 IN THE MATTER OF

J. R. Simplot Company – Don Siding Plant
Highway 30 and I-86
Pocatello, Idaho

COMPLIANCE AGREEMENT & VOLUNTARY ORDER

Idaho Code § 39-116A

1. Pursuant to Idaho Environmental Protection and Health Act (EPHA), Idaho Code § 39-116A, the Idaho Department of Environmental Quality (DEQ) enters into this Compliance Agreement and Voluntary Order (Agreement) with J. R. Simplot Company (Simplot), a Nevada Corporation.

2. Simplot owns and operates a fertilizer manufacturing plant in Pocatello, Idaho. The plant is known as the Don Siding Plant (Don Plant), an air pollution source regulated under the EPHA and the Rules for the Control of Air Pollution in Idaho (Rules), IDAPA 58.01.01.001 through 999.

3. Section 172(c)(1) of the Clean Air Act requires state implementation plans for nonattainment areas to implement reasonably available control measures (RACM), including reasonably available control technology (RACT), for existing stationary sources. 42 USC 7502(c)(1).

4. The Don Plant is located within the Portneuf Valley PM10 nonattainment area. The Environmental Protection Agency determined that the Portneuf Valley area met the PM10 standard by the attainment date of December 31, 1996. 67 Fed. Reg. 48552 (July 25, 2002). The State of Idaho is submitting a SIP containing RACT/RACM to EPA to support its request to redesignate the area to attainment under section 107(d)(3) of the Clean Air Act. 42 USC 7407(d)(3).

5. DEQ has determined that the provisions of this Agreement constitute RACT for PM10 emissions and secondary aerosol PM10 emissions of NOx and SOx in light of the attainment needs of the area for the specific sources listed. DEQ's assessment of the RACT documentation is contained in the Reasonably Available Control Technology Analysis.

6. The Don Plant has existing limits in Tier I Operating Permit No. 077-00006, dated April 5, 2004, that are considered RACT for the following sources and pollutants:

   No. 300 Sulfuric Acid Plant: SO2, NOx and NH3
   No. 400 Sulfuric Acid Plant: SO2
   No. 400 Phosphoric Acid Plant: PM10
   Granulation No. 3 Plant: PM10
   Reclaim Cycling Towers: PM10
   B&W Boiler: NOx
   HP&B&W Boiler: NOx

7. In order to resolve this matter without litigation or further controversy, and making no
admission of fact or law, Simplot agrees to the provisions of this Agreement and the following terms and actions which shall be implemented to set RACT limits at the Don Plant.

NO. 300 SULFURIC ACID PLANT

8. Emissions from the No. 300 sulfuric acid plant shall not exceed the emissions limits in Table 1.

Table 1. NO. 300 SULFURIC ACID PLANT EMISSIONS LIMITS

<table>
<thead>
<tr>
<th>Source Description</th>
<th>PM2.5</th>
<th>PM10</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. 300 Sulfuric Acid Plant Stack</td>
<td>Note A</td>
<td>Note A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>24-hour average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note A: Limit shall be set in accordance with condition 9</td>
<td></td>
</tr>
</tbody>
</table>

9. The hourly PM2.5 RACT emissions limit (pounds per hour) for the No. 300 sulfuric acid plant shall be set by conducting five performance tests on the sulfuric acid plant stack. The limit will be determined based on the 95% confidence interval: limit = average of five tests plus 1.96 times the standard deviation of the five tests. The annual PM2.5 RACT limit (tons per year) shall be set by multiplying the pound per hour RACT limit by 8760 hours per year and dividing by 2000 pounds per ton. The first performance test shall be conducted prior to December 30, 2004, and tests shall be conducted annually thereafter. The sum of the emissions measured from Method 5 and 202 shall be considered PM10.

NO. 400 SULFURIC ACID PLANT

10. Emissions from the No. 400 sulfuric acid plant shall not exceed the emissions limits in Table 2.

Table 2. NO. 400 SULFURIC ACID PLANT EMISSIONS LIMITS

<table>
<thead>
<tr>
<th>Source Description</th>
<th>PM2.5</th>
<th>PM10</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. 400 Sulfuric Acid Plant Stack</td>
<td>Note A</td>
<td>Note A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>24-hour average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note A: Limit shall be set in accordance with condition 11</td>
<td></td>
</tr>
</tbody>
</table>

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Note B: Limit shall be set in accordance with condition 12</td>
<td></td>
</tr>
</tbody>
</table>

11. The hourly PM10 RACT emissions limit (pounds per hour) for the No. 400 sulfuric acid plant shall be set by conducting five performance tests on the sulfuric acid plant stack. The limit will be determined based on the 95% confidence interval: limit = average of five tests plus 1.96 times the standard deviation of the five tests. The annual PM10 RACT limit (tons per year) shall be set by multiplying the pound per hour RACT limit by 8760 hours per year and dividing by 2000 pounds per ton. The first performance test shall be conducted prior to December 30, 2004, and tests shall be conducted annually thereafter. The sum of the emissions measured from Method 5 and 202 shall be considered PM10.

