



# Oregon

Kate Brown, Governor

Department of Environmental Quality  
Office of Compliance and Enforcement  
700 NE Multnomah Street, Suite 600  
Portland, OR 97232-4100  
(503) 229-5696  
FAX (503) 229-5100  
TTY 711

December 18, 2020

CERTIFIED MAIL: 7018 1830 0000 8294 1688

Columbia 410 LLC  
CHTC, Inc.  
Jacob Crabtree  
4515 NE Elliott Circle  
Corvallis OR 97330

Re: Amended Notice of Civil Penalty Assessment and Order  
Case No. AQ/ACDP-NWR-2020-079

***DEQ is committed to balancing its vital obligation to enforce the law and protect the environment with a consideration of the dramatic disruptions to public health and the economy caused by the COVID-19 outbreak. We understand the outbreak may impact your ability to timely appeal, pay the assessed civil penalty, or comply with this order. You may submit to DEQ documentation identifying whether COVID-19-related disruption affects your ability to comply with this order. Visit our webpage <https://www.oregon.gov/deq/Pages/covid-19.aspx> for more information about documenting specific COVID-19 disruptions your facility may be encountering and how that affects your ability to comply. DEQ will exercise reasonable discretion regarding settlement of this order.***

This letter is to inform you that the Oregon Department of Environmental Quality (DEQ) has amended its original Notice of Civil Penalty Assessment and Order, issued on June 26, 2020 to Columbia 410 LLC, and has added CHTC, Inc. and Jacob Crabtree as respondents (Amended Notice). Under the Amended Notice, DEQ has issued Columbia 410 LLC, CHTC, Inc., and Jacob Crabtree each a civil penalty for operating your hemp drying facility at 410 Industrial Way in Molalla, Oregon, without an Air Contaminant Discharge Permit (ACDP) from DEQ. Therein, DEQ assessed a revised civil penalty of \$196,288 to Columbia 410 LLC, a civil penalty of \$198,786 to CHTC, Inc., and a civil penalty of \$196,288 to Jacob Crabtree. The Amended Notice also cites you without penalty for failing to provide in a reasonably timely manner emission information requested by DEQ.

DEQ amended its Notice and issued this revised penalty because, despite repeated requests, you have refused to obtain an ACDP while continuing your hemp drying operations and emitting criteria pollutants. Operating without an ACDP is a serious violation. Hemp drying emissions contain particulate matter, carbon monoxide, nitrogen oxides (NO<sub>x</sub>), and volatile organic compounds (VOCs) which are criteria pollutants. High NO<sub>x</sub> levels are linked to increased asthma attacks or other respiratory illnesses and cardiovascular related effects. High carbon monoxide levels can cause headaches, increased risk of chest pain for persons with heart disease, and impaired reaction timing. VOCs are associated with odors and can contain chemicals that in large quantities cause nausea,

headaches, fatigue, and eye, nose, and throat irritation. Long-term exposure to PM has been associated with problems such as reduced lung function, the development of chronic bronchitis, and even premature death. Short-term exposure to PM can aggravate lung disease, causing asthma attacks and acute bronchitis, and may also increase susceptibility to respiratory infections. DEQ regulates these emissions through the permitting process to ensure emissions remain below levels that may negatively impact public health and the environment. DEQ has and continues to receive complaints from nearby residents describing offensive odors and visible emissions from your Facility. Only recently, again after DEQ's repeated requests, have you attempted to apply for an ACDP. DEQ found your permit application deficient, described to you in its letter dated October 30, 2020. The original Notice, issued to Columbia 410 LLC, and the contested case was referred to the Office of Administrative Hearings. A hearing is scheduled for May 18-20, 2021.

Included in Section IV of the enclosed Amended Notice is an order requiring you to cease operation of the Facility dryer until you provide the necessary information to DEQ and obtain an ACDP. \$18,088 of the Columbia 410's and Mr. Crabtree's civil penalty (or \$20,586 in the case of CHTC, Inc.) represents the economic benefit gained by failing to apply for an ACDP. If you pay the permit application fees associated with your ACDP application, DEQ will consider recalculating the costs as delayed rather than avoided and will reduce the civil penalty accordingly.

If you wish to appeal this matter, DEQ must receive a request for a hearing within 20 calendar days from your receipt of this letter. The hearing request must be in writing. Send your request to DEQ Office of Compliance and Enforcement:

Via mail – 700 NE Multnomah Street, Suite 600, Portland, Oregon 97232  
Via email – [DEQappeals@deq.state.or.us](mailto:DEQappeals@deq.state.or.us)  
Via fax – 503-229-5100

This Amended Notice does not modify the hearing schedule agreed to by Columbia 410 and DEQ in the parties' December 15, 2020 pre-hearing conference. Should CHTC, Inc. or Jacob Crabtree request a hearing, DEQ intends to refer the matter to the Office of Administrative Hearings and request the hearing also be set for May 18-20, 2021 and otherwise follow the same case schedule applicable to Columbia 410. If DEQ does not receive a timely written hearing request, the penalty will become due. Alternatively, you can pay the penalty by sending a check or money order to the above address.

The attached Amended Notice further details DEQ's reasons for issuing the penalty and provides further instructions for appealing the penalty. Please review and refer to it when discussing this case with DEQ.

DEQ may allow you to resolve part of your penalty through the completion of a Supplemental Environmental Project (SEP). SEPs are environmental improvement projects that you sponsor instead of paying a penalty. Further information is available by calling the number below or at <http://www.oregon.gov/deq/Regulations/Pages/SEP.aspx>.

