 Planer Rd, Effingham, SC 29541	**Buyer:** CM Biomass Partners A/S Pakhus 48, Klubiensvej 22 DK 2150 Nordhavn/Copenhagen Denmark
Contact details for the purposes of notices: Position: Manager Email	Contact details for the purposes of notices: Officer Todd Bush With Cc to Michael Christensen Position Partner Email todd.bush@cmbiomass.com michael.christensen@cmbiomass.com Tel +1 (404) 889 6425
Signed _____	Signed: Todd Bush _____

SELLER'S INITIALS

BUYER'S INITIALS

Duly authorised representative of Effingham Pellets, LLC	Duly authorised representative of CM Biomass Partners A/S
Name Title Manager	Name Todd Bush

Part 2
General Terms and Conditions

1. Delivery, Title and Risk

1.1. Seller shall deliver, and Buyer shall accept delivery of Biomass in the quantities, quality and per the schedule at the Delivery Point as agreed per part 1 of this FCA Contract. Title to and risk shall pass from Seller to Buyer as it unloaded (in the case of Bulk) or the laden container is successfully delivered (in the case of Containers) at the Delivery Point.

1.2. Seller shall have good clean and marketable title of Biomass and Buyer shall take such Biomass free of all liens, charges, encumbrances, security interests, and claims whatsoever. Seller shall indemnify and keep indemnified Buyer in respect of any claims, actions, liabilities, losses, damages and costs arising from Seller's breach of this clause.

2. Quality

Biomass delivered pursuant to this Contract shall comply with the Biomass Specification at Appendix 1 including temperature upon loading truck or container and be fully suited for bulk or containerized sea transport. For the purpose of this Clause 2, Cargo shall be fully suited for bulk transport if it is sufficiently durable to withstand discharging to the discharge port such that upon arrival it has not suffered from any deterioration beyond that which may ordinarily be expected as a consequence of the voyage and it is capable of being discharged.

3. Price and Payment

3.1 The Seller shall submit weekly invoices to buyer for all deliveries in the prior week (i.e. on Monday for all deliveries in prior week). Invoices are payable 7 days after receipt subject to Buyer having received the following

- One original and one copy of the invoice stating the amount due;
- All relevant scale tickets;
- FSC Claim on invoice for the relevant cargo
- Documentation for EN Plus A1 Claim
- SBP Claim including relevant transaction data in the DTS

3.2 Price will be adjusted per relevant adjustments in Part 1, Section 9.

3.2.1 For Containers: random sample containers will be tested in each quarter to assess the quality for that quarter.

3.2,2 For Bulk: Samples will be taken at Delivery Point of each truckload and shall be formed into a composite sample at least once daily. Each composite sample shall be tested for Durability, Fines and Moisture content. Results will be available in real time to all parties and shall be binding for said parameters.

Each truckload shall be analysed for temperature upon discharge at Delivery Point.

All other parameters shall be analysed upon loading to vessel per relevant EN/ISO norms for sampling and analysis

3.3 In the case that self-heating occurs at any point in the supply chain and leads to degradation of the Wood Pellets the Parties agree to meet in good faith to agree and execute a mitigation plan in a timely manner.

4. Nominations and Notices

4.1 Intentionally left blank

5. Loading

5.1 Intentionally left blank

6. Laytime and Demurrage

6.1 Intentionally left blank

7. Sampling and Analysis

7.1 See Part 2, Section 3.2 for details of analysis procedure

7.2 If at any time the Buyer or Seller disagrees with specific results or with the process for Sampling and Analysis then both parties agree to meet and discuss an alternative procedure.

8. Weight Determination

8.1 The weight of each truck delivered as bulk shall be determined by certified truck scales at both the Seller's plant; Buyer reserves the right to re-weigh on certified independent scales in the event of a disagreement on weight.

8.2 The weight of payload in any container shall be determined by the certified scale weight reported on the relevant Bills of Lading.

9. Inspection

9.1 Each party shall at its own risk and expense be entitled to:

9.1.1 inspect the Biomass at the relevant production, storage and loading / discharge facilities at any time; and

9.1.2 be represented during all aspect of loading / discharge, sampling, preparation, testing and analysis under Clauses 7-8.

9.2 Seller or Buyer, as the case may be, shall give the other party reasonable notice of its intention to inspect or be represented pursuant to this Clause 9 and the other party shall provide such cooperation as may be reasonably required to arrange such inspection or representation.

10. Rejection

The Buyer is entitled to reject all or part of the Products delivered in connection with any Delivery with immediate effect if any analysis by an accredited third party of finished product reveals that the quality parameters as contained in Appendix 1 to this Agreement are not met.

If the Buyer rejects any product, risk in the rejected Product shall revert to the Seller upon date of Rejection Notice; Buyer shall then not be liable to pay for the rejected Product. The Seller shall therefore – upon the first written demand of Buyer – be obliged to refund within five (5) business days any amount previously paid by the Buyer to the Seller for the rejected Product.

11. Force Majeure

11.1 Neither Buyer nor Seller shall be liable for delay in performance of any of its obligations under this Agreement if such delay is caused by an event of force majeure ("Force Majeure"), which shall mean an event beyond the control of either party making performance impossible, including, but not limited to, fire, earthquake, flood, strike, act of God, or any civil or military authority, insurrection, riot, embargo, or shortage of or inability to obtain fuel due to a state of war, but not including price fluctuations or market conditions.

11.2 No Force Majeure shall relieve either Party of its obligation to pay any money already due and owing when the Force Majeure delay starts. Both Parties shall be obligated to take reasonable action to mitigate their damages and to repair and recover from the effects of any Force Majeure.

11.3 Any claim of Force Majeure must be made in writing by the Party so claiming to the other Party within not more than 10 days after the beginning of any such delay. Any such claim not made within that time period shall be barred.

11.4 In the event that a condition of Force Majeure occurs which prevents the processing, handling, loading, or delivery by Seller of Wood Pellets, Seller shall make commercially reasonable inquiries regarding alternative sources of Wood Pellets meeting the Specifications, and inform Buyer if any such sources are available. Following receipt of any Force Majeure notice from Seller, Buyer shall advise Seller whether shipments of Wood Pellets from such alternative source are acceptable to Buyer. Should Buyer decide, for any reason whatsoever, that it does not desire shipments of Wood Pellets from Seller's alternative source, or if Buyer fails to respond to Seller within five (5) days, then Seller's obligations to supply Wood Pellets shall be suspended until the Force Majeure condition is removed.

11.5 Buyer shall be free to purchase Wood Pellets from third parties during any periods of Force Majeure which impair Seller's ability to supply Wood Pellets under this Agreement. After the Force Majeure condition is removed or ceases to exist, (i) Buyer may, at its option, require Seller to supply Wood Pellets to make up any deficiency in the quantities of the Wood Pellets procured by Buyer during said condition of Force Majeure, (ii) Buyer shall terminate all deliveries from third parties as soon as reasonably practical, but in no event later than 30 days after the effective date of resumed performance, and (iii) Buyer's minimum purchase obligation for the relevant Delivery Year shall be adjusted for any deficiency in the quantities of the Wood Pellets procured by Buyer.

11.6 Notwithstanding the foregoing, should either Party be in a condition of Force Majeure for a period of 60 days or more, or for two or more periods totalling sixty days or more within any 12-month period, the other Party may, at its option, terminate this Agreement with no further obligations owing to the impacted Party.

12. Confidentiality

12.1 The parties shall treat the terms of this Contract and all information provided under or in connection with it ("Confidential Information") as confidential and shall not disclose such Confidential Information without the prior written consent of the other party, save that consent will not be required for disclosure:

12.1.1 which is or hereafter comes into the public domain otherwise than as a result of a breach of this Clause 12.1;

12.1.2 which is required to be disclosed by any judicial process, requirement of law or pursuant to any competent authority, provided that discussion shall be strictly limited to such requirement;

12.1.3 which is required to be disclosed by the regulations of any recognised exchange upon which the share capital of the receiving party (or any parent of the receiving party) is or is proposed to be from time to time listed or dealt in; provided that discussion shall be strictly limited to such requirement;

12.1.4 which is furnished to the employees, directors, affiliates, agents, proposed assignees or transferees, consultants and/or professional, legal, financial, accounting and tax advisors of the receiving party to the extent that disclosure is reasonably necessary or desirable for the purpose of this Contract and provided that the recipient agrees to keep such information confidential on terms no less onerous as those set out in this Clause 12.

12.1.5 that is furnished to banks, financiers or insurers or a respective consultant and advisors provided that the recipient agrees to keep such information confidential on terms no less onerous as those set out in this Clause 12.

13. Sanctions

13.1 Seller represents and warrants to Buyer (which representations and warranties are deemed to be repeated by Seller in respect of each Shipment) that the Biomass to be delivered under this Contract does not originate from any country that is subject to economic sanctions for so long as such country is the target of such sanctions. For the purpose of this Clause 13, economic sanctions mean any economic sanction of trade restriction imposed by any rule, regulation or statute of the United Kingdom, the European Union, the United Nations or the United States of America and any other applicable laws imposing economic sanctions or trade restrictions.

14. Miscellaneous

14.1 *Notices:* All notices under this Contract shall be in writing and delivered by courier, recorded delivery post, or email to the address or contact details of the relevant party specified in the Contract Summary. Either party may change its address or contact details by written notice to that effect to the other party. If no address or contact details have been so specified or notified, notices shall be delivered at the party's registered office.

14.2 *Entire Agreement:* This Contract constitutes the entire agreement between the parties with respect to the subject matter described herein and each party acknowledges that in entering into this Contract it has not relied on any representation, understanding or agreement oral or written other than that which is expressly provided in this Contract.

14.3 *Third Parties:* A person who is not a party to this Contract has no right under the Contracts (Rights of Third Parties Act) 1999 to enforce any term herein.

14.4 *Severability:* If any of the provisions of this Contract are found by a court or authority of competent jurisdiction to be illegal, void or unenforceable, such provision shall be deemed to be deleted from this Contract and the remaining provisions of this Contract, as applicable, shall continue in full force and effect.

14.5 *Late Payments:* If either party has not received payment of any sums due under this Contract within five (5) banking days of the due date, interest shall accrue on such sums at the rate of five per cent (5%) above the 30-day LIBOR rate, in no event to exceed 7% from the due date until the date payment is received by the party due to receive payment.

14.6 *Counterparts:* This Contract may be entered into in the form of two counterparts, each of which shall be regarded as an original but both of which together shall constitute one agreement binding on both parties, notwithstanding that both parties are not signatories to the same counterpart. The exchange by electronic means of signed and dated copies of this Contract shall constitute effective execution and delivery of this Contract, and such copies may (in the absence of fraud) be used in lieu of the original Contract for all purposes.

14.7 *No Waiver:* The rights and remedies of either party in respect of this Contract shall not be diminished, waived or extinguished by any indulgence, forbearance or extension of time granted by such party to the other nor by a failure of, or delay by the said party in ascertaining or exercising any such rights or remedies.

14.8 *Variation:* No purported alteration or variation of this Contract shall be effective unless it is in writing, refers specifically to this Contract and is executed by both parties.

14.9 *Banking Days:* For the purpose of this Contract, "Banking Days" shall mean a day on which banks are open for general business in both the USA and Denmark.

15. Assignment

15.1 Neither party, including its successor or surviving entity or transferee in case of a change of control, amalgamation or merger, shall be entitled to assign its rights and obligations under this Contract to any other person or entity, without prior written consent of the other party, which shall not be unreasonably withheld or delayed.

15.2 Notwithstanding Clause 15.1 above, a party may assign its rights and obligations under this Contract to an Affiliate, provided that in the reasonable opinion of the other party such Affiliate is of an equivalent or greater creditworthiness of the assigning party. If such Affiliate is not of an equivalent or greater creditworthiness as the assigning party, the assigning party shall remain liable for the due and punctual performance of its obligations under this Contract.

15.3 For the purpose of this clause, an "Affiliate" shall mean any other entity that directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with that party.

16. Failure to Deliver or Accept Delivery

16.1 Seller's Duty to Notify and Revised Delivery Instructions. The Seller shall notify the Buyer immediately when it knows that it is, or reasonably expects that it will be, unable to deliver (in whole or in part) the Total Quantity and/or any shipment in accordance with the Delivery Schedule. The Buyer may, but is not obligated to, offer the Seller alternative delivery terms which, if accepted by the Seller, shall constitute a mutual agreement to so amend the Delivery Schedule, and, absent such agreement to revise the Delivery Schedule, §16.2 (***Failure to Deliver***) shall apply.

16.2 Failure to Deliver. If, for any reason other than Force Majeure or reasons attributable to the Buyer, where the Seller fails or expects to fail to deliver the Total Quantity or a shipment in accordance with the Delivery Schedule, the Seller shall be liable to pay to the Buyer, in respect of such Shipment an amount for each tonne it failed to deliver in such shipment or Total Quantity equal to the positive difference obtained by subtracting the Contract Price from the

Replacement Price. "Replacement Price" means the price at which the Buyer or Seller, as the case may be, taking reasonable steps to mitigate its losses, purchases or sells substitute Biomass in an amount and quality and on the same delivery basis as that to be delivered under the Individual Biomass Contract (plus any incremental costs including verifiable internal costs and transport charges associated with delivery occurring at the relevant discharge port for the replacement sale/purchase), or absent a purchase, the market price as calculated by the non-defaulting party in a commercially reasonable manner.

16.3 Replacement Quantities. When procuring replacement quantities of undelivered Biomass, the Buyer shall use commercially reasonable endeavors to purchase Biomass of approximately equivalent quality specifications and energy value and on reasonably similar delivery terms.

16.4 Payment. The Buyer shall calculate and set out the amount payable to it by Seller in an invoice to the Seller and show in reasonable detail how it is calculated; and the Seller shall pay the Buyer's invoice within ten (10) Business Days of receipt; provided, however, that upon receipt of the invoice, if the Seller disputes the Buyer's calculation in accordance with this clause, the Parties will cooperate reasonably and in good faith to negotiate and resolve any such dispute within thirty (30) calendar days of receipt of Buyer's invoice. Following resolution of any dispute, Seller will make payment of the agreed amount plus interest at the rate set out in 14.5 within ten (10) Business Days of the dispute resolution. In the event that Seller fails to meet its payment obligation, Buyer shall have the right to claim the amount from the surety that issues the performance bond in Buyer's favor. In the event that the Parties have failed to resolve any dispute within thirty (30) calendar days of receipt of Buyer's invoice, such dispute shall be referred to Arbitration in accordance with §17 (***Arbitration***) below.

16.5 Buyer's Duty to Notify and Revised Delivery Instructions. The Buyer shall notify the Seller immediately when it knows that it is, or reasonably expects that it will be, unable to take delivery (in whole or in part) of the Total Quantity and/or any Shipment in accordance with the Delivery Schedule. The Seller may, but is not obligated to, offer to the Buyer alternative delivery terms which, if accepted by the Buyer, shall constitute a mutual agreement to amend the Delivery Schedule, and, absent such agreement to revise the Delivery Schedule, §16.6 (***Failure to Accept Delivery***) shall apply.

16.6 Failure to Accept Delivery. If, for any reason other than Force Majeure or reasons attributable to the Seller, where the Buyer fails to accept delivery of the total Quantity or a shipment in accordance with the Delivery Schedule, the Buyer shall be liable to pay to the Seller, in respect of such shipment an amount for each tonne it failed to accept in such Shipment equal to the positive difference obtained by subtracting the Replacement Price from the Contract Price.

16.7 Payment. The Seller shall calculate and set out the amount so payable in an invoice to the Buyer and show in reasonable detail how it is calculated and the

Buyer shall pay the Seller's invoice within ten (10) Business Days of receipt; provided, however, that upon receipt of the invoice, if the Buyer disputes the Seller's calculation in accordance with this clause, the Parties will cooperate reasonably and in good faith to negotiate and resolve any such dispute within thirty (30) calendar days of receipt of the Seller's invoice. Following resolution of any dispute, the Buyer will make payment of the agreed amount plus interest at the Interest Rate within ten (10) Business Days of the dispute resolution. In the event that the Parties have failed to resolve any dispute within thirty (30) calendar days of receipt of Seller's invoice, such dispute shall be referred to Arbitration in accordance with §17 (***Arbitration***) below.

