Department of Environmental Quality

Memorandum

Date:

Nov. 23, 2015

To:

Environmental Quality Commission

Dick Pedersen, Director

From:

Subject:

Agenda item C, Action item: Final Order in Contested Case No. LQ/SW-ER-11-108 regarding Kinzua Resources, LLC; ATR Services, Inc.; Frontier Resources,

Inc.; and Gregory M. Demers Dec. 9-10, 2015, EQC meeting

Background

On Aug. 13, 2015, EQC heard DEQ's petition to review the proposed order in Contested Case Hearing No. LQ/SW-ER-11-08. After hearing argument from the parties, the EQC adopted a motion directing counsel to draft a final order overturning the proposed order's findings of fact and the conclusions of law consistent with the reasoning set forth by DEQ in its petition for review and to bring the final order to the commission for approval. Consistent with EQC's motion, a draft final order is presented as Attachment A for the commission's consideration and approval.

The proposed order appealed by DEQ arose from an Aug. 12, 2013, Notice of Civil Penalty Assessment and Order DEQ issued to Kinzua Resources, LLC, ATR Services, Inc., Frontier Resources, Inc., and Gregory M. Demers, collectively known as Respondents, alleging violations of Oregon solid waste law at a wood waste landfill in Pilot Rock, Oregon. The notice assessed Respondents a \$790,062 civil penalty, and ordered them to comply with the law requiring financial assurance and closure of the landfill.

On March 18, 2015, Administrative Law Judge Joe L. Allen issued the proposed order, which found that Kinzua had committed the violations alleged in the Notice, assessed Kinzua a civil penalty of \$782,862, and ordered Kinzua to obtain financial assurance and close the landfill in accordance with Oregon law. The proposed order found that the ATR Services, Frontier Resources, and Mr. Demers, known in the proposed order as the Co-Respondents, had not committed any violations and were not liable for a civil penalty and complying with the order. In that opinion, the judge also made a distinction between Kinzua, as an entity, and the Co-Respondents.

DEO requested that EOC modify the proposed order and issue a Final Order finding that the Co-Respondents violated Oregon law, are responsible for the Action item: Kinzua Resources, LLC, et. al.

Dec. 9-10, 2015, EQC meeting

Page 2 of 2

civil penalty and ordering them to obtain financial assurance and close the landfill.

In its petition, DEQ took exception to the Administrative Law Judge's ruling that Co-Respondents are not required to obtain financial assurance and close the landfill pursuant to ORS 459.205 or 459.268. These statutes state than when a permittee fails to comply with its permit or fails to close a landfill, the person owning or controlling the landfill is responsible for permit compliance and closure. Specifically, DEQ asserted that Judge Allen impermissibly ignored the plain meaning of "control" in determining that the Co-Respondents are not liable.

DEQ argued that the members of Kinzua, ATR and Frontier, are liable as a matter of law because the manner in which Kinzua is organized gives its members management authority over its property and business affairs. In the case of Mr. Demers, DEQ asserted that the evidence in the record proves clearly and convincingly that Mr. Demers had control of the landfill.

Recommendation and EQC motion

DEQ recommends that the commission approve the Final Order included as Attachment A with this report.

Alternatives

The EQC may either:

- 1. Approve the draft Final Order; or
- 2. Approve a Final Order as amended by the commission.

Attachments

A. Draft Final Order in Matter of Kinzua Resources, LLC; ATR Services, Inc.; Frontier Resources, Inc.; and Gregory M. Demers, Contested Case No. LQ/SW-ER-11-108, OAH Case No. 1403637

Approved:

Section: Slah W. Jedou

Leah K. Feldon

Office of Compliance and Enforcement manager

Report prepared by Jeff Bachman Environmental Law Specialist

BEFORE THE ENVIRONMENTAL QUALITY COMMISSION OF THE STATE OF OREGON

IN THE MATTER OF)
KINZUA RESOURCES, LLC an Oregon limited liability company;) Final Contested Case) Hearing Order
ATR SERVICES, INC., and Oregon corporation;	OAH Case No. 1403637 Agency Case No. LQ/SW-ER-11-108
GREGORY M. DEMERS, an individual; and	
FRONTIER RESOURCES, LLC, an Oregon limited liability company,	
Respondents/Appellants	

This matter came before the EQC at its regular meeting on August 13, 2015, in Astoria, Oregon, on the petition of the Department of Environmental Quality for review of the proposed contested case order issued on March 18, 2015, by Senior Administrative Law Judge Joe L. Allen.