DEQ's rules are available at <http://www.oregon.gov/deq/Regulations/Pages/Statutes.aspx> or by calling the number below.

Columbia 410 LLC, CHTC, Inc., and Jacob Crabtree  
Case No. AQ/ACDP-NWR-2020-079  
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If you have any questions, please contact Anzie St. Clair at 971-808-7368 or toll free in Oregon at 800-452-4011, extension 5422.

Sincerely,



Kieran O'Donnell, Manager  
Office of Compliance and Enforcement

Enclosures

cc: Owen Rudloff, DEQ, NW Region  
David Graiver, DEQ, NW Region  
JR Giska, DEQ, NW Region  
Steven Dietrich, DEQ  
Keith Johnson, DEQ  
Accounting, DEQ  
Donald Hendrix, AQ, DEQ  
US EPA, Region 10, c/o Katie McClintock,  
1200 Sixth Avenue, Seattle, WA 98101

1 BEFORE THE ENVIRONMENTAL QUALITY COMMISSION

2 OF THE STATE OF OREGON

3	IN THE MATTER OF:	)	
4	COLUMBIA 410 LLC, an Oregon limited	)	FIRST AMENDED NOTICE OF CIVIL
5	liability company, CHTC, INC., a Delaware	)	PENALTY ASSESSMENT AND ORDER
6	corporation, and JACOB CRABTREE, an	)	CASE NO. AQ/ACDP-NWR-2020-079
	individual,	)	
	Respondents.	)	

7 I. AUTHORITY

8 The Department of Environmental Quality (DEQ) issues this First Amended Notice of Civil  
9 Penalty Assessment and Order (Notice) pursuant to Oregon Revised Statutes (ORS) 468.100, ORS  
10 468.126 through 468.140, ORS Chapter 183 and 468A, and Oregon Administrative Rules (OAR) Chapter  
11 340, Divisions 011, 012, 200, 212, 216, and 245.

12 II. FINDINGS OF FACT

- 13 1. At all material times, Respondent Columbia 410 is an Oregon limited liability company.
- 14 2. At all material times, Respondent CHTC, Inc. is a Delaware corporation licensed to do  
15 business in Oregon. CHTC Inc. is the sole member of Columbia 410 LLC.
- 16 3. At all material times, Respondent Jacob Crabtree is the president, CEO, secretary, and  
17 registered agent of CHTC Inc.
- 18 4. At all material times, Respondent Jacob Crabtree is the registered agent of Columbia 410  
19 LLC.
- 20 5. Columbia 410 LLC, CHTC Inc., and Jacob Crabtree (collectively, "Respondents") do  
21 business as the Columbia Hemp Trading Company.
- 22 6. From on or about May 1, 2019 through to the date of this Notice, Respondent Columbia 410  
23 has owned a manufacturing facility located at 410 Industrial Way in Molalla, Clackamas County,  
24 Oregon (the Facility) which includes a building that houses a Hauck 28.6 MMBtu/hr natural gas direct-  
25 fired rotary drum dryer (the Hauck dryer) and an Eclipse 2.4 MMBtu/hr natural gas-fired dryer (the  
26 Eclipse dryer).

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1 7. Before Columbia 410 purchased the Facility, it was used by a prior owner, Stutzman  
2 Environmental Products Inc. (Stutzman), to manufacture paper products and dry wood pulp, classified  
3 as Standard Industrial Classification (SIC) code 2679. Stutzman's operations were covered under a  
4 Simple Air Contaminant Discharge Permit (ACDP), issued by DEQ. DEQ terminated Stutzman's  
5 ACDP on or about November 12, 2019.

6 8. From on or about October 3, 2019 through to the date of this Notice, Respondents have  
7 operated the Facility to store, process, and dry hemp, classified under SIC code 0723. As a part of their  
8 drying process, Respondents heat hemp to approximately 200 degrees Fahrenheit using the Hauck  
9 dryer. Respondents vent emissions from the Hauck dryer up through a stack. Respondents also have a  
10 pelletizer connected to the Eclipse dryer at the Facility. Since Columbia 410 purchased the Facility  
11 from Stutzman, Respondents have physically changed the Facility, including the type of material stored  
12 and dried, the drying and ancillary equipment, and hours of operation. Respondent Jacob Crabtree  
13 personally oversees the operation and environmental compliance of the Facility.

14 9. The Facility, as operated by Respondents, emits and is capable of emitting nitrogen oxides,  
15 carbon monoxide, particulate matter (PM), and volatile organic compounds (VOCs).

16 10. Based upon 24-hour operations 365 days per year (8,760 annual hours), the Hauck dryer and  
17 the Eclipse dryer together emit nitrogen oxides at a rate of 10 or more tons per year (tpy), and carbon  
18 monoxide at a rate of 10 or more tpy.

19 11. Mechanically drying hemp, i.e., heating it with a burner, releases PM and VOCs. These  
20 VOCs are a source of odors.

21 12. On January 16, 2020, DEQ inspected the Facility and observed its conditions and  
22 operations.

23 13. On January 16, 2020, during Respondents' hemp drying process, visible emissions exited  
24 the stack into the air.

25 14. On or about February 11, 2020, DEQ informed Respondents that an air contaminant  
26 discharge permit (ACDP) was required for the operation of the Facility's mechanical drying equipment

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1 and requested that Respondent submit a complete Simple ACDP application, which includes submitting  
2 information about the Facility's emissions.