16.8 Amounts Payable. Amounts that are due according to this §16 (***Failure to Deliver and Accept***) shall be invoiced and paid in accordance with §3 (***Price and Payment***).

16.9 Reduction in Total Quantity. Upon the entitled Party's receipt of damages provided for in §16 (***Remedies for Failure to Deliver or Accept***) in respect of any non-performed or underperformed delivery or acceptance of delivery, the applicable Total Quantity or portion thereof attributable to the non-performance or underperformance shall be reduced by a quantity equal to the quantity to which the damages correspond.

17. Arbitration and Applicable Law

17.1 This Contract and any disputes arising out of or in connection with it or its validity shall be governed by and construed in accordance with the laws of the United Kingdom and Wales. The provisions of the UN Convention on the International Sale of Goods, 1980, are specifically excluded from application to this Agreement.

17.2 The Parties will try to amicably resolve any dispute arising under this Contract through a non-binding mediation. If the Parties do not succeed within thirty (30) days after commencement of such dispute to settle the dispute amicably, the Parties agree that all disputes arising out of or in connection with this Contract shall be resolved by arbitration under the rules of the LCIA, which are deemed to be incorporated by reference into this clause. The number of arbitrators shall be one (1). The seat, or legal place, of arbitration shall be in Atlanta, Georgia. The language to be used in the arbitral proceedings shall be English.

17.3 The foregoing notwithstanding, nothing in this clause shall preclude any party from seeking injunctive relief from a court of competent jurisdiction or exercising any self-help remedies as provided elsewhere in this Contract.

Appendix 1

Biomass Specification

Wood Pellets delivered under this Agreement shall:

1. be manufactured from fresh, clean, unused, processed sawdust, shavings or wood chips grinded and pressed into pellets with a diameter of 6mm or 8mm: any changes to the ENPlus A1 handbook to be mutually agreed upon in good faith ;

2. be free of debris such as metal (ferro and non-ferro), rock, paper, cardboard, glass and plastic, or any other extraneous materials ("Extraneous Material");

3. be free from hotspots and internal heat sources;

4. when analyzed, meet the criteria of the following chart:

PARAMETERS AND REJECTION LIMITS [4]	Units	Standard		
Sampling		EN 14778		
Sample preparation		EN 14780		
No water damage			None	
No burned/charred pellets			None	
Additives (composition, mass)	weight% ar	EN 14961	3%	
Physical parameters	-	-	Limit	
Diameter	mm	EN16127	6 ± 1 or 8 ± 1	
Length ≤50 mm	weight %	EN16127	99.9%	
Length ≤40 mm	weight %	EN16127	99%	
Water content	weight% ar	EN 14774	≤ 10 %	
Bulk (apparent) density	kg/m3	EN 15103	≥ 600	

Maximum bulk temperature	°C	EN15234-2	≤ 60	
Net calorific value at constant pressure	GJ/ton ar	EN 14918	≥ 16,5	
Ash content	weight% DM	EN 14775	≤ 0.7%	
Ash Deformation Temperature	°C	CEN/TC 15370	≥1200	
Elementary composition	-	-	-	
Cl	weight% DM	EN 15289	≤ 0,03%	
N	weight% DM	EN 15104	≤ 0,3%	
S	weight% DM	EN 15289	≤ 0,15 %	
Trace elements	-	-	-	
As	mg/kg DM	EN 15297	≤ 2	
Cd	mg/kg DM	EN 15297	≤ 1	
Cr	mg/kg DM	EN 15297	≤ 15	
Cu	mg/kg DM	EN 15297	≤ 20	
Pb	mg/kg DM	EN 15297	≤ 20	
Hg	mg/kg DM	EN 15297	≤ 0,1	
Zn	mg/kg DM	EN 15297	≤ 200	
Fines ≤ 3.15 mm (round hole sieves)	weight% ar	EN15210-1	≤ 4 %	
Durability	weight% ar	EN 15210	>98	

Particle size distribution (square hole sieves)	-	**EN15149-2**	-	
% < 3.15 mm	**weight %**	**EN 16126**	**>99%**	
% < 2.0 mm	**weight %**	**EN 16126**	**>95%**	
% < 1.0 mm	**weight %**	**EN 16126**	**>60%**	

LEASE AGREEMENT

This **LEASE AGREEMENT** (this "**Lease**") is made and entered into effective as of 15 July 2020 (the "**Effective Date**"), by and between **CHARLES INGRAM LUMBER CO. INC.** a South Carolina ("**Landlord**"), and **EFFINGHAM PELLETS, LLC**, a South Carolina limited liability company ("**Tenant**").

W I T N E S S E T H:

WHEREAS, Landlord is the owner of that certain parcel of land located in Effingham, Florence County, South Carolina, being more particularly described on **Exhibit A** attached hereto and made a part hereof for all purposes (the "**Premises**"); and

WHEREAS, Tenant is desirous of leasing the Premises from Landlord, and Landlord is agreeable to same, subject to the terms and conditions hereinafter set forth;

NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual and respective covenants and undertakings of Landlord and Tenant hereunder, such parties hereby agree as follows:

ARTICLE I
DEMISE OF PREMISES

In consideration of the mutual promises herein made, and subject to all of the terms and conditions hereof, Landlord hereby demises and leases to Tenant, and Tenant hereby accepts and takes from Landlord, the Premises, together with all easements and rights appurtenant thereto, free and clear of all liens, restrictions and other encumbrances other than those matters appearing of record in the Real Property Records of Florence County, South Carolina.

ARTICLE II
TERM AND RENEWAL OPTION

2.01 Term. The initial term of this Lease (the "**Initial Term**") shall be for the period commencing at 12:01 a.m., Effingham, South Carolina time, on the Effective Date (the "**Commencement Date**"), and, unless sooner terminated pursuant to the terms hereof, ending at 11:59 p.m., Effingham, South Carolina time, on the day preceding the fifth (5th) anniversary of the date of "**Start of Commercial Deliveries**" (as such term is defined in that certain Fiber Requirements Contract Commercial Terms, dated of even date with this Lease, between Tenant, as the buyer, and Landlord, as the seller, and so called herein).

2.02 Renewal Option. Tenant shall have and is hereby granted two (2) options to extend the Initial Term of this Lease, each for an additional five (5) years, upon the same terms and conditions set forth in this Lease (each, a "**Renewal Term**"; the term of this Lease, including the Initial Term and, if applicable, each Renewal Term, is sometimes referred to herein as the "**Term**"). Tenant shall exercise each such renewal and extension option by giving Landlord written notice thereof not less than six (6) months prior to the originally scheduled expiration of the Term; provided, however, that if Tenant fails to timely exercise an option to extend the Term in accordance with the foregoing, Tenant may still exercise such option to extend by providing such written notice thereof to Landlord prior to the earlier to occur of (a) the date that is thirty (30) days after Landlord sends written notice to Tenant that Tenant has failed to timely exercise its option to extend or (b) the last day of the then-current Term.

2.03 Termination Option. Tenant shall have the option (the "**Termination Option**") to terminate this Lease effective as of a date that follows the fifth (5th) anniversary of the date of Start of Commercial Deliveries, provided that Tenant gives written notice of the date of termination (the "**Termination Date**") to Landlord not less than sixty (60) days prior to the Termination Date (the "**Termination Notice**") and, on or before the Termination Date, pays to Landlord an amount equal to the product of the Rent then in effect, multiplied by four (4).

2.04 Holding Over. Upon the expiration of the Term of this Lease, without further notice or action by any party, Tenant's leasehold created under this Lease shall terminate, and Tenant's right to possess the Premises shall become null and void and of no further force or effect. Any holding over by Tenant after the expiration of the Term of this Lease shall not constitute a renewal of this Lease or give Tenant any rights hereunder or otherwise in or to the Premises, but rather shall constitute a tenancy from month-to-month at a monthly rental equal to (i) one-twelfth of the Rent in effect immediately prior to the expiration of the Term times (ii) one hundred ten percent (110%).

ARTICLE III
RENT

3.01 Rent. "**Rent**" (herein so called) for each Lease Year (hereinafter defined) during the Initial Term shall be One Hundred Eight Thousand and No/100 Dollars ($108,000.00) per annum, and Rent (herein so called) for each Lease Year (hereinafter defined) during each Renewal Term shall be Sixty Thousand and No/100 Dollars ($60,000.00) per annum. The term "**Lease Year**" shall mean a twelve (12) month period, the first of which commences on the Commencement Date and ends on the day preceding the anniversary of the Commencement Date. Each subsequent Lease Year shall commence on an anniversary of the Commencement Date and end on the day preceding the next ensuing anniversary of the Commencement Date. Notwithstanding anything to the contrary contained in this Lease, Rent shall be abated through and until the date that is sixty (60) days after the later to occur of (i) the date of completion of the Landlord's Work (hereinafter defined) and (ii) Start of Commercial Deliveries (said period being referred to herein as the "**Rent Abatement Period**").

3.02 Monthly Installment Payments. Rent shall be payable in equal monthly installments during the Term of this Lease, with the first installment being due on the first day following the expiration of the Rent Abatement Period and each subsequent installment being due on the first day of each calendar month occurring thereafter during the Term. The Rent due for any partial calendar month(s) shall be prorated on a daily basis based on a 365-day calendar year. All installments of Rent shall be paid in lawful money of the United States of America to Landlord at the address set forth herein for notices to Landlord or to such other payee or address as Landlord may from time to time designate in writing to Tenant, in accordance with this Lease. Any installment of Rent not paid within ten (10) days of its due date shall bear interest at the rate provided in Section 11.03 below, commencing on the day after such installment was due and continuing until the installment is paid.

ARTICLE IV
INSURANCE

Tenant will obtain and keep in force commercial general liability insurance covering the Premises with limits of at least Three Million Dollars ($3,000,000.00) per occurrence and Five Million Dollars ($5,000,000.00) in the aggregate for bodily injury and property damage. The limits may be met through a combination of Tenant's primary coverage and umbrella or excess coverage or both. Tenant's commercial general liability policy will include Landlord as an additional insured for bodily injury or property damage resulting from Tenant's negligence. Tenant will also keep Tenant's buildings and improvements on the Premises insured against loss or damage by fire and customary extended coverage on a replacement cost

basis. All proceeds payable by any insurance company under such property insurance policies will be payable to Tenant, and Landlord will not be entitled to, and will have no interest in, the proceeds. Tenant will carry its insurance with a good and solvent insurance company or companies licensed to do business in the State of South Carolina. Tenant agrees to deliver certificates of its insurance on a standard ACORD form to Landlord upon written request by Landlord. Tenant's insurance may be carried under blanket insurance policies covering the Premises and other locations of Tenant provided the blanket insurance complies with all of the other requirements of this Lease.

ARTICLE V
USE AND MAINTENANCE OF PREMISES; COMPLIANCE WITH LAWS

5.01 Use. The Premises may be used by Tenant for any lawful purpose. Landlord shall not be required to make any repairs or replacements of any kind upon the Premises nor maintain the Premises to any extent, except to the extent that remediation of conditions which are in existence on the Commencement Date is required pursuant to Environmental Laws.

5.02 Compliance. Tenant, at its sole cost and expense, shall promptly execute and fulfill any and all applicable orders, directives and requirements and otherwise comply with any and all applicable codes, rules, regulations, ordinances, statutes and laws, orders, decrees and the like (collectively, "**Applicable Laws**") of the municipal, county, state and federal governments, and all agencies, commissions, boards or departments thereof and all other official, public, governmental or quasi-governmental institutions, authorities, subdivisions or instrumentalities having jurisdiction over the Premises which in any way relate to Tenant's use or occupancy of the Premises, including, without limitation, (a) all building codes, zoning ordinances and use restrictions, (b) the American Disabilities Act, (c) those Applicable Laws imposed for the correction, prevention, and abatement of nuisances in, upon or related to the Premises, or (d) the Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendment and Reauthorization Act of 1986, the Resource Conservation and Recovery Act, as amended, the Federal Water Pollution Control Act, as amended, the Clean Air Act, the Toxic Substances Control Act, the Emergency Planning and Community Project to Know Act of 1986, and all other Applicable Laws relating to environmental issues or conditions or industrial health or hygiene (collectively, "**Environmental Laws**"). Tenant represents and warrants that it will not hereafter, nor will it allow any of its agents, employees, contractors or any other person acting by, through or under it, to violate any Applicable Laws, and Tenant hereby agrees to save, defend, hold harmless and indemnify Landlord and its partners, and their respective officers, directors, legal representatives, employees, agents, successors and assigns from and against any liability (including reasonable attorneys' fees and costs) directly or indirectly arising therefrom or in any way attributable thereto. The indemnity provisions of this Section shall survive the expiration of the Term of this Lease.

5.03 Current Condition. Landlord hereby represents and warrants that the Premises is in compliance with all Applicable Laws, including all Environmental Laws, as of the Effective Date and as of the date of completion of the Landlord's Work.

5.04 Existing Conditions. Under no circumstances shall Tenant have any liability for the remediation of any violations of Environmental Laws which were not caused by Tenant during the Term.

ARTICLE VI
ADDITIONS, ALTERATIONS, AND FIXTURES

6.01 Construction of Improvements.

(a) Landlord shall, at its sole cost and expense, design and construct the improvements described in **Exhibit B** attached hereto and incorporated herein (such construction sometimes referred to herein as "**Landlord's Work**"). Landlord shall apply for and obtain at its own sole cost and expense all permits, licenses, and certificates necessary for the construction of Landlord's Work. Landlord will perform Landlord's Work in the Premises in a good and workmanlike manner, using first quality new materials, and deliver the Premises to Tenant free of all liens and encumbrances and in compliance with all Applicable Laws. Landlord shall assign to Tenant any and all warranties and guarantees with respect to Landlord's Work and, to the extent any of such warranties and guarantees are not assignable, Landlord will enforce them for the benefit of Tenant. Landlord will promptly (i) repair any latent defects in Landlord's Work, and (ii) repair any so-called punch-list items about which Tenant notifies Landlord within thirty (30) days after receipt of Tenant's notice.

(b) During the Term, Tenant may construct, remove, replace, and otherwise deal with improvements on the Premises, from time to time, as determined by Tenant in its sole discretion and without Landlord's consent. All work and alterations relating to the Premises shall be performed in a good and workmanlike manner and on a mechanics' and materialmen's lien-free basis, other than those liens being protested by Tenant in accordance with the terms of this Lease, and shall comply with all Applicable Laws. Landlord shall, after the reasonable written request of Tenant, promptly execute such customary consents, authorizations, applications, site plans, plats, requests, dedications, easements and other documents and instruments as may be reasonably necessary or desirable in connection with Tenant's development of the Premises, provided that Tenant shall bear all expenses incurred by Landlord with respect to the foregoing matters.

6.02 No Liens on Fee. Tenant, during periods of construction of any improvements on the Premises other than the Landlord's Work, shall post prominent notice of Landlord's non-responsibility, and in no event shall Tenant cause or allow any mechanic's, materialmen's or laborer's liens, of any kind or character whatsoever, nor any notice thereof or affidavit with respect thereto, to be placed upon Landlord's fee interest in the Premises for any construction, repairs, alterations or improvements that may be made by Tenant. If any such liens shall at any time be enforced, filed or recorded against the Premises, or any portion thereof, except those solely arising by, through or under Landlord, Tenant shall cause the same to be discharged of record or bonded over within sixty (60) calendar days after the date Tenant first has actual knowledge of the filing thereof; provided, however, that Tenant shall not be required to discharge or remove any such lien, so long as Tenant shall contest, in good faith and at its expense, the existence, the amount or the validity thereof, the amount of the damages caused thereby, or the extent of its or Landlord's liability therefor, by appropriate proceedings which shall operate during the pendency thereof to prevent the collection of, or other realization upon, the lien so contested and the sale, forfeiture or loss of any of the Premises to satisfy the same.