After considering the proposed order, exceptions, and briefs, and oral arguments provided by Environmental Law Specialist Jeff Bachman and Assistant Attorney General Gary L. Vrooman on behalf of the department and Larry O. Gildea on behalf of the respondents, the Commission finds and concludes as follows:

History

The history of the case as described in the proposed order is adopted by the Commission and is set out below for reference:

On August 12, 2013, the Department of Environmental Quality (DEQ) issued an Amended Notice of Civil Penalty Assessment and Order (Amended Notice) to Kinzua Resources, LLC, ATR Services, Inc., Frontier Resources, LLC, Edward J. King, Gregory M. Demers, and Jeffrey D. Demers (Appellants). The Amended Notice proposes imposing a civil penalty of \$790,062, in addition to mandating

Appellants' compliance with certain requirements pertaining to the Pilot Rock Landfill (landfill).

On August 22, 2013, attorney John Spencer Stewart filed a request for hearing on behalf of Appellant King. On August 23, 2013, attorney Larry O. Gildea filed a request for hearing on behalf of the remaining Appellants. On January 14, 2014, DEQ issued a determination in which it dismissed Edward J. King from this case.

DEQ referred the case to the Office of Administrative Hearings (OAH) on March 31, 2014. The OAH assigned the case to Senior Administrative Law Judge (ALJ) Monica A. Whitaker. ALJ Whitaker convened a telephone prehearing conference on May 14, 2014. Jeff Bachman represented DEQ. Mr. Gildea represented Kinzua, ATR, Frontier, and Gregory M. Demers. Attorney Benjamin M. Kearney represented Jeffrey D. Demers. The parties agreed to convene a hearing on September 23 and 24, 2014.

Statement of Issues

The statement of issues as described in the proposed order is adopted by the Commission and is set out below for reference:

- 1. Whether Appellants violated ORS 459.268 by failing to close the Pilot Rock landfill after cessation of operations.
- 2. Whether Appellants violated OAR 340-095-0090(1) and (6) by failing to secure financial assurance for the closure and post-closure maintenance of the Pilot Rock landfill.
- 3. Whether Appellants violated one or more sections of the landfill operation plan and/or Wood Waste Landfill Permit No. 1173. OAR 340-12-0053(2).
- 4. Whether Appellants failed to apply for a closure permit for the Pilot Rock landfill in violation of OAR 3400-095-0050(1).
- 5. Whether Appellants failed to file a Solid Waste Disposal Report/Fee Calculation for the year 2011 in violation of OAR 340-093-0050(6).
- 6. Whether Appellants failed to pay solid waste fees in violation of OAR 340-097-0110(1)(b).

Findings of Fact

Findings of fact 1 through 18, as set out in the proposed order, are adopted by the Commission and set out below for reference:

Page 2 of 11

- 1. Kinzua Resources, LLC (Kinzua) is a limited liability company duly registered in Oregon. Kinzua was organized and registered in 1994 to purchase the assets of Kinzua Corp. (Test. of Demers; Exs. A1 at 2 and R1 at 1 through 3.)
- 2. Kinzua has only two members, both of which are entities registered to conduct business in Oregon. The members of Kinzua are Frontier Resources, LLC (Frontier), and ATR Services, Inc. (ATR). (Exs. A1 at 7 and R1 at 1.)
- 3. Gregory Demers (Demers) is a member of Frontier. He is also a shareholder in ATR. In addition, Demers is also the president of ATR. Demers is not the sole member of Frontier or the sole shareholder in ATR. (Test. of Demers; Exs. R2 at 1 and R3 at 1.)
- 4. In 1996, Kinzua acquired the Pilot Rock Sawmill (sawmill) and Pilot Rock Sawmill Wood Waste Landfill (landfill), located on adjacent parcels, from Louisiana-Pacific Corp. The acquisition also included approximately 300,000 acres of timberland. Thereafter, Kinzua operated the sawmill and landfill until at least 2010. (Test. of Demers; Ex. A26.) The sole purpose of the landfill was to accept wood waste from the adjacent sawmill. (Test. of Druback.)
- 5. Sometime in 1998, Kinzua sold the parcels containing marketable timber to Strategic Timber Trust. Kinzua retained the sawmill and landfill. (Test. of Demers.)
- 6. In February 2006, Kinzua sold the properties on which the sawmill and landfill were located to LeeLyn, Inc. (LeeLyn) and Wiley Mt., Inc. (Wylie Mt.). (Test. of Demers; Ex. A25.) Kinzua continued to operate the sawmill and landfill until LeeLyn and Wylie Mt. later sold the property. (Test. of Demers.)
- 7. On or about February 24, 2005, Kinzua submitted an application for renewal of solid waste permit. On May 10, 2006, DEQ issued Solid Waste Disposal Site Permit: Wood Waste Landfill, Permit No. 1173 (permit) to Kinzua. The permit identifies Kinzua as the permitee, the property owner, and the facility operator. (Ex. A2 at 1 and 2; test. of Druback.) The permit is valid until February 28, 2016, and authorizes the landfill to accept wood waste and related debris from the onsite activities of the sawmill. (Ex. A2 at 4 and 6.)
- 8. Section 12.5 of the permit requires the permit holder to maintain continuous financial assurance for the costs of closure and post-closure activities of the landfill. (Ex. A2 at 16; test. of Druback.)
- 9. In or about October 2006, Kinzua provided DEQ a financial assurance plan prepared by a registered professional engineer. The plan estimated certain per acre costs associated with closing the landfill as well as post-closure activities.

Page 3 of 11

DEQ found these costs reasonable but determined that the plan failed to multiply the per acre costs by the total acreage of the landfill. DEQ used the plan calculations to determine the total costs associated with closure and post-closure activities for a period of five years after closure. DEQ determined the cost of closing the landfill to be approximately \$1,362,460 and the post-closure maintenance costs to be approximately \$65,000 for a total of \$1,445,040. (Test. of Brown; Ex. A28.)

- 10. In December 2009, Leelyn and Wiley Mt. conveyed the parcel on which the landfill is located back to Kinzua via a quitclaim deed. (Test. of Demers; Ex A24.) At that time, LeeLyn and Wiley Mt. planned to sell the sawmill to Boise-Cascade. As a condition of that sale, the owners were required to separate the sawmill from the landfill. (Test. of Demers.)
- 11. In or about September 2010, Boise-Cascade delivered approximately 40,000 cubic yards of wood waste from the sawmill to the landfill. Kinzua has not accepted any waste at the landfill since September 2010. (Test. of Demers and Druback.)
- 12. On July 17, 2010, the Department issued a Notice of Civil Penalty Assessment and Order to Kinzua alleging it had failed to maintain financial assurance in amounts sufficient to cover costs of closure and post-closure maintenance of the landfill in violation of administrative rules and permit conditions. (Ex. A27 at 1; test. of Druback.)
- 13. Kinzua requested a hearing, but later withdrew that request. As a result, DEQ issued a Final Order by Default on March 2, 2011 finding Kinzua failed to maintain financial assurance as required and assessing a civil penalty of \$25,075. The order also directed Kinzua to secure financial assurance in accordance with OAR 340-095-0090 and -0095. (Ex. A27 1 through 3; test. of Druback.)
- 14. Financial assurance provides for the costs of closure and post-closure maintenance of a disposal site in the event the permit holder becomes insolvent. Financial assurance is commonly provided as insurance or a bond in amounts equivalent to estimated site closure costs. Such assurance allows DEQ to perform closure and post-closure activities at a disposal site without passing costs to taxpayers of Oregon. Federal law establishes the requirement that a permit holder must secure and maintain financial assurance and DEQ has adopted this requirement through administrative rules. (Test. of Druback.)
- 15. Kinzua has not complied with the March 2, 2011 Final Order by securing financial assurance sufficient to cover closure and post-closure maintenance costs at the landfill. (Test. of Druback.)