3 15. On or about March 12, 2020, Respondents paused their mechanical drying operation but  
4 planned to resume in late summer or fall of 2020.

5 16. On June 26, 2020, DEQ issued its Notice of Civil Penalty Assessment and Order, which  
6 included an order for Respondent Columbia 410 to obtain a Simple ACDP before operating and  
7 provided an opportunity for a contested case hearing. Respondents CHTC Inc. and Jacob Crabtree also  
8 received the Notice. Respondent Columbia 410 requested a hearing.

9 17. On or about September 18, 2020, Respondents resumed their mechanical drying operation,  
10 including operation of the Hauck dryer.

11 18. On or about October 20, 2020, Respondents submitted an incomplete application for an  
12 ACDP.

13 19. On October 30, 2020, DEQ sent a letter to Respondents, notifying them that their ACDP  
14 application was incomplete and requested additional emission information, as well as the payment of  
15 permit fees and a land use compatibility statement (LUCS).

16 20. As of the date of this Notice, Respondents have not submitted to DEQ a complete  
17 application for an ACDP, have not submitted information requested by DEQ, and have not performed a  
18 source test to measure Facility emissions, including for PM and VOCs.

19 21. Since Respondents began operating the Facility, DEQ and the City of Molalla have received  
20 numerous odor complaints from approximately 27 different people living in the vicinity of the Facility.  
21 Complaints describe strong odor, nausea, headaches, and vomiting.

### 22 III. CONCLUSIONS

#### 23 **All Respondents**

24 1. Nitrogen oxides, carbon monoxide, PM, and VOCs from the Facility are "air contaminants"  
25 as defined by OAR 340-200-0020(8), are "criteria pollutants" as defined by OAR 340-200-0020(36),  
26 and are "regulated pollutants" as defined by OAR 340-200-0020(134)(a).

27 2. The Facility is a "source" as defined in OAR 340-200-0020(166).

1 3. The Facility is a “stationary source” as defined in OAR 340-200-0020(173).

2 4. The Facility is a “new source” as defined in OAR 340-245-0020(33) by and through OAR 340-  
3 245-0020(20), OAR 340-200-0020(28), OAR 340-200-0020(31), and OAR 340-200-0020(166).

4 **Columbia 410 LLC**

5 5. From on or about October 3, 2019 and ongoing as of the date of this Amended Notice,  
6 Respondent Columbia 410 has violated OAR 340-216-0020(3) by operating an air contaminant source  
7 listed in OAR 340-216-8010, table 1, part B, #85 without first obtaining an Air Contaminant Discharge  
8 Permit (ACDP) from DEQ, as described in Section II above. Specifically, the Facility would have  
9 actual emissions if the source were to operate uncontrolled of 10 or more tons per year of nitrogen  
10 oxide and carbon monoxide, both criteria pollutants. These are Class II violations, according to OAR  
11 340-012-0054(2)(a). DEQ hereby assesses a \$196,288 civil penalty for these violations.

12 6. From on or about February 11, 2020 and ongoing as of the date of this Amended Notice,  
13 Respondent Columbia 410 has violated OAR 340-214-0110 by failing to provide in a reasonably timely  
14 manner emission information requested by DEQ necessary to issue a permit and ascertain compliance  
15 with air quality laws, as described in Section II above. These are Class II violations, according to OAR  
16 340-012-0053(2) as they are not otherwise classified. DEQ has not assessed a civil penalty for these  
17 violations but reserves its ability to do so.

18 **CHTC, Inc.**

19 7. From on or about October 3, 2019 and ongoing as of the date of this Amended Notice,  
20 Respondent CHTC, Inc. has violated OAR 340-216-0020(3) by operating an air contaminant source  
21 listed in OAR 340-216-8010, table 1, part B, #85 without first obtaining an Air Contaminant Discharge  
22 Permit (ACDP) from DEQ, as described in Section II above. Specifically, the Facility would have  
23 actual emissions if the source were to operate uncontrolled of 10 or more tons per year of nitrogen  
24 oxide and carbon monoxide, both criteria pollutants. These are Class II violations, according to OAR  
25 340-012-0054(2)(a). DEQ hereby assesses a \$198,786 civil penalty for these violations.

26 8. From on or about February 11, 2020 and ongoing as of the date of this Amended Notice,  
27 Respondent CHTC Inc. has violated OAR 340-214-0110 by failing to provide in a reasonably timely

1 manner emission information requested by DEQ necessary to issue a permit and ascertain compliance  
2 with air quality laws, as described in Section II above. These are Class II violations, according to OAR  
3 340-012-0053(2) as they are not otherwise classified. DEQ has not assessed a civil penalty for these  
4 violations but reserves its ability to do so.

5 **Jacob Crabtree**

6 9. From on or about October 3, 2019 and ongoing as of the date of this Amended Notice,  
7 Respondent Jacob Crabtree has violated OAR 340-216-0020(3) by operating an air contaminant source  
8 listed in OAR 340-216-8010, table 1, part B, #85 without first obtaining an Air Contaminant Discharge  
9 Permit (ACDP) from DEQ, as described in Section II above. Specifically, the Facility would have  
10 actual emissions if the source were to operate uncontrolled of 10 or more tons per year of nitrogen  
11 oxide and carbon monoxide, both criteria pollutants. These are Class II violations, according to OAR  
12 340-012-0054(2)(a). DEQ hereby assesses a \$196,288 civil penalty for these violations.