6.03 Title to Improvements. Title to all improvements placed by Tenant on the Premises shall remain vested in Tenant until the expiration or earlier termination of the Term, at which time title to such improvements which then exist on the Premises, if any, shall pass to Landlord in their then existing condition and without warranty of any kind. Furniture, trade fixtures, machinery, business equipment and other movable personal property located at any time on the Premises shall remain Tenant's property and may be removed at or prior to the expiration of the Term without liability of Tenant to Landlord.

ARTICLE VII
LIABILITY AND INDEMNITY

7.01 No Liability. Except as otherwise provided herein with respect to the Landlord's Work, Landlord shall not under any circumstance be liable to Tenant or any of its agents, representatives, employees, servants, or invitees, or their respective successors, heirs and assigns for any damage to persons or property due to the condition or design of or any defect in any improvements or any mechanical, electrical, plumbing or other facilities, systems, components, paved areas or landscaping comprising same located, at any time, on the Premises, and Tenant, with respect to itself and its representatives, agents, employees, servants, and invitees, and their respective successors, heirs and assigns hereby expressly assumes all risks and damage to persons and property, either proximate or remote, by reason of the present or future condition of the Premises.

7.02 Indemnity by Tenant. Tenant agrees that it will save, defend, indemnify, and hold harmless Landlord of, from, and against all suits, claims, and actions of every kind by reason of any negligence, breach, violation, or non-performance of any term or condition on the part of Tenant hereunder. Additionally, Tenant agrees to save, defend, indemnify and hold Landlord harmless of, from, and against all claims, actions, damages, liabilities, and expenses asserted against Landlord on account of injuries to persons or damage to property when and to the extent that any such damage or injury may arise from or out of the occupancy or use of Tenant, its agents, employees and invitees of the Premises. The indemnity provisions of this Section shall not, however, exempt Landlord from liability to the extent of Landlord's negligence or willful misconduct.

ARTICLE VIII
ASSIGNMENT AND SUBLETTING

Tenant shall be permitted, in its discretion and without approval from Landlord, to assign this Lease or sublease all or any part of the Premises. However, no assignment of this Lease, nor any subleasing of the Premises, shall exonerate Tenant from its obligations hereunder.

ARTICLE IX
EMINENT DOMAIN

9.01 Taking. If all or any portion of the Premises is permanently taken, and the remaining portion will not (in Tenant's reasonable discretion) be adequate for the operation of Tenant's business, Tenant shall have the right to elect to terminate this Lease within ninety (90) days after the taking of permanent possession by public authority by delivering written notice thereof to Landlord. If Tenant does not elect, or is not entitled to elect, to terminate this Lease, as aforesaid, then (a) Tenant shall remain in possession of the remainder of the Premises not so taken, in which event this Lease shall terminate on the portion of the Premises taken from the day possession thereof shall be required by the public authority, (b) there shall be an equitable adjustment of Rent on account of the portion of the Premises so taken, and (c) all the terms of this Lease shall continue in effect with respect to the portion of the Premises not taken through the expiration of the Term of this Lease.

9.02 Award. If the whole or any part of the Premises shall be taken by any public authority under the power of eminent domain, or deed in lieu thereof, Landlord shall be entitled to seek, receive and retain all compensation, awards and the like paid or payable by the condemning authority with respect thereto; provided, however, that Tenant shall have the right to intervene in any eminent domain or similar proceeding and shall be entitled to that portion of the award allocatable to the taking of Tenant's leasehold interest in the Premises (but only after taking into account that the rental hereunder has been equitably abated), Tenant's unamortized costs of the improvements affected by such taking and the market value of

such improvements, reimbursement for lost revenues and relocation expenses, if applicable, and reimbursement for the costs which will be incurred to restore the remaining Premises to a functional state in accordance with the purposes for which same were built. Thereafter, Landlord and Tenant shall cooperate with each other to appear and participate in any and all hearings, trials and appeals to protest same and/or maximize the compensation, awards, and the like; provided, however, that each party shall be responsible for its own costs and expenses incurred in connection therewith. Landlord and Tenant agree that there shall be no settlement of any condemnation award or proceeding without the prior written consent of the other.

ARTICLE X
FIRE AND CASUALTY

10.01 Tenant's Sole Risk. All risk of loss associated with fire or any other casualty affecting any improvements which are located on the Premises at any time during the Term shall be borne by Tenant.

10.02 Insurance Proceeds. All insurance proceeds associated with insurance obtained and maintained by Tenant with respect to any improvements which are located on the Premises at any time during the Term shall belong solely to Tenant and under the sole control of Tenant; however, Landlord shall have a claim against such proceeds to the extent of any then accrued but unpaid Rent. Other than as provided above with respect to a claim for accrued but unpaid Rent, Landlord shall have no claim, rights or interest in and to such proceeds.

10.03 Election to Restore. The determination of whether or not to restore any improvements which are damaged or destroyed by fire or other casualty during the Term shall rest solely with Tenant. Tenant may elect to effect such restoration, to raze any and all improvements on the Premises, to rebuild other improvements or to rebuild no improvements as it, in its sole discretion, determines is appropriate. If Tenant elects to restore any improvements which are damaged or destroyed by fire or other casualty during the Term, and provided that the damage or destruction was not caused or contributed to by the act or negligence of Tenant, Rent shall be abated until Tenant has completed such restoration.

10.04 Late Term Destruction. If at any time during the last year of the Term of this Lease the improvements situated in whole or in part upon the Premises shall be substantially damaged (meaning damage for which the cost of repair exceeds twenty percent (20%) of the replacement cost of the entire improvements damaged at the time such damage occurs), Tenant may, at Tenant's option, terminate this Lease within one hundred eighty (180) days after such damage or destruction by serving upon Landlord at any time within said one hundred eighty (180) day period written notice of Tenant's election to so terminate.

ARTICLE XI
DEFAULT AND REMEDIES

11.01 Tenant's Default. The happening of any one or more of the following events shall constitute a Default (herein so called) by Tenant:

(a) the failure of Tenant to pay any installment of Rent and such failure continues for thirty (30) days following written notice thereof by Landlord to Tenant; or

(b) the failure of Tenant to perform any of its other covenants under this Lease and such failure continues for ninety (90) days following delivery of notice thereof by Landlord to Tenant unless such failure is not of the nature which is reasonably susceptible of being cured within a ninety (90) day period in which event Tenant shall not be in default so long as it commences such

cure within such ninety (90) day period and prosecutes same to completion with reasonable diligence.

11.02 Landlord's Remedies. Upon the occurrence of any Default by Tenant, Landlord may, at its option, (i) provide Tenant with written notice of election to terminate this Lease on a date that is not less than ten (10) business days after Tenant's receipt of such written notice from Landlord, or (ii) bring suit for the collection of rent as it becomes due without termination of this Lease. Following any termination of this Lease, Landlord may re-enter the Premises and recover possession and dispossess all occupants in the manner prescribed by statute relating to summary proceedings or similar statutes. Any personalty or other property belonging to Tenant found upon the Premises may be removed therefrom and stored in any public warehouse at the cost of and for the account of Tenant. In no event shall Tenant be liable for consequential, indirect, or punitive damages.

11.03 Interest Rate. If Landlord at any time, by reason of any Default by Tenant, is compelled to pay, or elects to pay, any sum of money, or is compelled to incur any expense, including reasonable attorneys' fees, in instituting or prosecuting any action or proceeding to construe or enforce Landlord's rights hereunder, the sum or sums so paid by Landlord, with interest thereon at the rate equal to the sum of (i) the prime rate then in effect at Wells Fargo Bank, National Association (or its successor institution if such bank does not then exist) plus (ii) two percent (2%), shall be deemed to be additional rental hereunder and shall be due from Tenant to Landlord on demand.

11.04 Cost Reimbursement. Tenant shall be obligated to pay to Landlord, upon demand, all reasonable costs, expenses and disbursements (including reasonable attorneys' fees) incurred by Landlord in taking any remedial action with respect to any Default of Tenant.

ARTICLE XII
WAIVER OF SUBROGATION

Each party hereto waives any and every claim which arises or may arise in its favor against the other party hereto during the term of this Lease or any renewal or extension thereof for any and all loss of, or damage to, any of its property located within or upon, or constituting a part of, the Premises, to the extent such loss or damage is covered by valid and collectible fire and extended coverage or other insurance policies. Said mutual waivers shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this Lease with respect to any loss of, or damage to, property of the parties hereto. Inasmuch as the above mutual waivers will preclude the assignment of any aforesaid claim by way of subrogation (or otherwise) to an insurance company (or any other person), each party hereto hereby agrees immediately to give to each insurance company which has issued to it policies of fire and extended coverage or other insurance, written notice of the terms of said mutual waivers, and to have said insurance policies properly endorsed, if necessary, to prevent the invalidation of said insurance coverages by reason of said waiver.

ARTICLE XIII
AUTHORITY

13.01 Tenant's Authority. Tenant represents and warrants that (a) execution, delivery, and performance of this Lease has been duly authorized by all necessary action; that execution and performance hereof does not violate any judgment, order, agreement or regulation binding on Tenant or by which it is bound; (b) no consent from any person or entity is required; and (c) this Lease is fully binding and effective on Tenant.

13.02 Landlord's Authority. Landlord represents and warrants that (a) execution, delivery, and performance of this Lease has been duly authorized by all necessary action; that execution and performance hereof does not violate any judgment, order, agreement or regulation binding on Landlord or by which it is bound; (b) no consent from any person or entity is required; and (c) this Lease is fully binding and effective on Landlord.

ARTICLE XIV
LANDLORD'S LIABILITY

Except in the event of a wrongful eviction of Tenant by Landlord, Landlord's liability for breach of any covenant hereof shall be expressly limited to the recovery against Landlord's interest in the Premises. If Landlord sells or transfers all or part of the Premises, and as a part of the transaction assigns its interest as Landlord in and to this Lease then, from and after the effective date of the sale, assignment, or transfer, Landlord shall have no further liability under this Lease to Tenant, except as to matters of liability which have accrued and are unsatisfied as of that date, it being intended that the covenants and obligations of Landlord contained in this Lease shall be binding on Landlord and its successors and assigns only during and in respect of their respective, successive periods of ownership of the fee estate.

ARTICLE XV
FORCE MAJEURE

Whenever a period of time is herein prescribed for the taking of any action by either party, other than the payment of money, such party shall not be liable or responsible for, and there shall be excluded from the computation of such period, any delays due to strikes, riots, acts of God, shortages of labor or materials, war, governmental law, regulations or restrictions or any act, omission, delay, or neglect of the other party or any of the other party's employees, representatives or agents, or any other cause whatsoever beyond the control of the obligated party.

ARTICLE XVI
RECORDATION

Landlord or Tenant, upon the request of the other, shall join in the execution of a memorandum or so called "short form" of this Lease for the purposes of recordation. Said memorandum or "short form" of this Lease shall describe the parties, the Premises and the Term of this Lease only and shall incorporate the other provisions of this Lease by reference.

ARTICLE XVII
NON-DISTURBANCE

If a lien of any mortgage, deed of trust or indenture encumbers any interest of Landlord in the Premises or any part thereof, Landlord shall either cause (i) the same to be expressly subject and subordinate to this Lease so that no foreclosure of any mortgage, deed of trust or indenture will affect this Lease or (ii) the holder of any such mortgage, deed of trust or indenture to agree, in a writing executed in recordable form, that Tenant's rights under this Lease shall not be affected by any foreclosure.

ARTICLE XVIII
WAIVER OF LANDLORD'S LIEN

Landlord waives all contractual, statutory and constitutional liens held by Landlord on Tenant's personal property, goods, equipment, inventory, furnishings, chattels, accounts and assets to secure the obligations of Tenant under this Lease until such time as Landlord may obtain an enforceable judgment

against Tenant from a court with jurisdiction of Tenant, at which time Landlord shall have such lien rights at law and in equity to enforce and collect such judgment.

ARTICLE XIX
MISCELLANEOUS

19.01 No Oral Amendments. No amendment, modification, or alteration of the terms of this Lease shall be binding unless it is in writing, dated contemporaneous with or subsequent to the date of this Lease, and duly executed by the parties to this Lease.

19.02 No Waiver. Neither the acceptance of rental or other sums by Landlord nor the failure by Landlord to complain of any action, non-action or default of Tenant shall constitute a waiver of any of Landlord's rights or otherwise diminish, reduce, discharge or release Tenant's liability or obligations hereunder.

19.03 Notices. Any notice, demand, request or other communication required, given or made under or in connection with this Lease shall be deemed delivered, upon receipt, if hand delivered, or whether actually received or not, when deposited in a regular receptacle for the mail, sent by certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Landlord:	With a copy to:
Charles Ingram Lumber Co. 4930 Planer Rd. Effingham SC 29541 furman@cilumber.com Attn: Furman Brodie	NA
If to Tenant:	**With a copy to:**
CM Biomass/Effingham Pellets 708 Main St Houston, TX 77002 todd.bush@cmbiomass.com Attn: Todd Bush	Effingham Pellets 4930 Planer Rd Effingham SC 29541 jla@cilumber.com Attn: Jim Anderson

19.04 Choice of Law. This Lease shall be construed under and in accordance with the laws of the State of South Carolina and is performable in Florence County, South Carolina.

19.05 Binding Agreement. This Lease shall be binding on and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, and assigns, whether voluntarily or by operation of law, except as otherwise expressly provided herein.

19.06 Severability. In case any one or more of the provisions contained in this Lease shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions thereof, and this Lease shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

19.07 Attorneys' Fees. If any action at law or in equity, including an action for declaratory relief is brought to enforce or interpret the provisions of this Lease, the prevailing party shall be entitled to recover

reasonable attorneys' fees from the other party, which fees may be set by the court in the trial of such action or may be enforced in a separate action brought for the purpose, and which fees shall be in addition to any other relief which may be awarded.

19.08 Counterparts. This Lease and all other copies of this Lease, insofar as they relate to the rights, duties, and remedies of the parties, shall be deemed to be one Lease. This Lease may be executed concurrently in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

19.09 Entire Agreement. This Lease contains the entire agreement between the parties with respect to the subject matter hereof, and Landlord and Tenant hereby acknowledge that they are not relying on any representation or promise of the other, or of any agency or cooperating agent, except as may be expressly set forth in this Lease.

19.10 Captions. The captions used herein are for convenience only and do not limit or amplify the provisions hereof.

[Signature page follows]

LANDLORD:

Charles Ingram Lumber Co. INC

By: _____
Name: T. FURMAN BROOKE
Title: V.P.