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12. The hourly NOx RACT emissions limit (pounds per hour) for the No. 400 sulfuric acid plant shall be set by conducting five performance tests on the sulfuric acid plant stack. The limit will be determined based on the 95% confidence interval: limit = average of five tests plus 1.96 times the standard deviation of the five tests. The annual NOx RACT limit (tons per year) shall be set by multiplying the pound per hour RACT limit by 8760 hours per year and dividing by 2000 pounds per ton. The first performance test shall be conducted prior to December 30, 2004, and tests shall be conducted annually thereafter.

13. The permittee shall monitor and record the production rate of the No. 400 sulfuric acid plant in tons per hour, tons per rolling 24-hour period, and tons per any consecutive 12-month period.

GRANULATION NO. 1 PLANT

14. Emissions from the granulation No. 1 plant shall not exceed the emissions limits in Table 3.

Table 3: GRANULATION NO. 1 PLANT EMISSIONS LIMITS

<table>
<thead>
<tr>
<th>Source Description</th>
<th>PM2.5 Imp.</th>
<th>TSP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reactor/granulator stack</td>
<td>10.9</td>
<td>47.7</td>
</tr>
<tr>
<td>Dry stack</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baghouse stack</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

GRANULATION NO. 2 PLANT

15. Emissions from the granulation No. 2 plant shall not exceed the emissions limits in Table 4.

Table 4: GRANULATION NO. 2 PLANT EMISSIONS LIMITS

<table>
<thead>
<tr>
<th>Source Description</th>
<th>PM2.5 Imp.</th>
<th>TSP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tails gas scrubber stack</td>
<td>10.7</td>
<td>46.9</td>
</tr>
<tr>
<td>Baghouse stack</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

COMPLIANCE AND PERFORMANCE TESTING

16. All testing shall be conducted in accordance with the procedures in IDAPA 58.01.01.157. Without prior DEQ approval, any alternative testing is conducted solely at the permittee's risk. If the permittee fails to obtain prior written approval by DEQ for any testing deviations, DEQ may determine the testing does not satisfy the testing requirements. Therefore, prior to conducting any compliance test, the permittee is strongly encouraged to submit in writing to DEQ, at least 30 days in advance, the following for approval:

- The type of method to be used
- Any extenuating or unusual circumstances regarding the proposed test
- The proposed schedule for conducting and reporting the test

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DEQ REVIEW AND APPROVAL PROCESS

17. All correspondence sent by Simplot to DEQ shall be addressed to:

Tiffany Floyd
Air Quality Manager
Idaho Department of Environmental Quality
Pocatello Regional Office
444 Hospital Way, #306
Pocatello, ID 83201

and a copy shall also be sent to:

Pat Nair
Stationary Source Program Manager
Idaho Department of Environmental Quality
1410 North Hilton
Boise, ID 83706

18. All correspondence sent by DEQ to Simplot shall be addressed to:

Delbert Butler
Plant Manager
J. R. Simplot Company – Don Siding Plant
P.O. Box 912
Pocatello, ID 83204

and a copy shall also be sent to:

Alas Prouty
Director, Environmental & Regulatory Affairs
J. R. Simplot Company
P.O. Box 27
Boise, ID 83707

Terry T. Uhling
Sr. VP, Sec. & Gen. Counsel
J.R. Simplot Company
PO Box 27
Boise, ID 83707

19. This Agreement shall not relieve Simplot from its obligation to comply with any of the provisions of the EPCA, the Rules, any provisions of an air quality permit issued by DEQ to Simplot, or other applicable local, state, or federal law and regulations.

20. Simplot expressly recognizes that failure to comply with the terms of this Agreement may result in a district court action for specific performance of the Agreement, civil penalties, assessment of costs, restraining orders, injunctions and other relief available under law.

21. If any event occurs that causes, or may cause, delay in the achievement of any requirement of this Agreement, Simplot shall notify DEQ in writing within ten days of the date Simplot knew, or should have known, of the delay. Any notice under this paragraph shall describe in detail the anticipated length of the delay, all anticipated consequences of the delay, measures taken by Simplot to prevent or minimize the delay, and a timetable by which those measures shall be implemented. Simplot shall utilize all reasonable measures to avoid or minimize

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any such delay. If DEQ determines that the delay or anticipated delay is achieving any requirements of this Agreement has been or will be caused by circumstances beyond the reasonable control of Simplot, DEQ may grant an extension for a period equal to the length of the delay. The burden of proving that any delay is caused by circumstances beyond the reasonable control of Simplot shall rest wholly with Simplot.

22. The Parties may modify the terms and conditions of this Agreement by a writing signed by both Parties. Any such written modification shall be incorporated into this Agreement and be enforceable as if included herein.

23. The effective date of this Agreement shall be the date of the signature by the Director of the Idaho Department of Environmental Quality.

DATED THIS 13th day of April, 2004

TERRY UPHAM, SENIOR VP, SEC & GENERAL COUNSEL
AUTHORIZED REPRESENTATIVE OF J. R. SIMPLOT COMPANY – DON SIDING PLANT

DATED THIS 16th day of April, 2004

C. STEPHEN ALLRED, DIRECTOR
IDAHO DEPARTMENT OF ENVIRONMENTAL QUALITY

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