13 10. From on or about February 11, 2020 and ongoing as of the date of this Amended Notice,  
14 Respondent Jacob Crabtree has violated OAR 340-214-0110 by failing to provide in a reasonably  
15 timely manner emission information requested by DEQ necessary to issue a permit and ascertain  
16 compliance with air quality laws, as described in Section II above. These are Class II violations,  
17 according to OAR 340-012-0053(2) as they are not otherwise classified. DEQ has not assessed a civil  
18 penalty for these violations but reserves its ability to do so.

19 **IV. ORDER TO PAY CIVIL PENALTY AND TO COMPLY**

20 Based upon the foregoing FINDINGS OF FACTS AND CONCLUSIONS, it is hereby  
21 ORDERED that:

22 1. Respondent Columbia 410 LLC pay a total civil penalty of \$196,288. The determination of the  
23 civil penalty is attached as Amended Exhibit 1 and is incorporated as part of this Amended Notice.

24 2. Respondent CHTC Inc. pay a total civil penalty of \$198,786. The determination of the civil  
25 penalty is attached as Exhibit 2 and is incorporated as part of this Amended Notice.

26 3. Respondent Jacob Crabtree pay a total civil penalty of \$196,288. The determination of the civil  
27 penalty is attached as Exhibit 3 and is incorporated as part of this Amended Notice.



1 If you do not file a request for hearing as set forth in Section V below, your check or money  
2 order must be made payable to "**State Treasurer, State of Oregon**" and sent to the **DEQ, Business**  
3 **Office, 700 NE Multnomah Street, Suite 600, Portland, Oregon 97232.**

4 4. Immediately upon this order becoming final by operation of law or on appeal, cease  
5 mechanical drying operations unless and until either Columbia 410 LLC, CHTC Inc., or Jacob Crabtree  
6 obtains a Simple ACDP from DEQ for the Facility. A complete Simple ACDP application can be sent  
7 to DEQ, Attn: Owen Rudloff, 700 NE Multnomah St, Suite 600, Portland, OR 97232-4100. For the  
8 ACDP application to be considered complete, it must include a Cleaner Air Oregon risk assessment for  
9 a new or reconstructed source described in OAR 340-245-0050(2), a Land Use Compatibility Statement  
10 (LUCS), a source test protocol in accordance with OAR 340-212-0120(3) and 340-200-0035 with a  
11 proposed completion date, and a complete list of emission units at the Facility. To secure and maintain  
12 ACDP coverage and without limiting other requirements imposed by DEQ, Respondent or Respondents  
13 must perform a source test on their Hauck dryer for PM, VOCs, and toxic air contaminants.

#### 14 V. NOTICE OF RIGHT TO REQUEST A CONTESTED CASE HEARING

15 You have a right to a contested case hearing on this Notice, if you request one in writing. DEQ  
16 must receive your request for hearing **within 20 calendar days** from the date you receive this Notice. If  
17 you have any affirmative defenses or wish to dispute any allegations of fact in this Notice or attached  
18 exhibits, you must do so in your request for hearing, as factual matters not denied will be considered  
19 admitted, and failure to raise a defense will be a waiver of the defense. (See OAR 340-011-0530 for  
20 further information about requests for hearing.) You must send your request to: **DEQ, Office of**  
21 **Compliance and Enforcement, 700 NE Multnomah Street, Suite 600, Portland, Oregon 97232**, fax  
22 it to **503-229-5100** or email it to [DEQappeals@deq.state.or.us](mailto:DEQappeals@deq.state.or.us). An administrative law judge  
23 employed by the Office of Administrative Hearings will conduct the hearing, according to ORS  
24 Chapter 183, OAR Chapter 340, Division 011 and OAR 137-003-0501 to 0700. You have a right to be  
25 represented by an attorney at the hearing, however you are not required to be. If you are an individual,  
26 you may represent yourself. If you are a corporation, partnership, limited liability company,


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1 unincorporated association, trust or government body, you must be represented by an attorney or a duly  
2 authorized representative, as set forth in OAR 137-003-0555.

3 Active duty Service members have a right to stay proceedings under the federal Service  
4 Members Civil Relief Act. For more information contact the Oregon State Bar at 1-800-  
5 452-8260, the Oregon Military Department at 503-584-3571, or the nearest United States Armed  
6 Forces Legal Assistance Office through <http://legalassistance.law.af.mil>. The Oregon Military  
7 Department does not have a toll free telephone number.

8 If you fail to file a timely request for hearing, the Notice will become a final order by default  
9 without further action by DEQ, as per OAR 340-011-0535(1). If you do request a hearing but later  
10 withdraw your request, fail to attend the hearing or notify DEQ that you will not be attending the  
11 hearing, DEQ will issue a final order by default pursuant to OAR 340-011-0535(3). DEQ designates  
12 the relevant portions of its files, including information submitted by you, as the record for purposes of  
13 proving a prima facie case.

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17 12/18/2020  
18 Date

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18 Kieran O'Donnell, Manager  
19 Office of Compliance and Enforcement  
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FIRST AMENDED EXHIBIT 1  
RESPONDENT COLUMBIA 410 LLC

FINDINGS AND DETERMINATION OF RESPONDENT'S CIVIL PENALTY  
PURSUANT TO OREGON ADMINISTRATIVE RULE (OAR) 340-012-0045

VIOLATION: Operating an air contaminant source listed in OAR 340-216-8010 without first obtaining an ACDP from DEQ.