TENANT:

EFFINGHAM PELLETS, LLC,
a South Carolina limited liability company

By: _____
Name: Todd Bush
Title: Manager

EXHIBIT A

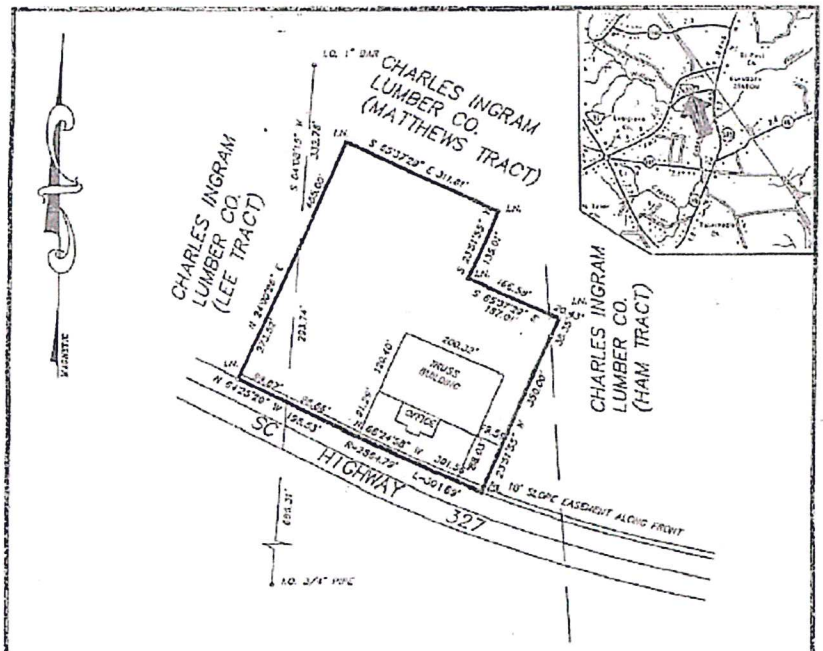
General Overview

PROPERTY DESCRIPTION OF PREMISES

All that certain piece, parcel or tract of land, with any and all improvements thereon, situate, lying and being in the Town of Effingham, County of Florence, State of South Carolina, known as 4930 Planer Road, containing approximately five (5) acres and being shown on the Plat of Five and No/100 (5.00) Acres Carved From the Lands of Charles Ingram Lumber Co., (Lee Tract, Matthews Tract and Ham Tract) Surveyed November 26, 1996 for Charles Ingram Lumber Company by Prosser Surveying Co., Inc., dated November 30, 1996, revised January 7, 1997 (the "Plat") and, according to the Plat, having the following metes and bounds, to-wit (the "Property"):

Commencing at an Iron Pin New located on the northern side of the right-of-way of SC Highway 327 as shown on the survey attached hereto, this being the Point of Beginning; thence running along the Lee Tract N24°00'26"E for a distance of 485.00 feet to an Iron Pin New; then turning and running along the Matthews Tract S65°37'29"E for a distance of 311.81 feet to an Iron Pin New; thence turning and running S23°51'55"W for a distance of 135.01 feet to an Iron Pin New; thence turning and running S65°37'29"E for a distance of 187.01 feet to an Iron Pin New; thence turning and running along the Ham Tract S23°51'55"W for a distance of 350.00 feet to an Iron Pin New located at the rightof-way of SC Highway 327; then turning and running along said right-of-way N64°25'20"W along a curve with a Radius of 2864.79' and Arc Length of 301.69' for a distance of 198.53 feet to an Iron Pin New, being the Point of Beginning, be all measurements a little more or less.

This being a portion of the property heretofore conveyed unto Charles Ingram Lumber Company, Inc. by deed of Mary Alice Caudle Ingram dated December 27, 1988, and recorded January 30, 1989 in the Office of the ROD for Florence County in Book A-297, page 2351.



FLORENCE COUNTY
SOUTH CAROLINA

P L A T

OF

FIVE AND NO/100 (5.00) ACRES CARVED FROM THE LANDS OF CHARLES INGRAM LUMBER CO., (LEE TRACT, MATTHEWS TRACT AND HAM TRACT) SURVEYED NOVEMBER 26, 1996

FOR

CHARLES INGRAM LUMBER COMPANY

SCALE 1" = 200'
NOVEMBER 30, 1996
REVISED JANUARY 7, 1997 TO SHOW BLDG.

GRAPHIC SCALE
200 0 100 200 400
(IN FEET)
1 inch = 200 ft.

I hereby state that to the best of my knowledge, information and belief, the survey shown hereon was made in accordance with the requirements of the Minimum Standard Manual for the Practice of Land Surveying in South Carolina, and meets or exceeds the requirements for a Class I survey as specified thereon; also there are no visible encroachments or projections other than shown.

PROSSER SURVEYING CO., INC.
FERRELL J. PROSSER, PLS
FLORENCE, SC #2654

SOUTH CAROLINA PROFESSIONAL NO. 2654 LAND SURVEYOR FERRELL J. PROSSER

SOUTH CAROLINA PROSSER SURVEYING CO., INC. NO. C00336 CERTIFICATE OF AUTHORIZATION

C-574

OUT OF TMS 282-01-009

TMS No. 282-01-057

1113

EXHIBIT B

Description of Landlord's Work

1. Provide the land, any surveys, required environmental reports, etc.
2. All roads and related infrastructure for ingress and egress to the site
3. All required buildings (raw material storage, parts storage, truck loadout cover, office space, bathrooms, etc.)
4. Any exterior lighting
5. All utilities to be brought to the site (electrical power to MCCs or other electrical panels, process water, fire water, and compressed air to connection points in the process)
6. Air compressor (minimum of 25 HP, 100 psi)
7. All foundations (for the pellet boxes, loadout equipment, scales, etc.) This would also include the below grade "pit" in the warehouse for the raw material feeding system and any concrete required for safe access to the equipment
8. Fire protection alarm system
9. A/C for the MMCs.

For the avoidance of doubt, Landlord's Work need not include the following:

1. All process equipment, spare parts, etc. and freight
2. All mechanical installation/erection of equipment, platforms, etc. – including supervision
3. All electrical /instrumentation installation from the MCCs out to the plant
4. All spark detection and extinguishing systems for the actual pellet production
5. All programming and HMI interfaces
6. All commissioning of equipment

LIMITED LIABILITY COMPANY AGREEMENT OF EFFINGHAM PELLETS, LLC

among

EFFINGHAM PELLETS, LLC,

and

CMB EFFINGHAM, LLC

and

EFFINGHAM BIO FUELS, LLC

Dated effective as of

14 July 2020

LIMITED LIABILITY COMPANY AGREEMENT

This Limited Liability Company Agreement of Effingham Pellets, LLC, a South Carolina limited liability company (the "**Company**"), is effective as of May 4, 2020 by and among the Company, CMB Effingham, LLC, a Texas limited liability company "**CMB**") and Effingham Bio Fuels, LLC, a South Carolina limited liability company ("**Effingham Bio**").

RECITALS

WHEREAS, the Company was formed under the laws of the State of South Carolina by the filing of Articles of Organization with the Secretary of State of the State of South Carolina on May 4, 2020 (the "**Articles of Organization**") for the purposes set forth in this Agreement; and

WHEREAS, the Members wish to enter into this Agreement setting forth the terms and conditions governing the operation and management of the Company.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01 Definitions. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in this Section 1.01:

"**Additional Capital Contribution**" has the meaning set forth in Section 3.02(a).

"**Adjusted Capital Account Deficit**" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

(a) crediting to such Capital Account any amount that such Member is obligated to restore or is deemed to be obligated to restore pursuant to Treasury Regulations Sections 1.704-1(b)(2)(ii)(c), 1.704-2(g)(1) and 1.704-2(i); and

(b) debiting to such Capital Account the items described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

"**Affiliate**" means, with respect to any Person, any other Person who, directly or indirectly (including through one or more intermediaries), controls, is controlled by, or is under common control with, such Person. For purposes of this definition, "control," when used with respect to any specified Person, shall mean the power, direct or indirect, to direct or cause the direction of the management and policies of such Person, whether through ownership of voting

securities or partnership or other ownership interests, by contract or otherwise; and the terms "controlling" and "controlled" shall have correlative meanings.

"**Agreement**" means this Limited Liability Company Agreement, as executed and as it may be amended, modified, supplemented or restated from time to time, as provided herein.

"**Applicable Law**" means all applicable provisions of (a) constitutions, treaties, statutes, laws (including the common law), rules, regulations, decrees, ordinances, codes, proclamations, declarations or orders of any Governmental Authority; (b) any consents or approvals of any Governmental Authority; and (c) any orders, decisions, advisory or interpretative opinions, injunctions, judgments, awards, decrees of, or agreements with, any Governmental Authority.

"**Bankruptcy**" means, with respect to a Member, the occurrence of any of the following: (a) the filing of an application by such Member for, or a consent to, the appointment of a trustee of such Member's assets; (b) the filing by such Member of a voluntary petition in bankruptcy or the filing of a pleading in any court of record admitting in writing such Member's inability to pay its debts as they come due; (c) the making by such Member of a general assignment for the benefit of such Member's creditors; (d) the filing by such Member of an answer admitting the material allegations of, or such Member's consenting to, or defaulting in answering a bankruptcy petition filed against such Member in any bankruptcy proceeding; or (e) the expiration of thirty (30) days following the entry of an order, judgment or decree by any court of competent jurisdiction adjudicating such Member a bankrupt or appointing a trustee of such Member's assets.

"**Book Depreciation**" means, with respect to any Company asset for each Fiscal Year, the Company's depreciation, amortization, or other cost recovery deductions determined for federal income tax purposes, except that if the Book Value of an asset differs from its adjusted tax basis at the beginning of such Fiscal Year, Book Depreciation shall be an amount which bears the same ratio to such beginning Book Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year bears to such beginning adjusted tax basis; *provided*, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Fiscal Year is zero and the Book Value of the asset is positive, Book Depreciation shall be determined with reference to such beginning Book Value using any permitted method selected by unanimous consent of the Members in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g)(3).

"**Book Value**" means, with respect to any Company asset, the adjusted basis of such asset for federal income tax purposes, except as follows:

(a) the initial Book Value of any Company asset contributed by a Member to the Company shall be the gross Fair Market Value of such Company asset as of the date of such contribution;

(b) immediately prior to the distribution by the Company of any Company asset to a Member, the Book Value of such asset shall be adjusted to its gross Fair Market Value as of the date of such distribution;

(c) the Book Value of all Company assets shall be adjusted to equal their respective gross Fair Market Values, as reasonably determined by the Members, as of the following times:

(i) the acquisition of an additional Membership Interest in the Company by a new or existing Member in consideration for more than a *de minimis* Capital Contribution;

(ii) the distribution by the Company to a Member of more than a *de minimis* amount of property (other than cash) as consideration for all or a part of such Member's Membership Interest in the Company; and

(iii) the liquidation of the Company within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g);

(d) the Book Value of each Company asset shall be increased or decreased, as the case may be, to reflect any adjustments to the adjusted tax basis of such Company asset pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Account balances pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m); *provided*, that Book Values shall not be adjusted pursuant to this paragraph (d) to the extent that an adjustment pursuant to paragraph (c) above is made in conjunction with a transaction that would otherwise result in an adjustment pursuant to this paragraph (d); and

(e) if the Book Value of a Company asset has been determined pursuant to paragraph (a) or adjusted pursuant to paragraphs (c) or (d) above, such Book Value shall thereafter be adjusted to reflect the Book Depreciation taken into account with respect to such Company asset for purposes of computing Net Income and Net Losses.

"**Articles of Organization**" has the meaning set forth in the Recitals.

"**Business Day**" means a day other than a Saturday, Sunday or other day on which commercial banks in the City of New York are authorized or required to close.

"**Capital Contribution**" means, for any Member, the total amount of cash and cash equivalents and the Book Value of any property contributed to the Company by such Member.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Company Minimum Gain**" means "partnership minimum gain" as defined in Treasury Regulations Section 1.704-2(b)(2), substituting the term "Company" for the term "partnership" as the context requires.

"**Electronic Transmission**" means any form of communication not directly involving the physical transmission of paper that creates a record that may be retained, retrieved and reviewed by a recipient thereof and that may be directly reproduced in paper form by such a recipient through an automated process.

"**Fair Market Value**" of any asset as of any date means the purchase price that a willing buyer having all relevant knowledge would pay a willing seller for such asset in an arm's length transaction, as determined jointly by the Members.

"**Fiscal Year**" means the calendar year, unless the Company is required to have a taxable year other than the calendar year, in which case Fiscal Year shall be the period that conforms to its taxable year.

"**GAAP**" means United States generally accepted accounting principles in effect from time to time.

"**Governmental Authority**" means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of law), or any arbitrator, court or tribunal of competent jurisdiction.

"**Joinder Agreement**" means the joinder agreement, as approved by the Members of the Company, by which any new Member must agree to join and be bound by the provisions of this Limited Liability Company Agreement.

"**LLC Law**" means the limited liability law of the State of South Carolina, and any successor statute, as it may be amended from time to time.

"**Managers**" means, initially, Todd Bush, as appointed by CMB, and Jim Anderson, as appointed by Effingham Bio, or such other Person as may be designated or become a Manager pursuant to the terms of this Agreement.

"**Member**" means (a) CMB and Effingham Bio and (b) each Person who is hereafter admitted as a Member in accordance with the terms of this Agreement and the LLC Law. The Members shall constitute the "members" (as that term is defined in the LLC Law) of the Company.

"**Member Nonrecourse Debt**" means "partner nonrecourse debt" as defined in Treasury Regulations Section 1.704-2(b)(4), substituting the term "Company" for the term "partnership" and the term "Member" for the term "partner" as the context requires.

"**Member Nonrecourse Debt Minimum Gain**" means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if the Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Treasury Regulations Section 1.704-2(i)(3).

"**Member Nonrecourse Deduction**" means "partner nonrecourse deduction" as defined in Treasury Regulations Section 1.704-2(i), substituting the term "Member" for the term "partner" as the context requires.

"**Membership Interest**" means an interest in the Company owned by a Member, including such Member's right (a) to its distributive share of Net Income, Net Losses and other items of income, gain, loss and deduction of the Company; (b) to its distributive share of the assets of the Company; (c) to vote on, consent to or otherwise participate in any decision of the Members as provided in this Agreement; and (d) to any and all other benefits to which such

Member may be entitled as provided in this Agreement or the LLC Law. The Membership Interest of each Member shall be expressed as a percentage interest and shall be the same proportion that such Member's total Capital Contribution bears to the total Capital Contributions of all Members/as set forth on Schedule A.

"**Net Income**" and "**Net Loss**" mean, for each Fiscal Year or other period specified in this Agreement, an amount equal to the Company's taxable income or taxable loss, or particular items thereof, determined in accordance with Code Section 703(a) (where, for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or taxable loss), but with the following adjustments:

(a) any income realized by the Company that is exempt from federal income taxation, as described in Code Section 705(a)(1)(B), shall be added to such taxable income or taxable loss, notwithstanding that such income is not includable in gross income;

(b) any expenditures of the Company described in Code Section 705(a)(2)(B), including any items treated under Treasury Regulations Section 1.704-1(b)(2)(iv)(I) as items described in Code Section 705(a)(2)(B), shall be subtracted from such taxable income or taxable loss, notwithstanding that such expenditures are not deductible for federal income tax purposes;

(c) any gain or loss resulting from any disposition of Company property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Book Value of the property so disposed, notwithstanding that the adjusted tax basis of such property differs from its Book Value;

(d) any items of depreciation, amortization and other cost recovery deductions with respect to Company property having a Book Value that differs from its adjusted tax basis shall be computed by reference to the property's Book Value (as adjusted for Book Depreciation) in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g);

(e) if the Book Value of any Company property is adjusted as provided in the definition of Book Value, then the amount of such adjustment shall be treated as an item of gain or loss and included in the computation of such taxable income or taxable loss; and

(f) to the extent an adjustment to the adjusted tax basis of any Company property pursuant to Code Sections 732(d), 734(b) or 743(b) is required, pursuant to Treasury Regulations Section 1.704 1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis).

"**Nonrecourse Deductions**" has the meaning set forth in Treasury Regulations Section 1.704-2(b).

"**Nonrecourse Liability**" has the meaning set forth in Treasury Regulations Section 1.704-2(b)(3).

"**Permitted Transfer**" means a Transfer of Membership Interests carried out pursuant to Section 9.02.

"**Permitted Transferee**" means a recipient of a Permitted Transfer.

"**Person**" means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

"**Related Party Agreement**" means any agreement, arrangement or understanding between the Company and any Member or any Affiliate of a Member or any officer or employee of the Company, as such agreement may be amended, modified, supplemented or restated in accordance with the terms of this Agreement.

"**Representative**" means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

"**Securities Act**" means the Securities Act of 1933, as amended, or any successor federal statute, and the rules and regulations thereunder, which shall be in effect at the time.

"**Subsidiary**" means, with respect to any Person, any other Person of which a majority of the outstanding shares or other equity interests having the power to vote for directors or comparable managers are owned, directly or indirectly, by the first Person.