CLASSIFICATION: This is a Class II violation pursuant to OAR 340-012-0054(2)(a).

MAGNITUDE: The magnitude of the violation is moderate pursuant to OAR 340-012-0130(1), as there is no selected magnitude specified in OAR 340-012-0135 applicable to this violation, and the information reasonably available to DEQ does not indicate a minor or major magnitude.

CIVIL PENALTY FORMULA: The formula for determining the amount of penalty of each violation is:  $BP + [(0.1 \times BP) \times (P + H + O + M + C)] + EB$

"BP" is the base penalty, which is \$2,000 for a Class II, moderate magnitude violation in the \$8,000 penalty matrix listed in OAR 340-012-0140(3)(b)(B)(ii) and applicable pursuant to OAR 340-012-0140(3)(a)(A) because Respondent Columbia 410 violated an air quality rule and should have had an ACDP permit. Pursuant to OAR 340-012-0160(1), DEQ increases the base penalty to the next highest penalty matrix, the \$12,000 penalty matrix, which is \$3,000 for a Class II, moderate magnitude violation listed in OAR 340-012-0140(2)(b)(B)(ii) as Respondent Columbia 410 has continued to operate despite multiple requests from DEQ to cease operations before an ACDP is obtained.

"P" is whether Respondent has any prior significant actions, as defined in OAR 340-012-0030(19), in the same media as the violation at issue that occurred at a facility owned or operated by the same Respondent, and receives a value of 0 according to OAR 340-012-0145(2)(a)(A), because there are no prior significant actions.

"H" is Respondent's history of correcting prior significant actions, and receives a value of 0 according to OAR 340-012-0145(3)(c) because there is no prior history.

"O" is whether the violation was repeated or ongoing, and receives a value of 0 according to OAR 340-012-0145(4)(e) because DEQ elects to assess separate penalties for each occurrence of a violation as described below.

"M" is the mental state of the Respondent, and receives a value of 10 according to OAR 340-012-0145(5)(e) because Respondent Columbia 410 acted or failed to act flagrantly. "Flagrant" means the Respondent had actual knowledge that the conduct was unlawful and consciously set out to commit the violation. Operation of the Hauck dryer to process hemp results in visible emissions into the air. On October 23, 2019, Respondent CHTC and Jacob Crabtree

stated they were aware of complaints by citizens of the City of Molalla about odors from its hemp drying operation. On or about January 3, 2020, an employee of Columbia 410 or CHTC inquired with DEQ about the status of the Stutzman ACDP and permitting requirements but did not submit a permit application. On or about January 16, 2020, DEQ inspected the Facility. On February 11, 2020, DEQ sent Columbia 410 and Jacob Crabtree a Pre-Enforcement Notice letter, requesting that the Facility obtain an ACDP before operating. On June 26, 2020, DEQ issued a Notice of Civil Penalty Assessment and Order to Columbia 410 and its registered agent, Jacob Crabtree, ordering Respondent Columbia 410 to apply for an ACDP before operating. On September 18, 2020, Respondents' Facility resumed operating its mechanical dryers and continues to do so as of the date of this Notice. Later that day, DEQ sent a letter to Jacob Crabtree and Columbia 410 requesting that Respondents obtain an ACDP before operating and stated that continued operation was unlawful and may result in additional civil penalties. On October 1, 2020, DEQ reiterated its request in an email to Columbia 410's and CHTC's attorneys that Respondents obtain an ACDP before operating. On October 16, 2020, DEQ referred the case to the Office of Administrative Hearings and in an email to Columbia 410's and CHTC's attorney requested that Columbia 410 and CHTC Inc. not operate until obtaining an ACDP. Respondents did not submit an ACDP application form until on or about October 20, 2020. The application was submitted under a cover letter signed by "Columbia 410, LLC[,] Mr. Jacob Crabtree[,] Chief Executive Officer" and contained the DEQ Application Form AQ101 which stated the company was "CHTC, Inc. dba: Columbia Hemp Trading Co." and the facility name was "Columbia 410 LLC." However, the application was incomplete. On October 30, 2020, DEQ sent a letter to Respondents, notifying them that their permit application was incomplete and that continued operation of the Facility without an ACDP was unlawful, as it did not include a land use compatibility statement, requisite emissions information, or payment of fees. As of the date of this First Amended Notice, Respondents continue to operate without an ACDP.

"C" is Respondent's efforts to correct or mitigate the violation, and receives a value of 2 according to OAR 340-012-0145(6)(g) because Respondent Columbia 410 did not address the violation as described in paragraphs (6)(a) through (6)(e) and the facts do not support a finding under paragraph (6)(f). To date, Respondent has not submitted a complete ACDP application to DEQ.

"EB" is the approximate dollar value of the benefit gained and the costs avoided or delayed as a result of the Respondent's noncompliance. It is designed to "level the playing field" by taking away any economic advantage the entity gained and to deter potential violators from deciding it is cheaper to violate and pay the penalty than to pay the costs of compliance. In this case, "EB" receives a value of \$18,088. This is the amount Respondent Columbia 410 gained by avoiding spending at least \$27,038.22 to obtain an ACDP for the Facility,

including paying the initial permit application fees<sup>1</sup> and the annual fees<sup>2</sup>. This “EB” was calculated pursuant to OAR 340-012-0150(1) using the U.S. Environmental Protection Agency’s BEN computer model.