"**Transfer**" means to, directly or indirectly, sell, transfer, assign, pledge, encumber, hypothecate or similarly dispose of, either voluntarily or involuntarily, by operation of law or otherwise, or to enter into any contract, option or other arrangement or understanding with respect to the sale, transfer, assignment, pledge, encumbrance, hypothecation or similar disposition of, any Membership Interests owned by a Person or any interest (including a beneficial interest) in any Membership Interests owned by a Person. "**Transfer**" when used as a noun shall have a correlative meaning. "**Transferor**" and "**Transferee**" mean a Person who makes or receives a Transfer, respectively.

"**Treasury Regulations**" means the final or temporary regulations issued by the United States Department of Treasury pursuant to its authority under the Code, and any successor regulations.

Section 1.02 Interpretation. For purposes of this Agreement: (a) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. The definitions given for any defined terms in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. Unless the context otherwise requires, references herein: (x) to Articles, Sections, and Exhibits mean the Articles and Sections of, and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof; and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any

regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

ARTICLE II
ORGANIZATION

Section 2.01 Formation.

(a) The Company was formed on May 4, 2020, upon the filing of the Articles of Organization with the Secretary of State of the State of South Carolina.

(b) This Agreement shall constitute the "limited liability company agreement" (as that term is used in the LLC LAW) of the Company. The rights, powers, duties, obligations and liabilities of the Members shall be determined pursuant to the LLC LAW and this Agreement. To the extent that the rights, powers, duties, obligations and liabilities of any Member are different by reason of any provision of this Agreement than they would be under the LLC LAW in the absence of such provision, this Agreement shall, to the extent permitted by the LLC LAW, control.

Section 2.02 Name. The name of the Company is "Effingham Pellet, LLC" or such other name or names as may be designated by unanimous consent of the Members; *provided*, that the name shall always contain the words "Limited Liability Company" or the abbreviation "L.L.C." or the designation "LLC."

Section 2.03 Principal Office. The principal office of the Company is located at 4930 Planer Road, Effingham, South Carolina or such other place as may from time to time be determined by the Managers. The Managers shall give prompt notice of any such change to each of the Members.

Section 2.04 Registered Office; Registered Agent.

(a) The registered office of the Company shall be the office of the initial registered agent named in the Articles of Organization or such other office (which need not be a place of business of the Company) as the Managers may designate from time to time in the manner provided by the LLC LAW and Applicable Law.

(b) The registered agent for service of process on the Company in the State of South Carolina shall be the initial registered agent named in the Company's filings with the State of South Carolina, or such other Person or Persons as the Managers may designate from time to time in the manner provided by the LLC LAW and Applicable Law.

Section 2.05 Purpose; Powers.

(a) The purposes of the Company are to engage in (i) the purchase of raw materials, the manufacture and production of biomass pellets, and the sale and marketing of biomass pellets (the "**Business**") and (ii) any and all activities necessary or incidental thereto, or otherwise legally permissible.

(b) The Company shall have all the powers necessary or convenient to carry out the purposes for which it is formed, including the powers granted by the LLC LAW.

Section 2.06 Term. The term of the Company commenced on the date the Articles of Organization was filed with the Secretary of State of the State of South Carolina and shall continue in existence perpetually until the Company is dissolved in accordance with the provisions of this Agreement.

ARTICLE III
CAPITAL CONTRIBUTIONS; CAPITAL ACCOUNTS

Section 3.01 Initial Capital Contributions. Contemporaneously with the execution of this Agreement, each Member has made an initial Capital Contribution and is deemed to own Membership Interests in the amounts set forth opposite such Member's name on Schedule A attached hereto. The Managers shall update Schedule A upon the issuance or Transfer of any Membership Interests to any new or existing Member in accordance with this Agreement.

Section 3.02 Additional Capital Contributions.

(a) In addition to the Initial Capital Contributions of the Members, the Members shall make additional Capital Contributions in cash or other contributions (with a valuation that must be unanimously agreed upon by the Members), in proportion to their respective Membership Interests, but only as recommended by the Managers as necessary to the operation of the Company, and only if unanimously consented to by the Members (such additional Capital Contributions, the "**Additional Capital Contributions**"), *provided*, that such Additional Capital Contributions shall not exceed corresponding amounts expressly provided for in the Budget, as it may be amended from time to time. Upon the Managers making such determination for Additional Capital Contributions, the Managers shall deliver to the Members a written notice of the Company's need for Additional Capital Contributions, which notice shall specify in reasonable detail (i) the purpose for such Additional Capital Contributions, (ii) the aggregate amount of such Additional Capital Contributions, (iii) each Member's share of such aggregate amount of Additional Capital Contributions based upon each such Member's Membership Interest, and (iv) the date (which date shall not be less than 15 Business Days from the date that such notice is given) on which such Additional Capital Contributions shall be required to be made by the Members. The Members shall then vote on whether or not to consent to the Additional Capital Contributions.

(b) If any Member shall fail to timely make, or notifies the other Member that it shall not make, all or any portion of any Additional Capital Contribution which such Member is obligated to make under Section 3.02(a), then such Member shall be deemed to be a "**Non-Contributing Member**". The non-defaulting Member (the "**Contributing Member**") shall be entitled, but not obligated, to loan to the Non-Contributing Member, by contributing to the Company on its behalf, all or any part of the amount (the "**Default Amount**") that the Non-Contributing Member failed to contribute to the Company (each such loan, a "**Default Loan**"), *provided*, that such Contributing Member shall have contributed to the Company its pro rata share of the applicable Additional Capital Contribution. Such Default Loan shall be treated as an Additional Capital Contribution by the Non-Contributing Member. Each Default Loan shall bear interest (compounded monthly on the first day of each calendar month) on the unpaid principal amount thereof from time to time remaining from the date advanced until repaid, at the lesser

of (i) 15% per annum or (ii) the maximum rate permitted at law (the "**Default Rate**"). Each Default Loan shall be recourse solely to the Non-Contributing Member's Membership Interest. Default Loans shall be repaid out of the distributions that would otherwise be made to the Non-Contributing Member, as more fully provided for in Section 3.02(d). So long as a Default Loan is outstanding, the Non-Contributing Member shall have the right to repay the Default Loan (and interest then due and owing) in whole or in part. Upon the repayment in full of all Default Loans (but not upon their conversion as provided in Section 3.02(c)) made in respect of a Non-Contributing Member (and so long as the Non-Contributing Member is not otherwise a Non-Contributing Member), such Non-Contributing Member shall cease to be a Non-Contributing Member.

(c) At any time after the date 12 months after a Default Loan is made, at the option of the Contributing Member, (i) such Default Loan shall be converted into an Additional Capital Contribution of the Contributing Member in an amount equal to the principal and unpaid interest on such Default Loan pursuant to this Section 3.02(c), (ii) the Non-Contributing Member shall be deemed to have received a distribution, of an amount equal to the principal and unpaid interest on such Default Loan, (iii) such distribution shall be deemed paid to the Contributing Member in repayment of the Default Loan, (iv) such amount shall be deemed contributed by the Contributing Member as an Additional Capital Contribution (a "**Cram-Down Contribution**"), and (v) the Contributing Member's Capital Account shall be increased by, and the Non-Contributing Member's Capital Account shall be decreased by, an amount equal to the principal and unpaid interest on such Default Loan. A Cram-Down Contribution shall be deemed an Additional Capital Contribution by the Contributing Member making (or deemed making) such Cram-Down Contribution as of the date such Cram-Down Contribution is made or the date on which such Default Loan is converted to a Cram-Down Contribution. At the time of a Cram-Down Contribution, the Membership Interest of the Contributing Member shall be increased proportionally by the amount of such contribution, thereby diluting the Membership Interest of the Non-Contributing Member. Once a Cram-Down Contribution has been made (or deemed made), no subsequent payment or tender in respect of the Cram-Down Contribution shall affect the Membership Interests of the Members, as adjusted in accordance with this Section 3.02(c).

(d) Notwithstanding any other provisions of this Agreement, any amount that otherwise would be paid or distributed to a Non-Contributing Member shall not be paid to the Non-Contributing Member but shall be deemed paid and applied on behalf of such Non-Contributing Member (i) first, to accrued and unpaid interest on all Default Loans (in the order of their original maturity date), (ii) second to the principal amount of such Default Loans (in the order of their original maturity date) and (iii) third, to any Additional Capital Contribution of such Non-Contributing Member that has not been paid and is not deemed to have been paid.

(e) Notwithstanding the foregoing, if a Non-Contributing Member fails to make its Additional Capital Contribution in accordance with Section 3.02(a), the Contributing Member may:

(i) institute proceedings against the Non-Contributing Member to obtain payment of its portion of the Additional Capital Contributions, together with interest thereon at the Default Rate from the date that such Additional Capital Contribution was due until the date that such Additional Capital Contribution is made, at the cost and expense of the Non-Contributing Member; or

(ii) elect to dissolve and liquidate the Company pursuant to this Agreement

(f) If a Member is characterized as a Non-Contributing Member, then, so long as the Member remains a Non-Contributing Member, it shall forfeit and no longer be entitled to any consent or voting rights granted in this Agreement.

(g) Except as set forth in this Section 3.02, neither Member shall be required to make additional Capital Contributions or make loans to the Company.

Section 3.03 Maintenance of Capital Accounts. The Company shall establish and maintain for each Member a separate capital account (a "**Capital Account**") on its books and records in accordance with this Section 3.03. Each Capital Account shall be established and maintained in accordance with the following provisions:

(a) Each Member's Capital Account shall be increased by the amount of:

(i) such Member's Capital Contributions, including such Member's initial Capital Contribution and any Additional Capital Contributions;

(ii) any Net Income or other item of income or gain allocated to such Member; and

(iii) any liabilities of the Company that are assumed by such Member or secured by any property distributed to such Member.

(b) Each Member's Capital Account shall be decreased by:

(i) the cash amount or Book Value of any property distributed to such Member;

(ii) the amount of any Net Loss or other item of loss or deduction allocated to such Member; and

(iii) the amount of any liabilities of such Member assumed by the Company or that are secured by any property contributed by such Member to the Company.

Section 3.04 Succession Upon Transfer. In the event that any Membership Interests are Transferred in accordance with the terms of this Agreement, the Transferee shall succeed to the Capital Account of the Transferor to the extent it relates to the Transferred Membership Interests and, subject to Section 5.04, shall receive allocations and distributions pursuant to ARTICLE V, ARTICLE VI and ARTICLE XI in respect of such Membership Interests.

Section 3.05 Negative Capital Accounts. In the event that any Member shall have a deficit balance in its Capital Account, such Member shall have no obligation, during the term of the Company or upon dissolution or liquidation thereof, to restore such negative balance or make any Capital Contributions to the Company by reason thereof, except as may be required by Applicable Law or in

respect of any negative balance resulting from a withdrawal of capital or dissolution in contravention of this Agreement.

Section 3.06 No Withdrawals from Capital Accounts. No Member shall be entitled to withdraw any part of its Capital Account or to receive any distribution from the Company, except as otherwise provided in this Agreement. No Member shall receive any interest, salary or drawing with respect to its Capital Contributions or its Capital Account, except as otherwise provided in this Agreement. The Capital Accounts are maintained for the sole purpose of allocating items of income, gain, loss and deduction among the Members and shall have no effect on the amount of any distributions to any Members, in liquidation or otherwise.

Section 3.07 Treatment of Loans from Members. Loans by any Member to the Company shall not be considered Capital Contributions and shall not affect the maintenance of such Member's Capital Account, other than to the extent provided in Section 3.02(c) and Section 3.03(a)(iii), if applicable.

Section 3.08 Modifications. The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations Section 1.704-1(b) and shall be interpreted and applied in a manner consistent with such Treasury Regulations. If the Managers determine that it is prudent to modify the manner in which the Capital Accounts, or any increases or decreases to the Capital Accounts, are computed in order to comply with such Treasury Regulations, the Managers may authorize such modifications.

ARTICLE IV
MEMBERS

Section 4.01 Admission of New Members.

(a) New Members may only be admitted with the unanimous consent of the Members, and may occur with such consent: (i) in connection with the issuance of Membership Interests by the Company, subject to compliance with the provisions of Section 7.02(d), or (ii) in connection with a Transfer of Membership Interests, subject to compliance with the provisions of ARTICLE IX, and in either case, following compliance with the provisions of Section 4.01(b).

(b) In order for any Person not already a Member of the Company to be admitted as a Member, whether pursuant to an issuance or Transfer of Membership Interests, such Person shall have executed and delivered to the Company a written undertaking substantially in the form of the Joinder Agreement. Upon the amendment of Schedule A of the Agreement by the Managers and the satisfaction of any other applicable conditions, including the receipt by the Company of payment for the issuance of Membership Interests, such Person shall be admitted as a Member and deemed listed as such on the books and records of the Company. The Managers shall also adjust the Capital Accounts of the Members as necessary in accordance with Section 3.03.

Section 4.02 No Personal Liability. Except as otherwise provided in the LLC LAW, by Applicable Law or expressly in this Agreement, no Member will be obligated personally for any debt, obligation or liability of the Company or other Members, whether arising in contract, tort or otherwise, solely by reason of being a Member.

Section 4.03 No Withdrawal. So long as a Member continues to hold any Membership Interests, such Member shall not have the ability to withdraw or resign as a Member prior to the dissolution and winding up of the Company and any such withdrawal or resignation or attempted withdrawal or resignation by a Member prior to the dissolution or winding up of the Company shall be null and void. As soon as any Person who is a Member ceases to hold any Membership Interests, such Person shall no longer be a Member.

Section 4.04 No Interest in Company Property. No real or personal property of the Company shall be deemed to be owned by any Member individually, but shall be owned by, and title shall be vested solely in, the Company. Without limiting the foregoing, each Member hereby irrevocably waives during the term of the Company any right that such Member may have to maintain any action for partition with respect to the property of the Company.

Section 4.05 Certification of Membership Interests.

(a) The Managers may, but shall not be required to, issue certificates to the Members representing the Membership Interests held by such Member.

(b) In the event that the Managers shall issue certificates representing Membership Interests in accordance with Section 4.05(a), then in addition to any other legend required by Applicable Law, all certificates representing issued and outstanding Membership Interests shall bear a legend substantially in the following form:

> THE MEMBERSHIP INTERESTS REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A LIMITED LIABILITY COMPANY AGREEMENT AMONG THE COMPANY AND ITS MEMBERS, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL EXECUTIVE OFFICE OF THE COMPANY. NO TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION OF THE MEMBERSHIP INTERESTS REPRESENTED BY THIS CERTIFICATE MAY BE MADE EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF SUCH LIMITED LIABILITY COMPANY AGREEMENT.
>
> THE MEMBERSHIP INTERESTS REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS AND MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED EXCEPT PURSUANT TO (A) A REGISTRATION STATEMENT EFFECTIVE UNDER SUCH ACT AND LAWS, OR (B) AN EXEMPTION FROM REGISTRATION THEREUNDER.

ARTICLE V
ALLOCATIONS

Section 5.01 Allocation of Net Income and Net Loss. For each Fiscal Year (or portion thereof), after giving effect to the special allocations set forth in Section 5.02, Net Income and Net Loss of the Company shall be allocated among the Members pro rata in accordance with their Membership Interests.

Section 5.02 Regulatory and Special Allocations. Notwithstanding the provisions of Section 5.01:

(a) If there is a net decrease in Company Minimum Gain (determined according to Treasury Regulations Section 1.704-2(d)(1)) during any Fiscal Year, each Member shall be specially allocated Net Income for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulations Section 1.704-2(g). The items to be so allocated shall be determined in accordance with Treasury Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 5.02 is intended to comply with the "minimum gain chargeback" requirement in Treasury Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) Member Nonrecourse Deductions shall be allocated in the manner required by Treasury Regulations Section 1.704-2(i). Except as otherwise provided in Treasury Regulations Section 1.704-2(i)(4), if there is a net decrease in Member Nonrecourse Debt Minimum Gain during any Fiscal Year, each Member that has a share of such Member Nonrecourse Debt Minimum Gain shall be specially allocated Net Income for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to that Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain. Items to be allocated pursuant to this paragraph shall be determined in accordance with Treasury Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 5.02(b) is intended to comply with the "minimum gain chargeback" requirements in Treasury Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(c) Nonrecourse Deductions shall be allocated to the Members in accordance with their Membership Interests.