PENALTY CALCULATION:  $\text{Penalty} = \text{BP} + [(0.1 \times \text{BP}) \times (\text{P} + \text{H} + \text{O} + \text{M} + \text{C})] + \text{EB}$   
=  $\$3,000 + [(0.1 \times \$3,000) \times (0 + 0 + 0 + 10 + 2)] + \$18,088$   
=  $\$3,000 + (\$300 \times 12) + \$18,088$   
=  $\$3,000 + \$3,600 + \$18,088$   
=  $\$6,600^* + \$18,088$

\* Pursuant to ORS 468.140(2), each day of violation constitutes a separate violation. Pursuant to OAR 340-012-0145(e), DEQ assesses separate penalties for these violations. Respondent Columbia 410 LLC operated without an ACDP at least once each week for 27 weeks between on or about October 3, 2019 through to the date of this First Amended Notice. This amounts to a total of at least 27 occurrences of the violation. Columbia 410’s total civil penalty is calculated by multiplying the amount of penalty for a single violation, \$6,600, by the number of violations (27), plus the “EB” Respondent gained through its violation, \$18,088, for a final penalty of \$196,288.

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<sup>1</sup> Initial application fees include the simple ACDP permit application fee (\$7,200), the Cleaner Air Oregon (CAO) supplemental fee (\$1,136), the CAO new source consulting fee (\$1,900).

<sup>2</sup> Annual fees include payments in 2019 for the 2019 annual ACDP permit fee, prorated (\$1,136.22), the 2020 annual ACDP permit fee (\$4,608), and the CAO annual fee (\$1,612), and payments in 2020 for the 2021 annual ACDP permit fee (\$7,834) and the CAO annual fee (\$1,612).

EXHIBIT 2  
RESPONDENT CHTC, INC.

FINDINGS AND DETERMINATION OF RESPONDENT'S CIVIL PENALTY  
PURSUANT TO OREGON ADMINISTRATIVE RULE (OAR) 340-012-0045

VIOLATION: Operating an air contaminant source listed in OAR 340-216-8010 without first obtaining an ACDP from DEQ.

CLASSIFICATION: This is a Class II violation pursuant to OAR 340-012-0054(2)(a).

MAGNITUDE: The magnitude of the violation is moderate pursuant to OAR 340-012-0130(1), as there is no selected magnitude specified in OAR 340-012-0135 applicable to this violation, and the information reasonably available to DEQ does not indicate a minor or major magnitude.

CIVIL PENALTY FORMULA: The formula for determining the amount of penalty of each violation is:  $BP + [(0.1 \times BP) \times (P + H + O + M + C)] + EB$

"BP" is the base penalty, which is \$2,000 for a Class II, moderate magnitude violation in the \$8,000 penalty matrix listed in OAR 340-012-0140(3)(b)(B)(ii) and applicable pursuant to OAR 340-012-0140(3)(a)(A) because Respondent CHTC, Inc. violated an air quality rule and should have had an ACDP permit. Pursuant to OAR 340-012-0160(1), DEQ increases the base penalty to the next highest penalty matrix, the \$12,000 penalty matrix, which is \$3,000 for a Class II, moderate magnitude violation listed in OAR 340-012-0140(2)(b)(B)(ii) as Respondent CHTC, Inc. has continued to operate despite multiple requests from DEQ to cease operations before an ACDP is obtained.

"P" is whether Respondent has any prior significant actions, as defined in OAR 340-012-0030(19), in the same media as the violation at issue that occurred at a facility owned or operated by the same Respondent, and receives a value of 0 according to OAR 340-012-0145(2)(a)(A), because there are no prior significant actions.

"H" is Respondent's history of correcting prior significant actions, and receives a value of 0 according to OAR 340-012-0145(3)(c) because there is no prior history.

"O" is whether the violation was repeated or ongoing, and receives a value of 0 according to OAR 340-012-0145(4)(e) because DEQ elects to assess separate penalties for each occurrence of a violation as described below.

"M" is the mental state of the Respondent, and receives a value of 10 according to OAR 340-012-0145(5)(e) because Respondent CHTC, Inc. acted or failed to act flagrantly. "Flagrant" means the Respondent had actual knowledge that the conduct was unlawful and consciously set out to commit the violation. Operation of the Hauck dryer to process hemp results in visible emissions into the air. On October 23, 2019, CHTC, Inc. and Jacob Crabtree stated

they were aware of complaints by citizens of the City of Molalla about odors from its hemp drying operation. On or about January 3, 2020, an employee of Columbia 410 or CHTC inquired with DEQ about the status of the Stutzman ACDP and permitting requirements but did not submit a permit application. On or about January 16, 2020, DEQ inspected the Facility. On February 11, 2020, DEQ sent Columbia 410 and Jacob Crabtree a Pre-Enforcement Notice letter, requesting that the Facility obtain an ACDP before operating. On June 26, 2020, DEQ issued a Notice of Civil Penalty Assessment and Order to Columbia 410 and its registered agent, Jacob Crabtree, ordering Respondent Columbia 410 to apply for an ACDP before operating. On September 18, 2020, Respondents' Facility resumed operating its mechanical dryers and continues to do so as of the date of this Notice. Later that day, DEQ sent a letter to Jacob Crabtree and Columbia 410 requesting that Respondents obtain an ACDP before operating and stated that continued operation was unlawful and may result in additional civil penalties. On October 1, 2020, DEQ reiterated its request in an email to Columbia 410's and CHTC's attorneys that Respondents obtain an ACDP before operating. On October 16, 2020, DEQ referred the case to the Office of Administrative Hearings and in an email to Columbia 410's and CHTC's attorney requested that Columbia 410 and CHTC Inc. not operate until obtaining an ACDP. Respondents did not submit an ACDP application form until on or about October 20, 2020. The application was submitted under a cover letter signed by "Columbia 410, LLC[,] Mr. Jacob Crabtree[,] Chief Executive Officer" and contained the DEQ Application Form AQ101 which stated the company was "CHTC, Inc. dba: Columbia Hemp Trading Co." and the facility name was "Columbia 410 LLC." However, the application was incomplete. On October 30, 2020, DEQ sent a letter to Respondents, notifying them that their permit application was incomplete and that continued operation of the Facility without an ACDP was unlawful, as it did not include a land use compatibility statement, requisite emissions information, or payment of fees. As of the date of this First Amended Notice, Respondents continue to operate without an ACDP.