(d) In the event any Member unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), Net Income shall be specially allocated to such Member in an amount and manner sufficient to eliminate the Adjusted Capital Account Deficit created by such adjustments, allocations or distributions as quickly as possible. This Section 5.02(d) is intended to comply with the qualified income offset requirement in Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(e) The allocations set forth in paragraphs (a), (b), (c) and (d) above (the "**Regulatory Allocations**") are intended to comply with certain requirements of the Treasury Regulations under Code Section 704. Notwithstanding any other provisions of this ARTICLE V (other than the Regulatory Allocations), the Regulatory Allocations shall be taken into account in allocating Net Income and Net Losses among Members so that, to the extent possible, the net amount of such allocations of Net Income and Net Losses and other items and the Regulatory Allocations to each Member shall be equal to the net amount that would have been allocated to such Member if the Regulatory Allocations had not occurred.

Section 5.03 Tax Allocations.

(a) Subject to Section 5.03(b), Section 5.03(c) and Section 5.03(d), all income, gains, losses and deductions of the Company shall be allocated, for federal, state and local income tax purposes, among the Members in accordance with the allocation of such income, gains, losses and deductions pursuant to Section 5.01 and Section 5.02, except that if any such allocation for tax purposes is not

permitted by the Code or other Applicable Law, the Company's subsequent income, gains, losses and deductions shall be allocated among the Members for tax purposes, to the extent permitted by the Code and other Applicable Law, so as to reflect as nearly as possible the allocation set forth in Section 5.01 and Section 5.02.

(b) Items of Company taxable income, gain, loss and deduction with respect to any property contributed to the capital of the Company shall be allocated among the Members in accordance with Code Section 704(c) and the traditional method with curative allocations of Treasury Regulations Section 1.704-3(c), so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its Book Value.

(c) If the Book Value of any Company asset is adjusted pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(f) as provided in clause (c) of the definition of Book Value subsequent allocations of items of taxable income, gain, loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Book Value in the same manner as under Code Section 704(c).

(d) Allocations of tax credit, tax credit recapture and any items related thereto shall be allocated to the Members according to their interests in such items as determined by the Managers taking into account the principles of Treasury Regulations Section 1.704-1(b)(4)(ii).

(e) Allocations pursuant to this Section 5.03 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Net Income, Net Losses, distributions or other items pursuant to any provisions of this Agreement.

Section 5.04 Allocations in Respect of Transferred Membership Interests. In the event of a Transfer of Membership Interests during any Fiscal Year made in compliance with the provisions of ARTICLE IX, Net Income, Net Losses and other items of income, gain, loss and deduction of the Company attributable to such Membership Interests for such Fiscal Year shall be determined using the interim closing of the books method.

ARTICLE VI
DISTRIBUTIONS

Section 6.01 Distributions of Cash Flow and Capital Proceeds.

(a) After allowing for all reasonable costs and expenses incurred by the Company, for such reasonable reserves as contemplated in the Budget, and subject to any loan covenants agreed by the Members, any available cash of the Company shall be distributed to the Members, on at least a quarterly basis, in accordance with their respective Membership Interests.

(b) If a Member has (i) an unpaid Additional Capital Contribution that is overdue and/or (ii) an outstanding Default Loan due to another Member, any amount that otherwise would be distributed to such Member pursuant to Section 6.01(a) or ARTICLE XII (up to the amount of such Additional Capital Contribution or outstanding Default Loan, together with interest accrued thereon) shall not be paid to

such Member but shall be deemed distributed to such Member and applied on behalf of such Member pursuant to Section 3.02(d).

(c) Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make any distribution to Members if such distribution would violate the LLC LAW or other Applicable Law.

Section 6.02 Tax Withholding; Withholding Advances.

(a) Tax Withholding. If requested by the Managers, each Member shall, if able to do so, deliver to the Managers:

(i) A written statement in form satisfactory to the Managers that the applicable Member (or its members, as the case may be) is not subject to withholding under the provisions of any federal, state, local, foreign or other Applicable Law;

(ii) any certificate that the Managers may reasonably request with respect to any such laws; and/or

(iii) any other form or instrument reasonably requested by the Managers relating to any Member's status under such law.

(b) Withholding Advances. The Company is hereby authorized at all times to make payments ("**Withholding Advances**") with respect to each Member in amounts required to discharge any obligation of the Company (as determined by the Tax Matters Member or Partnership Representative based on the advice of legal or tax counsel to the Company) to withhold or make payments to any federal, state, local or foreign taxing authority (a "**Taxing Authority**") with respect to any distribution or allocation by the Company of income or gain to such Member and to withhold the same from distributions to such Member. Any funds withheld from a distribution by reason of this Section 6.02(b) shall nonetheless be deemed distributed to the Member in question for all purposes under this Agreement.

(c) Indemnification. Each Member hereby agrees to indemnify and hold harmless the Company and the other Members from and against any liability with respect to taxes, interest or penalties that may be asserted by reason of the Company's failure to deduct and withhold tax on amounts distributable or allocable to such Member.

(d) Overwithholding. Neither the Company nor the Managers shall be liable for any excess taxes withheld in respect of any distribution or allocation of income or gain to a Member. In the event of an overwithholding, a Member's sole recourse shall be to apply for a refund from the appropriate Taxing Authority.

Section 6.03 Distributions in Kind.

(a) The Managers are hereby authorized, as they may reasonably determine, to make distributions to the Members in the form of securities or other property held by the Company. In any non-cash distribution, the securities or property so distributed will be distributed among the Members in

the same proportion and priority as cash equal to the Fair Market Value of such securities or property would be distributed among the Members pursuant to Section 6.01.

(b) Any distribution of securities shall be subject to such conditions and restrictions as the Managers determine are required or advisable to ensure compliance with Applicable Law. In furtherance of the foregoing, the Managers may require that the Members execute and deliver such documents as the Managers may deem necessary or appropriate to ensure compliance with all federal and state securities laws that apply to such distribution and any further Transfer of the distributed securities, and may appropriately legend the certificates that represent such securities to reflect any restriction on Transfer with respect to such laws.

ARTICLE VII
MANAGEMENT

Section 7.01 Management of the Company. The business and affairs of the Company shall be managed by the Managers. Subject to the provisions of Section 7.02, the Managers shall have full and complete discretion to manage and control the business and affairs of the Company, to make all decisions affecting the business and affairs of the Company and to take all such actions as it deems necessary or appropriate to accomplish the purposes of the Company set forth in Section 2.05; *provided*, that the Managers shall manage the Company in accordance with the Budget. The actions of the Managers taken in accordance with the provisions of this Agreement shall bind the Company. No other Member of the Company shall have any authority or right to act on behalf of or bind the Company, unless otherwise provided herein or unless specifically authorized by the Managers pursuant to a resolution expressly authorizing such action which resolution is duly adopted by the Managers. Either Manager may act for the Company in the ordinary course of business, unless unanimity is required by this Agreement. Each Member shall have the right to appoint one Manager.

Section 7.02 Actions Requiring Approval of Members. Without the unanimous written approval of the Members, the Company shall not, and shall not enter into any commitment to:

(a) Amend, modify or waive the Articles of Organization or this Agreement; *provided* that the Managers may, acting unanimously, without the consent of the Members, amend Schedule A following any new issuance, redemption, repurchase or Transfer of Membership Interests in accordance with this Agreement;

(b) Make any material change to the nature of the Business conducted by the Company or enter into any business other than the Business;

(c) Issue additional Membership Interests or admit additional Members to the Company.

(d) Incur any indebtedness, pledge or grant liens on any assets or guarantee, assume, endorse or otherwise become responsible for the obligations of any other Person, except to the extent approved or authorized in the Budget;

(e) Make any loan, advance or capital contribution in any Person, except to the extent approved or authorized in the Budget;

(f) Appoint or remove the Company's auditors or make any changes in the accounting methods or policies of the Company (other than as required by GAAP);

(g) Enter into, amend, waive or terminate any Related Party Agreement;

(h) Enter into or effect any transaction or series of related transactions involving the purchase, lease, license, exchange or other acquisition (including by merger, consolidation, acquisition of stock or acquisition of assets) by the Company of any assets and/or equity interests of any Person;

(i) Enter into or effect any transaction or series of related transactions involving the sale, lease, license, exchange or other disposition (including by merger, consolidation, sale of stock or sale of assets) by the Company of any assets;

(j) Establish a Subsidiary or enter into any joint venture or similar business arrangement;

(k) Settle any lawsuit, action, dispute or other proceeding or otherwise assume any liability or agree to the provision of any equitable relief by the Company;

(l) Initiate or consummate an initial public offering or make a public offering and sale of the Membership Interests or any other securities;

(m) Make any investments in any other Person; or

(n) Dissolve, wind-up or liquidate the Company or initiate a bankruptcy proceeding involving the Company.

Section 7.03 Officers The Managers may, only acting unanimously, appoint individuals as officers of the Company (the "**Officers**") as it deems necessary or desirable to carry on the business of the Company and the Managers may delegate to such Officers such power and authority as the Managers deems advisable. No Officer need be a Member of the Company. Any individual may hold two or more offices of the Company. Each Officer shall hold office until his successor is designated by the Managers or until his earlier death, resignation or removal. Any Officer may resign at any time upon written notice to the Managers. Any Officer may be removed by the Managers, acting unanimously, with or without cause at any time. A vacancy in any office occurring because of death, resignation, removal or otherwise, may, but need not, be filled by the Managers acting unanimously.

Section 7.04 Action Without Meeting. Any matter that is to be voted on, consented to or approved by Members or Managers may be taken without a meeting, without prior notice and without a vote if consented to, in writing or by Electronic Transmission, by a Member or Members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all members entitled to vote thereon were present and voted. A record shall be maintained by the Managers of each such action taken by written consent of a Member or Members.

Section 7.05 Informational Rights. In addition to the information required to be provided pursuant to ARTICLE X, the Managers shall keep the Members reasonably informed on a timely basis of any material fact, information, litigation, employee relations or other matter that could reasonably be expected to have a material impact on the operations or financial position of the Company, including, but not limited to, any modification of any loan or other financing to the Company. The Managers shall

provide all material information relating to the Company or the management or operation of the Company as any Member may reasonable request from time to time.

Section 7.06 Budget. At least 60 days before the beginning of each Fiscal Year (commencing with the Fiscal Year ending December 31, 2020, the Managers (or officers appointed by the Managers) shall prepare and submit to the Members the Budget for such upcoming Fiscal Year. Not later than 30 days following its receipt of the Budget, the Members must, by written notice to the Managers, either approve or disapprove the revised Budget. If a Member shall not have responded in writing to the proposed revisions prior to the end of such 30-day period, that Member will be deemed to have approved the revised Budget. If a Member disapproves of the proposed Budget, then the Members shall use good faith efforts to agree on a revised Budget. The Managers shall continue to operate the Company in accordance with the existing Budget until a revised Budget is approved by both Members.

Section 7.07 Deadlock.

(a) If the Members are deadlocked or unable to amicably operate the Company at any time, then either Member my initiate the process set forth in this Section 7.07 by delivering a Buy-Sell Offer Notice (as defined herein). The Members expressly agree that the Company shall operate according to its usual and customary practices during the period of time initiated by a Buy-Sell Offer Notice.

(b) If a Member wishes to exercise the buy-sell right provided in this Section 7.07, such Member (the "**Initiating Member**") shall deliver to the other Member (the "**Responding Member**") written notice (the "**Buy-Sell Offer Notice**") of such election, which notice shall include (i) a description of the circumstances that triggered the buy-sell right, and (ii) the purchase price (which shall be payable exclusively in cash (unless otherwise agreed)) at which the Initiating Member shall (A) purchase all of the Membership Interests owned by the Responding Member (the "**Buy-out Price**") or (B) sell all of its Membership Interests to the Responding Member (the "**Sell-out Price**"), with any difference between the Buy-out Price and the Sell-out Price based solely on any difference between each Member's Membership Interest in the Company, without regard to any market discount or premium from differences in such proportionate interests. The value assigned to each percentage of Membership Interest shall be the same for the Buy-out Price and the Sell-out Price.

(c) Within 30 days after the Buy-Sell Offer Notice is received (the "**Buy-Sell Election Date**"), the Responding Member shall deliver to the Initiating Member a written notice (the "**Response Notice**") stating whether it elects to (i) sell all of its Membership interests to the Initiating Member for the Buy-out Price or (ii) buy all of the Membership Interests owned by the Initiating Member for the Sell-out Price. The failure of the Responding Member to deliver the Response Notice by the Buy-Sell Election Date shall be deemed to be an election to sell all of its Membership Interests to the Initiating Member at the Buy-out Price.

(d) The closing of any purchase and sale of Membership Interests pursuant to this Section 7.07 shall take place 30 days after the Response Notice is delivered or deemed to have been delivered or some other date mutually agreed upon by the parties. The Buy-out Price or the Sell-out Price, as the case may be, shall be paid at closing by wire transfer of immediately available funds to an account designated in writing by the selling Member (the "**Selling Member**"). At the closing, the Selling Member shall deliver to the purchasing Member (the "**Purchasing Member**") good and marketable title to its

Membership Interests, free and clear of all liens and encumbrances. Each Member agrees to cooperate and take all actions and execute all documents reasonably necessary or appropriate to reflect the purchase of the Selling Member's Membership Interest by the Purchasing Member.

(e) If the Purchasing Member defaults in any of its material closing obligations, then the Selling Member shall have the option to purchase the Purchasing Member's entire Membership Interest at a price that is equal to 30% of the purchase price payable at the initial closing.

Section 7.08 Other Activities; Business Opportunities.

(a) Except as set forth in Section 7.08(c), nothing contained in this Agreement shall prevent any Member or Managers, or any of its or their Affiliates from engaging in any other activities or businesses, regardless of whether those activities or businesses are similar to or competitive with the Business. None of the Members nor any of their Affiliates shall be obligated to account to the Company or to the other Member for any profits or income earned or derived from other such activities or businesses.

(b) The Company shall expressly be permitted to enter into an offtake contract for the Company's production of biomass pellets with CMB or a CMB Affiliate (the "**Offtake Agreement**"), contingent upon Effingham Bio agreeing in writing with the terms of the proposed Offtake Agreement. The Company shall expressly be permitted to enter into a lease for real property ("**Ground Lease**") with Effingham Bio or an Effingham Bio Affiliate, contingent upon CMB agreeing in writing to the terms of the Ground Lease.

(c) The Members agree that neither they nor any of their Affiliates shall engage in any business competitive with the Company (meaning, for this purpose, the building and ownership of a pellet mill facility), within 100 miles of the Company's first Effingham, South Carolina facility, without first offering the Company the opportunity to participate in such business to the same extent contemplated by the Member or Member Affiliate. Such business opportunity shall be presented to the Company for consideration no less than thirty (30) days prior to the planned time for the Member or Member Affiliate to participate in such business, and the Company shall have seven (7) days within which it shall determine whether it will participate in such business; if Company does not respond within such seven (7) day period then the Company shall be deemed to have declined to participate. For purposes of determining the Company's interest pursuant to this Section 7.08(c), the Member with the opportunity (or with the Affiliate with the opportunity) shall not have a vote in the Company's decision, nor shall the Manager appointed by such Member.

Section 7.09 Compensation and Reimbursement of Managers. The Managers shall not be compensated for services as Managers, but the Company shall reimburse the Managers for all ordinary, necessary and direct expenses incurred by the Managers on behalf of the Company in carrying out the Company's business activities, including, without limitation, salaries of officers and employees of the Managers who are carrying out the Company's business activities.