"C" is Respondent's efforts to correct or mitigate the violation, and receives a value of 2 according to OAR 340-012-0145(6)(g) because Respondent CHTC, Inc. did not address the violation as described in paragraphs (6)(a) through (6)(e) and the facts do not support a finding under paragraph (6)(f). To date, Respondent has not submitted a complete ACDP application to DEQ.

"EB" is the approximate dollar value of the benefit gained and the costs avoided or delayed as a result of the Respondent's noncompliance. It is designed to "level the playing field" by taking away any economic advantage the entity gained and to deter potential violators from deciding it is cheaper to violate and pay the penalty than to pay the costs of compliance. In this case, "EB" receives a value of \$20,586. This is the amount Respondent CHTC, Inc. gained by avoiding spending at least \$27,038.22 to obtain an ACDP for the Facility,

including paying the initial application fees<sup>1</sup> and the annual fees<sup>2</sup>. This “EB” was calculated pursuant to OAR 340-012-0150(1) using the U.S. Environmental Protection Agency’s BEN computer model.

PENALTY CALCULATION:  $Penalty = BP + [(0.1 \times BP) \times (P + H + O + M + C)] + EB$   
 $= \$3,000 + [(0.1 \times \$3,000) \times (0 + 0 + 0 + 10 + 2)] + \$20,586$   
 $= \$3,000 + (\$300 \times 12) + \$20,586$   
 $= \$3,000 + \$3,600 + \$20,586$   
 $= \$6,600* + \$20,586$

\* Pursuant to ORS 468.140(2), each day of violation constitutes a separate violation. Pursuant to OAR 340-012-0145(e), DEQ assesses separate penalties for these violations. Respondent CHTC, Inc. operated without an ACDP at least once each week for 27 weeks between on or about October 3, 2019 through to the date of this First Amended Notice. This amounts to a total of at least 27 occurrences of the violation. CHTC, Inc.’s total civil penalty is calculated by multiplying the amount of penalty for a single violation, \$6,600, by the number of violations (27), plus the “EB” Respondent gained through its violation, \$20,586, for a final penalty of \$198,786.

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<sup>1</sup> Initial application fees include the simple ACDP permit application fee (\$7,200), the Cleaner Air Oregon (CAO) supplemental fee (\$1,136), the CAO new source consulting fee (\$1,900).

<sup>2</sup> Annual fees include payments in 2019 for the 2019 annual ACDP permit fee, prorated (\$1,136.22), the 2020 annual ACDP permit fee (\$4,608), and the CAO annual fee (\$1,612), and payments in 2020 for the 2021 annual ACDP permit fee (\$7,834) and the CAO annual fee (\$1,612).



EXHIBIT 3  
RESPONDENT JACOB CRABTREE

FINDINGS AND DETERMINATION OF RESPONDENT'S CIVIL PENALTY  
PURSUANT TO OREGON ADMINISTRATIVE RULE (OAR) 340-012-0045

VIOLATION: Operating an air contaminant source listed in OAR 340-216-8010 without first obtaining an ACDP from DEQ.

CLASSIFICATION: This is a Class II violation pursuant to OAR 340-012-0054(2)(a).

MAGNITUDE: The magnitude of the violation is moderate pursuant to OAR 340-012-0130(1), as there is no selected magnitude specified in OAR 340-012-0135 applicable to this violation, and the information reasonably available to DEQ does not indicate a minor or major magnitude.

CIVIL PENALTY FORMULA: The formula for determining the amount of penalty of each violation is:  $BP + [(0.1 \times BP) \times (P + H + O + M + C)] + EB$

"BP" is the base penalty, which is \$2,000 for a Class II, moderate magnitude violation in the \$8,000 penalty matrix listed in OAR 340-012-0140(3)(b)(B)(ii) and applicable pursuant to OAR 340-012-0140(3)(a)(A) because Respondent Jacob Crabtree violated an air quality rule and should have had an ACDP permit. Pursuant to OAR 340-012-0160(1), DEQ increases the base penalty to the next highest penalty matrix, the \$12,000 penalty matrix, which is \$3,000 for a Class II, moderate magnitude violation listed in OAR 340-012-0140(2)(b)(B)(ii) as Respondent Jacob Crabtree has continued to operate despite multiple requests from DEQ to cease operations before an ACDP is obtained.

"P" is whether Respondent has any prior significant actions, as defined in OAR 340-012-0030(19), in the same media as the violation at issue that occurred at a facility owned or operated by the same Respondent, and receives a value of 0 according to OAR 340-012-0145(2)(a)(A), because there are no prior significant actions.