Section 7.10 Removal of Managers. Either Member may remove the Manager of the Company appointed by that Member, by delivering written notice to both Managers and the other Member. That Member may then select a new Manager to replace the removed Manager, which shall be immediately effective.

ARTICLE VIII
EXCULPATION AND INDEMNIFICATION

Section 8.01 Exculpation of Covered Persons.

(a) Covered Persons. As used herein, the term "**Covered Person**" shall mean (i) each Member; (ii) the Managers; (iii) each officer, director, stockholder, partner, member, Affiliate, employee, agent or representative of each Member, and each of their Affiliates; and (iv) each Officer, employee, agent or representative of the Company.

(b) Standard of Care. No Covered Person shall be liable to the Company or any other Covered Person for any loss, damage or claim incurred by reason of any action taken or omitted to be taken by such Covered Person in good faith reliance on the provisions of this Agreement, so long as such action or omission does not constitute fraud, gross negligence, willful misconduct or a material breach of this Agreement by such Covered Person or is not made in knowing violation of the provisions of this Agreement.

(c) Good Faith Reliance. A Covered Person shall be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements (including financial statements and information, opinions, reports or statements as to the value or amount of the assets, liabilities, Net Income or Net Losses of the Company or any facts pertinent to the existence and amount of assets from which distributions might properly be paid) of the following Persons or groups: (i) another Member; (ii) one or more Officers or employees of the Company; (iii) any attorney, independent accountant, appraiser or other expert or professional employed or engaged by or on behalf of the Company; or (iv) any other Person selected in good faith by or on behalf of the Company, in each case as to matters that such relying Person reasonably believes to be within such other Person's professional or expert competence. The preceding sentence shall in no way limit any Person's right to rely on information to the extent provided in the LLC LAW.

Section 8.02 Liabilities and Duties of Covered Persons.

(a) Limitation of Liability. This Agreement is not intended to, and does not, create or impose any fiduciary duty on any Covered Person. Furthermore, each of the Members and the Company hereby waives any and all fiduciary duties that, absent such waiver, may be implied by Applicable Law as owing to one another, and in doing so, acknowledges and agrees that the duties and obligation of each Covered Person to each other and to the Company are only as expressly set forth in this Agreement. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of a Covered Person otherwise existing at law or in equity, are agreed by the Members to replace such other duties and liabilities of such Covered Person.

(b) Duties. Whenever in this Agreement a Covered Person is permitted or required to make a decision (including a decision that is in such Covered Person's "discretion" or under a grant of similar authority or latitude), the Covered Person shall be entitled to consider only such interests and factors as such Covered Person desires, including its own interests, and shall have no duty or obligation to give any consideration to any interest of or factors affecting the Company or any other Person. Whenever in this Agreement a Covered Person is permitted or required to make a decision in such Covered Person's "good faith,", the Covered Person shall act under such express standard and shall not be subject to any

other or different standard imposed by this Agreement or any other Applicable Law. The duties and obligations of officers to the Company may include fiduciary obligations and may be further expanded and detailed in any document creating or filling such position.

Section 8.03 Indemnification.

(a) Indemnification. To the fullest extent permitted by the LLC LAW, as the same now exists or may hereafter be amended, substituted or replaced (but, in the case of any such amendment, substitution or replacement, only to the extent that such amendment, substitution or replacement permits the Company to provide broader indemnification rights than the LLC LAW permitted the Company to provide prior to such amendment, substitution or replacement), the Company shall indemnify, hold harmless, defend, pay and reimburse any Covered Person against any and all losses, claims, damages, judgments, fines or liabilities, including reasonable legal fees or other expenses incurred in investigating or defending against such losses, claims, damages, judgments, fines or liabilities, and any amounts expended in settlement of any claims (collectively, "**Losses**") to which such Covered Person may become subject by reason of:

(i) any act or omission or alleged act or omission performed or omitted to be performed on behalf of the Company, any Member or any direct or indirect Subsidiary of the foregoing in connection with the Business of the Company; or

(ii) such Covered Person being or acting in connection with the Business of the Company as a member, stockholder, Affiliate, manager, director, officer, employee or agent of the Company, any Member, or any of their respective Affiliates, or that such Covered Person is or was serving at the request of the Company as a member, manager, director, officer, employee or agent of any Person including the Company;

provided, that (x) such Covered Person acted in good faith and in a manner believed by such Covered Person to be in, or not opposed to, the best interests of the Company and, with respect to any criminal proceeding, had no reasonable cause to believe his conduct was unlawful, and (y) such Covered Person's conduct did not constitute fraud, gross negligence, willful misconduct or a material breach of this Agreement by such Covered Person or a knowing violation of the provisions of this Agreement, in either case as determined by a final, nonappealable order of a court of competent jurisdiction. In connection with the foregoing, the termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the Covered Person did not act in good faith or, with respect to any criminal proceeding, had reasonable cause to believe that such Covered Person's conduct was unlawful, or that the Covered Person's conduct constituted fraud, gross negligence, willful misconduct or a knowing violation or material breach of this Agreement.

(b) **Control of Defense.** Upon a Covered Person's discovery of any claim, lawsuit or other proceeding relating to any Losses for which such Covered Person may be indemnified pursuant to this Section 8.03, the Covered Person shall give prompt written notice to the Company of such claim,

lawsuit or proceeding, *provided*, that the failure of the Covered Person to provide such notice shall not relieve the Company of any indemnification obligation under this Section 8.03, unless the Company shall have been materially prejudiced thereby. Subject to the approval of the disinterested Members, the Company shall be entitled to participate in or assume the defense of any such claim, lawsuit or proceeding at its own expense. After notice from the Company to the Covered Person of its election to assume the defense of any such claim, lawsuit or proceeding, the Company shall not be liable to the Covered Person under this Agreement or otherwise for any legal or other expenses subsequently incurred by the Covered Person in connection with investigating, preparing to defend or defending any such claim, lawsuit or other proceeding. If the Company does not elect (or fails to elect) to assume the defense of any such claim, lawsuit or proceeding, the Covered Person shall have the right to assume the defense of such claim, lawsuit or proceeding as it deems appropriate, but it shall not settle any such claim, lawsuit or proceeding without the consent of the Company (which consent shall not be unreasonably withheld, conditioned or delayed).

(c) Reimbursement. The Company shall promptly reimburse (and/or advance to the extent reasonably required) each Covered Person for reasonable legal or other expenses (as incurred) of such Covered Person in connection with investigating, preparing to defend or defending any claim, lawsuit or other proceeding relating to any Losses for which such Covered Person may be indemnified pursuant to this Section 8.03; *provided*, that if it is finally judicially determined that such Covered Person is not entitled to the indemnification provided by this Section 8.03, then such Covered Person shall promptly reimburse the Company for any reimbursed or advanced expenses.

(d) Entitlement to Indemnity. The indemnification provided by this Section 8.03 shall not be deemed exclusive of any other rights to indemnification to which those seeking indemnification may be entitled under any agreement or otherwise. The provisions of this Section 8.03 shall continue to afford protection to each Covered Person regardless of whether such Covered Person remains in the position or capacity pursuant to which such Covered Person became entitled to indemnification under this Section 8.03 and shall inure to the benefit of the executors, administrators, legatees and distributees of such Covered Person.

(e) Insurance. To the extent available on commercially reasonable terms, the Company may purchase, at its expense, insurance to cover Losses covered by the foregoing indemnification provisions and to otherwise cover Losses for any breach or alleged breach by any Covered Person of such Covered Person's duties in such amount and with such deductibles as the Managers may reasonably determine; *provided*, that the failure to obtain such insurance shall not affect the right to indemnification of any Covered Person under the indemnification provisions contained herein, including the right to be reimbursed or advanced expenses or otherwise indemnified for Losses hereunder. If any Covered Person recovers any amounts in respect of any Losses from any insurance coverage, then such Covered Person shall, to the extent that such recovery is duplicative, reimburse the Company for any amounts previously paid to such Covered Person by the Company in respect of such Losses.

(f) Funding of Indemnification Obligation. Notwithstanding anything contained herein to the contrary, any indemnity by the Company relating to the matters covered in this Section 8.03 shall be provided out of and to the extent of Company assets only, and no Member (unless such Member otherwise agrees in writing) shall have personal liability on account thereof or shall be required to make additional Capital Contributions to help satisfy such indemnity by the Company.

(g) Savings Clause. If this Section 8.03 or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify and hold harmless each Covered Person pursuant to this Section 8.03 to the fullest extent permitted by any applicable portion of this Section 8.03 that shall not have been invalidated and to the fullest extent permitted by Applicable Law.

(h) Amendment. The provisions of this Section 8.03 shall be a contract between the Company, on the one hand, and each Covered Person who served in such capacity at any time while this Section 8.03 is in effect, on the other hand, pursuant to which the Company and each such Covered Person intend to be legally bound. No amendment, modification or repeal of this Section 8.03 that adversely affects the rights of a Covered Person to indemnification for Losses incurred or relating to a state of facts existing prior to such amendment, modification or repeal shall apply in such a way as to eliminate or reduce such Covered Person's entitlement to indemnification for such Losses without the Covered Person's prior written consent.

Section 8.04 Survival. The provisions of this ARTICLE VIII shall survive the dissolution, liquidation, winding up and termination of the Company.

ARTICLE IX
TRANSFER

Section 9.01 Restrictions on Transfer.

(a) Except as otherwise provided in this ARTICLE IX or in Section 7.07, no Member shall Transfer all or any portion of its Membership Interest in the Company without the written consent of the other Member (which consent may be granted or withheld in the sole discretion of the other Member). No Transfer of Membership Interests to a Person not already a Member of the Company shall be deemed completed until the prospective Transferee is admitted as a Member of the Company in accordance with Section 4.01(b) hereof.

(b) Notwithstanding any other provision of this Agreement (including Section 9.02), each Member agrees that it will not Transfer all or any portion of its Membership Interest in the Company, and the Company agrees that it shall not issue any Membership Interests:

(i) except as permitted under the Securities Act and other applicable federal or state securities or blue sky laws, and then, with respect to a Transfer of Membership Interests, only upon delivery to the Company of an opinion of counsel in form and substance satisfactory to the Company to the effect that such Transfer may be effected without registration under the Securities Act;

(ii) if such Transfer or issuance would cause the Company to be considered a "publicly traded partnership" under Section 7704(b) of the Code within the meaning of Treasury Regulations Section 1.7704-1(h)(1)(ii), including the look-through rule in Treasury Regulations Section 1.7704-1(h)(3);

(iii) if such Transfer or issuance would affect the Company's existence or qualification as a limited liability company under the LLC LAW;

(iv) if such Transfer or issuance would cause the Company to lose its status as a partnership for federal income tax purposes;

(v) if such Transfer or issuance would cause a termination of the Company for federal income tax purposes;

(vi) if such Transfer or issuance would cause the Company to be required to register as an investment company under the Investment Company Act of 1940, as amended; or

(vii) if such Transfer or issuance would cause the assets of the Company to be deemed "Plan Assets" as defined under the Employee Retirement Income Security Act of 1974 or its accompanying regulations or result in any "prohibited transaction" thereunder involving the Company.

(c) Any Transfer or attempted Transfer of any Membership Interest in violation of this Agreement shall be null and void, no such Transfer shall be recorded on the Company's books and the purported Transferee in any such Transfer shall not be treated (and the purported Transferor shall continue be treated) as the owner of such Membership Interest for all purposes of this Agreement.

(d) For the avoidance of doubt, any Transfer of a Membership Interest permitted by this Agreement shall be deemed a sale, transfer, assignment or other disposal of such Membership Interest in its entirety as intended by the parties to such Transfer, and shall not be deemed a sale, transfer, assignment or other disposal of any less than all of the rights and benefits described in the definition of the term "Membership Interest," unless otherwise explicitly agreed to by the parties to such Transfer.

Section 9.02 Permitted Transfers. The provisions of Section 9.01(a) shall not apply to any Transfer by any Member of all or any portion of its Membership Interest to its Affiliate, which is expressly considered a "Permitted Transfer," contingent upon the Affiliate complying with Section 4.01(b).

ARTICLE X
ACCOUNTING; TAX MATTERS

Section 10.01 Financial Statements. The Company shall furnish to each Member the following reports:

(a) Annual Financial Statements. As soon as available, and in any event within one hundred twenty (120) days after the end of each Fiscal Year, audited consolidated balance sheets of the Company as at the end of each such Fiscal Year and audited consolidated statements of income, cash flows and Members' equity for such Fiscal Year, in each case setting forth in comparative form the figures for the previous Fiscal Year, accompanied by the certification of independent certified public accountants of recognized national standing selected by the Managers acting unanimously, certifying to the effect that, except as set forth therein, such financial statements have been prepared in accordance with GAAP, applied on a basis consistent with prior years, and fairly present in all material respects the financial condition of the Company as of the dates thereof and the results of their operations and changes in their cash flows and Members' equity for the periods covered thereby.

(b) Quarterly Financial Statements. As soon as available, and in any event within forty-five (45) days after the end of each quarterly accounting period in each Fiscal Year (other than the last fiscal quarter of the Fiscal Year), unaudited consolidated balance sheets of the Company as at the end of each such fiscal quarter and for the current Fiscal Year to date and unaudited consolidated statements of income, cash flows and Members' equity for such fiscal quarter and for the current Fiscal Year to date, in each case setting forth in comparative form the figures for the corresponding periods of the previous fiscal quarter, all in reasonable detail and all prepared in accordance with GAAP, consistently applied (subject to normal year-end audit adjustments and the absence of notes thereto), and certified by the principal financial or accounting officer of the Company.

(c) Monthly Financial Statements. As soon as available, and in any event within thirty (30) days after the end of each monthly accounting period in each fiscal quarter (other than the last month of the fiscal quarter), unaudited consolidated balance sheets of the Company as at the end of each such monthly period and for the current Fiscal Year to date and unaudited consolidated statements of income, cash flows and Members' equity for each such monthly period and for the current Fiscal Year to date, all in reasonable detail and all prepared in accordance with GAAP, consistently applied (subject to normal year-end audit adjustments and the absence of notes thereto).

Section 10.02 Inspection Rights. Upon reasonable notice from a Member, the Company shall afford each Member and its Representatives access during normal business hours to (i) the Company's properties, offices, plants and other facilities; (ii) the corporate, financial and similar records, reports and documents of the Company, including, without limitation, all books and records, minutes of proceedings, internal management documents, reports of operations, reports of adverse developments, copies of any management letters and communications with Members (including the Managers), and to permit each Member and its Representatives to examine such documents and make copies thereof; and (iii) any officers, senior employees and public accountants of the Company, and to afford each Member and its Representatives the opportunity to discuss and advise on the affairs, finances and accounts of the Company with such officers, senior employees and public accountants (and the Company hereby authorizes said accountants to discuss with such Member and its Representatives such affairs, finances and accounts).

Section 10.03 Income Tax Status. It is the intent of this Company and the Members that this Company shall be treated as a partnership for U.S., federal, state and local income tax purposes. Neither the Company nor any Member shall make an election for the Company to be classified as other than a partnership pursuant to Treasury Regulations Section 301.7701-3.

Section 10.04 Tax Matters Member; Partnership Representative.

(a) **Appointment.** The Members hereby appoint Furman Brodie as the "tax matters partner" (as defined in Code Section 6231 prior to its amendment by the Bipartisan Budget Act of 2015 ("**BBA**")) (the "**Tax Matters Member**") and the "partnership representative" (the "**Partnership Representative**") as provided in Code Section 6223(a) (as amended by the BBA). The Tax Matters Member or Partnership Representative may resign at any time if there is another Manager to act as the Tax Matters Member or Partnership Representative. Tax Matters Member shall be read as Partnership Representative in this Agreement where appropriate.