"H" is Respondent's history of correcting prior significant actions, and receives a value of 0 according to OAR 340-012-0145(3)(c) because there is no prior history.

"O" is whether the violation was repeated or ongoing, and receives a value of 0 according to OAR 340-012-0145(4)(e) because DEQ elects to assess separate penalties for each occurrence of a violation as described below.

"M" is the mental state of the Respondent, and receives a value of 10 according to OAR 340-012-0145(5)(e) because Respondent Jacob Crabtree acted or failed to act flagrantly. "Flagrant" means the Respondent had actual knowledge that the conduct was unlawful and consciously set out to commit the violation. Operation of the Hauck dryer to process hemp results in visible emissions into the air. On October 23, 2019, CHTC, Inc. and Jacob Crabtree stated

they were aware of complaints by citizens of the City of Molalla about odors from its hemp drying operation. On or about January 3, 2020, an employee of Columbia 410 or CHTC inquired with DEQ about the status of the Stutzman ACDP and permitting requirements but did not submit a permit application. On or about January 16, 2020, DEQ inspected the Facility. On February 11, 2020, DEQ sent Columbia 410 and Jacob Crabtree a Pre-Enforcement Notice letter, requesting that the Facility obtain an ACDP before operating. On June 26, 2020, DEQ issued a Notice of Civil Penalty Assessment and Order to Columbia 410 and its registered agent, Jacob Crabtree, ordering Respondent Columbia 410 to apply for an ACDP before operating. On September 18, 2020, Respondents' Facility resumed operating its mechanical dryers and continues to do so as of the date of this Notice. Later that day, DEQ sent a letter to Jacob Crabtree and Columbia 410 requesting that Respondents obtain an ACDP before operating and stated that continued operation was unlawful and may result in additional civil penalties. On October 1, 2020, DEQ reiterated its request in an email to Columbia 410's and CHTC's attorneys that Respondents obtain an ACDP before operating. On October 16, 2020, DEQ referred the case to the Office of Administrative Hearings and in an email to Columbia 410's and CHTC's attorney requested that Columbia 410 and CHTC Inc. not operate until obtaining an ACDP. Respondents did not submit an ACDP application form until on or about October 20, 2020. The application was submitted under a cover letter signed by "Columbia 410, LLC[,] Mr. Jacob Crabtree[,] Chief Executive Officer" and contained the DEQ Application Form AQ101 which stated the company was "CHTC, Inc. dba: Columbia Hemp Trading Co." and the facility name was "Columbia 410 LLC." However, the application was incomplete. On October 30, 2020, DEQ sent a letter to Respondents, notifying them that their permit application was incomplete and that continued operation of the Facility without an ACDP was unlawful, as it did not include a land use compatibility statement, requisite emissions information, or payment of fees. As of the date of this First Amended Notice, Respondents continue to operate without an ACDP.

"C" is Respondent's efforts to correct or mitigate the violation, and receives a value of 2 according to OAR 340-012-0145(6)(g) because Respondent Jacob Crabtree did not address the violation as described in paragraphs (6)(a) through (6)(e) and the facts do not support a finding under paragraph (6)(f). To date, Respondent has not submitted a complete ACDP application to DEQ.

"EB" is the approximate dollar value of the benefit gained and the costs avoided or delayed as a result of the Respondent's noncompliance. It is designed to "level the playing field" by taking away any economic advantage the entity gained and to deter potential violators from deciding it is cheaper to violate and pay the penalty than to pay the costs of compliance. In this case, "EB" receives a value of \$18,088. This is the amount Respondent Columbia 410 gained by avoiding spending at least \$27,038.22 to obtain an ACDP for the Facility,

including paying the initial permit application fees<sup>1</sup> and the annual fees<sup>2</sup>. This “EB” was calculated pursuant to OAR 340-012-0150(1) using the U.S. Environmental Protection Agency’s BEN computer model.

PENALTY CALCULATION:  $\text{Penalty} = \text{BP} + [(0.1 \times \text{BP}) \times (\text{P} + \text{H} + \text{O} + \text{M} + \text{C})] + \text{EB}$   
= \$3,000 + [(0.1 x \$3,000) x (0 + 0 + 0 + 10 + 2)] + \$18,088  
= \$3,000 + (\$300 x 12) + \$18,088  
= \$3,000 + \$3,600 + \$18,088  
= \$6,600\* + \$18,088

\* Pursuant to ORS 468.140(2), each day of violation constitutes a separate violation. Pursuant to OAR 340-012-0145(e), DEQ assesses separate penalties for these violations. Respondent Jacob Crabtree operated without an ACDP at least once each week for 27 weeks between on or about October 3, 2019 through to the date of this First Amended Notice. This amounts to a total of at least 27 occurrences of the violation. Jacob Crabtree’s total civil penalty is calculated by multiplying the amount of penalty for a single violation, \$6,600, by the number of violations (27), plus the “EB” Respondent gained through its violation, \$18,088, for a final penalty of \$196,288.

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<sup>1</sup> Initial application fees include the simple ACDP permit application fee (\$7,200), the Cleaner Air Oregon (CAO) supplemental fee (\$1,136), the CAO new source consulting fee (\$1,900).

<sup>2</sup> Annual fees include payments in 2019 for the 2019 annual ACDP permit fee, prorated (\$1,136.22), the 2020 annual ACDP permit fee (\$4,608), and the CAO annual fee (\$1,612), and payments in 2020 for the 2021 annual ACDP permit fee (\$7,834) and the CAO annual fee (\$1,612).