(b) **Tax Examinations and Audits.** The Tax Matters Member and Partnership Representative are each authorized and required to represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by Taxing Authorities, including resulting administrative and judicial proceedings, and to expend Company funds for professional services and costs associated therewith. For any year in which the TEFRA audit rules of Code Sections 6221 through 6234 (prior to amendment by the BBA) apply, the Tax Matters Member shall take such action as is necessary to cause each other Member to become a notice partner within the meaning of Code Section 6231(a)(8) (prior to amendment by the BBA). The Tax Matters Member or Partnership Representative shall promptly notify the Members if any tax return of the Company is audited and upon the receipt of a notice of final partnership administrative adjustment or final partnership adjustment. Without the consent of a majority of the other Members, the Tax Matters Member or Partnership Representative shall not extend the statute of limitations, file a request for administrative adjustment, file suit relating to any Company tax refund or deficiency or enter into any settlement agreement relating to items of income, gain, loss or deduction of the Company with any Taxing Authority.

(c) BBA Elections. The Company will not elect into the partnership audit procedures enacted under Section 1101 of the BBA (the "**BBA Procedures**") for any tax year beginning before January 1, 2018, and, to the extent permitted by applicable law and regulations, the Company will annually elect out of the BBA Procedures for tax years beginning on or after January 1, 2018 pursuant to Code Section 6221(b) (as amended by the BBA). For any year in which applicable law and regulations do not permit the Company to elect out of the BBA Procedures, then within forty-five (45) days of any notice of final partnership adjustment, the Company will elect the alternative procedure under Code Section 6226, as amended by Section 1101 of the BBA, and furnish to the Internal Revenue Service and each Member during the year or years to which the notice of final partnership adjustment relates a statement of the Member's share of any adjustment set forth in the notice of final partnership adjustment.

(d) Tax Returns and Tax Deficiencies. Each Member agrees that such Member shall not treat any Company item inconsistently on such Member's federal, state, foreign or other income tax return with the treatment of the item on the Company's return. Any deficiency for taxes imposed on any Member (including penalties, additions to tax or interest imposed with respect to such taxes and any taxes imposed pursuant to Code Section 6226 as amended by the BBA) will be paid by such Member and if required to be paid (and actually paid) by the Company, will be recoverable from such Member as provided in Section 6.02(c).

(e) Income Tax Elections. Except as otherwise provided herein, each of the Tax Matters Member and Partnership Representative shall have sole discretion to make any determination regarding income tax elections it deems advisable on behalf of the Company; provided, that the Tax Matters Member or Partnership Representative will make an election under Code Section 754, if requested in writing by another Member.

Section 10.05 Tax Returns. At the expense of the Company, the Managers (or any Officer that it may designate pursuant to Section 7.03) shall endeavor to cause the preparation and timely filing (including extensions) of all tax returns required to be filed by the Company pursuant to the Code as well as all other required tax returns in each jurisdiction in which the Company own property or do business. As soon as reasonably possible after the end of each Fiscal Year, the Managers or designated Officer will cause to be delivered to each Person who was a Member at any time during such Fiscal Year, IRS Schedule K-1 to Form 1065 and such other information with respect to the Company as may

be necessary for the preparation of such Person's federal, state and local income tax returns for such Fiscal Year.

Section 10.06 Company Funds. All funds of the Company shall be deposited in its name, or in such name as may be designated by the Managers, in such checking, savings or other accounts, or held in its name in the form of such other investments as shall be designated by the Managers. The funds of the Company shall not be commingled with the funds of any other Person. All withdrawals of such deposits or liquidations of such investments by the Company shall be made exclusively upon the signature or signatures of such Officer or Officers as the Managers may designate.

ARTICLE XI
DISSOLUTION AND LIQUIDATION

Section 11.01 Events of Dissolution. The Company shall be dissolved, and its affairs wound up only upon the occurrence of any of the following events:

(a) The determination of the Members to dissolve the Company;

(b) The Bankruptcy of a Member, unless within fifteen (15) days after the occurrence of such Bankruptcy, the other Member agrees in writing to continue the business of the Company;

(c) At the election of a non-defaulting Member, in its sole discretion, if the other Member breaches any material covenant, duty or obligation under this Agreement, which breach remains uncured for fifteen (15) days after written notice of such breach was received by the defaulting Member;

(d) The sale, exchange, involuntary conversion, or other disposition or Transfer of all or substantially all the assets of the Company; or

(e) The entry of a decree of judicial dissolution under § 18-802 of the LLC LAW.

Section 11.02 Effectiveness of Dissolution. Dissolution of the Company shall be effective on the day on which the event described in Section 11.01 occurs, but the Company shall not terminate until the winding up of the Company has been completed, the assets of the Company have been distributed as provided in Section 11.03and the Articles of Organization shall have been cancelled as provided in Section 11.04.

Section 11.03 Liquidation. If the Company is dissolved pursuant to Section 11.01, the Company shall be liquidated and its business and affairs wound up in accordance with the LLC LAW and the following provisions:

(a) Liquidator. The Managers, acting unanimously, shall act as liquidator to wind up the Company (the "**Liquidator**"), unless the Company is being dissolved pursuant to Section 11.01(b) or Section 11.01(c) based on the Bankruptcy or a breach by a Member, in which case the Liquidator shall be the Manager appointed by the non-bankrupt Member. The Liquidator shall have full power and authority to sell, assign, and encumber any or all of the Company's assets and to wind up and liquidate the affairs of the Company in an orderly and business-like manner.

(b) Accounting. As promptly as possible after dissolution and again after final liquidation, the Liquidator shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company's assets, liabilities and operations through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed, as applicable.

(c) Distribution of Proceeds. The Liquidator shall liquidate the assets of the Company and distribute the proceeds of such liquidation in the following order of priority, unless otherwise required by mandatory provisions of Applicable Law:

(i) *First*, to the payment of all of the Company's debts and liabilities to its creditors (including Members, if applicable) and the expenses of liquidation (including sales commissions incident to any sales of assets of the Company);

(ii) *Second*, to the establishment of and additions to reserves that are determined unanimously by the Managers to be reasonably necessary for any contingent unforeseen liabilities or obligations of the Company; and

(iii) *Third*, to the Members in accordance with the positive balances in their respective Capital Accounts, as determined after taking into account all Capital Account adjustments for the taxable year of the Company during which the liquidation of the Company occurs.

(d) Discretion of Liquidator. Notwithstanding the provisions of Section 11.03(c) that require the liquidation of the assets of the Company, but subject to the order of priorities set forth in Section 11.03(c), if upon dissolution of the Company the Liquidator reasonably determines that an immediate sale of part or all of the Company's assets would be impractical or could cause undue loss to the Members, the Liquidator may defer the liquidation of any assets except those necessary to satisfy Company liabilities and reserves, and may, upon unanimous consent of the Members, distribute to the Members, in lieu of cash, as tenants in common and in accordance with the provisions of Section 11.03(c), undivided interests in such Company assets as the Liquidator deems not suitable for liquidation. Any such distribution in kind shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreements governing the operating of such properties at such time. For purposes of any such distribution, any property to be distributed will be valued at its Fair Market Value.

Section 11.04 Cancellation of Certificate. Upon completion of the distribution of the assets of the Company as provided in Section 11.03(c) hereof, the Company shall be terminated and the Liquidator shall cause the cancellation with the appropriate state filing and of all qualifications and registrations of the Company as a foreign limited liability company in other jurisdictions, where applicable, and shall take such other actions as may be necessary to terminate the Company.

Section 11.05 Survival of Rights, Duties and Obligations. Dissolution, liquidation, winding up or termination of the Company for any reason shall not release any party from any Loss that at the time of such dissolution, liquidation, winding up or termination already had accrued to any other party or thereafter may accrue in respect of any act or omission prior to such dissolution, liquidation, winding up or termination. For the avoidance of doubt, none of the foregoing shall replace, diminish or otherwise adversely affect any Member's right to indemnification pursuant to Section 8.03.

Section 11.06 Recourse for Claims. Each Member shall look solely to the assets of the Company for all distributions with respect to the Company, such Member's Capital Account, and such Member's share of Net Income, Net Loss and other items of income, gain, loss and deduction, and shall have no recourse therefor (upon dissolution or otherwise) against the Liquidator or any other Member.

ARTICLE XII
MISCELLANEOUS

Section 12.01 Expenses. Except as otherwise expressly provided herein, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with the preparation and execution of this Agreement, or any amendment or waiver hereof, and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

Section 12.02 Further Assurances. In connection with this Agreement and the transactions contemplated hereby, the Company and each Member hereby agrees, at the request of the Company or any other Member, to execute and deliver such additional documents, instruments, conveyances and assurances and to take such further actions as may be required to carry out the provisions hereof and give effect to the transactions contemplated hereby.

Section 12.03 Confidentiality.

(a) Each Member acknowledges that during the term of this Agreement, it will have access to and become acquainted with trade secrets, proprietary information and confidential information belonging to the Company and its Affiliates that are not generally known to the public, including, but not limited to, information concerning business plans, financial statements and other information provided pursuant to this Agreement, operating practices and methods, expansion plans, strategic plans, marketing plans, contracts, customer lists or other business documents that the Company treats as confidential, in any format whatsoever (including oral, written, electronic or any other form or medium) (collectively, "**Confidential Information**"). In addition, each Member acknowledges that: (i) the Company has invested, and continues to invest, substantial time, expense and specialized knowledge in developing its Confidential Information; (ii) the Confidential Information provides the Company with a competitive advantage over others in the marketplace; and (iii) the Company would be irreparably harmed if the Confidential Information were disclosed to competitors or made available to the public. Without limiting the applicability of any other agreement to which any Member is subject, no Member shall, directly or indirectly, disclose or use (other than solely for the purposes of such Member monitoring and analyzing its investment in the Company), including, without limitation, use for personal, commercial or proprietary advantage or profit, any Confidential Information of which such Member is or becomes aware. Each Member in possession of Confidential Information shall take all appropriate steps to safeguard such information and to protect it against disclosure, misuse, espionage, loss and theft.

(b) Nothing contained in Section 12.03(a) shall prevent any Member from disclosing Confidential Information: (i) upon the order of any court or administrative agency; (ii) upon the request or demand of any regulatory agency or authority having jurisdiction over such Member; (iii) to the extent compelled by legal process or required or requested pursuant to subpoena, interrogatories or other discovery requests; (iv) to the extent necessary in connection with the exercise of any remedy hereunder; (v) to the other Member; (vi) to such Member's Representatives who, in the reasonable judgment of such

Member, need to know such Confidential Information and agree to be bound by the provisions of this Section 12.03 as if a Member; or (vii) to any potential Permitted Transferee in connection with a proposed Transfer of Membership Interests from such Member, as long as such Transferee agrees to be bound by the provisions of this Section 12.03 as if a Member; *provided*, that in the case of clause (i), (ii) or (iii), such Member shall notify the Company and other Member of the proposed disclosure as far in advance of such disclosure as practicable (but in no event make any such disclosure before notifying the Company and other Member) and use reasonable efforts to ensure that any Confidential Information so disclosed is accorded confidential treatment satisfactory to the Company, when and if available.

(c) The restrictions of Section 12.03(a) shall not apply to Confidential Information that: (i) is or becomes generally available to the public other than as a result of a disclosure by a Member in violation of this Agreement; (ii) is or has been independently developed or conceived by such Member without use of Confidential Information; or (iii) becomes available to such Member or any of its Representatives on a non-confidential basis from a source other than the Company, the other Member or any of their respective Representatives, *provided*, that such source is not known by the receiving Member to be bound by a confidentiality agreement regarding the Company.

(d) The obligations of each Member under this Section 12.03 shall survive (i) the termination, dissolution, liquidation and winding up of the Company, (ii) the withdrawal of such Member from the Company, and (iii) such Member's Transfer of its Membership Interests.

Section 12.04 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 12.04):

If to the Company:

Effingham Pellets, LLC

4930 Planer Road, Effingham, South Carolina 29541

E-mail: todd.bush@cmbiomass.com and jla@cilumber.com

Attention: Todd Bush and Jim Anderson

If to CMB:

CMB Effingham, LLC

708 Main Street, Houston, Texas 77002

E-mail: todd.bush@cmbiomass.com

Attention: Todd Bush

If to Effingham Bio:

Effingham Bio Fuels, LLC
4930 Planer Road, Effingham, South Carolina 29541
E-mail: thomas@cilumber.com
Attention: Thomas Brodie

Section 12.05 Headings. The headings in this Agreement are inserted for convenience or reference only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Agreement or any provision of this Agreement.

Section 12.06 Severability. If any term or provision of this Agreement is held to be invalid, illegal or unenforceable under Applicable Law in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Except as provided in Section 8.03(g), upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 12.07 Entire Agreement. This Agreement, together with the Articles of Organization and all related Exhibits and Schedules, constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter.

Section 12.08 Successors and Assigns. Subject to the restrictions on Transfers set forth herein, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

Section 12.09 No Third-party Beneficiaries. Except as provided in ARTICLE VIII, which shall be for the benefit of and enforceable by Covered Persons as described therein, this Agreement is for the sole benefit of the parties hereto (and their respective heirs, executors, administrators, successors and assigns) and nothing herein, express or implied, is intended to or shall confer upon any other Person, including any creditor of the Company, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 12.10 Amendment. No provision of this Agreement may be amended or modified except by an instrument in writing executed by both of the Members. Any such written amendment or modification will be binding upon the Company and each Member. Notwithstanding the foregoing, amendments to Schedule A following any new issuance, redemption, repurchase or Transfer of Membership Interests in accordance with this Agreement may be made by the Managers without the consent of or execution by the Members.

Section 12.11 Waiver. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified

by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. For the avoidance of doubt, nothing contained in this Section 12.01 shall diminish any of the explicit and implicit waivers described in this Agreement, including in Section 12.14 hereof.

Section 12.12 Governing Law. All issues and questions concerning the application, construction, validity, interpretation and enforcement of this Agreement shall be governed by and construed in accordance with the internal laws of the State of South Carolina, without giving effect to any choice or conflict of law provision or rule (whether of the State of South Carolina or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of Carolina.

Section 12.13 Submission to Arbitration. Any controversy or claim arising out of or relating to this contract, or the breach thereof, or the operation of the Company, shall be settled exclusively by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, in arbitration to be sited in Atlanta, Georgia, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Service of process, summons, notice or other document by registered mail to the address set forth in Section 12.04 shall be effective service of process for any suit, action or other proceeding brought in any such court.

Section 12.14 Waiver of Jury Trial. **Each party hereto hereby acknowledges and agrees that any controversy that may arise under this Agreement is likely to involve complicated and difficult issues and, therefore, each such party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Agreement or the transactions contemplated hereby.**

Section 12.15 Equitable Remedies. Each party hereto acknowledges that a breach or threatened breach by such party of any of its obligations under this Agreement would give rise to irreparable harm to the other parties, for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by such party of any such obligations, each of the other parties hereto shall, in addition to any and all other rights and remedies that may be available to them in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond).

Section 12.16 Attorneys' Fees. In the event that any party hereto institutes any legal suit, action or proceeding, including arbitration, against another party in respect of a matter arising out of or relating to this Agreement, the prevailing party in the suit, action or proceeding shall be entitled to receive, in addition to all other damages to which it may be entitled, the costs incurred by such party in conducting the suit, action or proceeding, including reasonable attorneys' fees and expenses and court costs.

Section 12.17 Remedies Cumulative. The rights and remedies under this Agreement are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise, except to the extent expressly provided in Section 8.02 to the contrary.

Section 12.18 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of Electronic Transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

The Company:

Effingham Pellet, LLC

By:_____

Name: Jim Anderson

Title: Manager

The Members:

CMB EFFINGHAM, LLC

By:_____

Name: Todd Bush

Title: Manager

EFFINGHAM BIO FUELS, LLC

By:_____

Name: Thomas Brodie

Title: Director

SCHEDULE A

MEMBERS SCHEDULE

Member Name and Address	Membership Interest	Initial Capital
CMB Effingham, LLC	50%	$1,500,000.00
Effingham Bio Fuels, LLC	50%	$1,500,000.00
Total:	100%	$3,000,000.00

SCHEDULE B

BUDGET