Page 4 of 11

- 16. Sometime in summer of 2010 and again in summer of 2011, one or more surface fires erupted at the landfill. In 2010, the members of Frontier and shareholders of ATR determined that Demers should respond to inquiries from DEQ regarding these fires. (Test. of Demers) Thereafter, DEQ continued to contact Demers exclusively regarding fires at the landfill and matters related to financial assurance required by Kinzua. (Test. of Druback and Demers; see also, Exs. A3 through A19.)
- 17. As of the date of hearing, Kinzua has not closed the landfill. (Test. of Druback.)
- 18. On August 12, 2013, DEQ issued the Amended Notice at issue. In the Amended Notice, DEQ calculated proposed civil penalties applicable to the alleged violations. (Amended Notice Exhibits 1 through 3.) As part of the proposed civil penalties, DEQ calculated the monetary benefit gained by Appellants' alleged failure to comply with the various statutes and/or rules. (Test. of Westbrook; see also, Ex. A20, generally.) To calculate the economic benefit for the alleged failure to secure financial assurance, DEQ used the \$1,362,460 estimated cost of site closure provided by Kinzua in October 2006 as extrapolated by DEQ. (Test. of Westbrook.)

In addition, the Commission finds that the clear and convincing evidence in the record establishes that the administrative law judge incorrectly failed to find that Mr. Demers exercised control over the land fill site. The Commission determines that the following evidence in this regard is fully intelligible and free from confusion and that the truth of the facts asserted is highly probable. *Riley Hill General Contractor v. Tandy Corp.*, 303 Or 390, 737 P2d 595 (1987).

- 19. Email communications between DEQ and Mr. Demers show that he provided for fire control measures at the landfill pursuant to DEQ requests, that he was working with a consultant to try and find a solution to the problems presented by the landfill, identified himself as a member of Kinzua, and signed a contract on behalf of Kinzua in which he identified himself as Kinzua's president. Ex. A3-A19
- 20. Mr. Demres signed the registration form seeking reinstatement of Kinzua Resources, LLC, with the state Corporations Division. Ex. A1, p. 9.
- 21. In emails to DEQ, Mr. Demers states that he is a member of of Kinzua Resources LLC. Ex. 12.
- 22. Mr. Demers testimony at the hearing is plainly self-serving, contradictory and inconsistent with other documented evidence in the

Page 5 of 11

record. When asked by his attorney what his relationship with Kinzua Resources, LLC, Mr. Demers states that he believes he is the president and secretary. Upon prompting by his attorney he retracts that answer and states that he has no personal relationship:

[Attorney for Demers]: "What is your relationship with Kinzua Resources, LLC?"

Mr. Demers: "I believe I'm the president and secretary."

[Attorney for Demers]: "Um. No."

Mr. Demers: "No, I take that back. I'm sorry. Correct. I personally do not have a relationship. You mean me or one of my entities?" Tr. 41.

The ALJ then asks follow up questions in which Mr. Demers again contradicts himself by saying that he both is and is not a member of the Kinzua Resources, LLC, and again offers evidence that is clearly contradicted by the rest of the record in which he states he had no "operational role" with Kinzua Resources LLC. Tr. 52.

- 23. The record contains significant evidence of Mr. Demers operational relationship with Kinzua. Exhibit A-18 is an August 12, 2010 email from Mr. Demers to DEQ's Bruce Lumper regarding follow up to a meeting between them in which they discussed Kinzua's violation of the financial assurance and landfill management requirements. Exhibit A-19, references another meeting between DEQ and Mr. Demers on January 28, 2010 to discuss financial assurance. Exhibit A-12, page 3, is a September 4, 2010 email from Mr. Demers to Mr. Lumper in which Mr. Demers describes operations "we" have taken at the landfill and in which he refers to the landfill's permit as "our permit." Exhibits A-2 through A-10, described above, are more recent communications in which Mr. Demers continued to represent and accept responsibility for Kinzua's need to provide for fire control at the landfill and to complete closure of the landfill.
- 24. The documentary evidence is consistent with the uncontroverted testimony of DEQ's Elizabeth Druback that Mr. Demers demonstrated his control of the landfill during the period of violations cited in the Notice. Tr. 13-14.
- 25. Mr. Demers later testified that he and his "partners" agreed that he should be the one delegated to deal with the "whole DEQ thing" when it "came up:"

[ALJ]: "So how were you an agent of Kinzua if you had no employment role, no membership role in Kinzua Resources, LLC?

Mr. Demers: "Well when this whole DEQ thing came up in '10 or '13, I was the one delegated to go deal with it.

[ALJ]: "Okay. Who delegated you to that role?"

Mr. Demers: "Just something that Mel, Norm and I agreed to."

[ALJ]: "I'm sorry, those names again?"

Mr. Demers: "My partners and I agreed to, that I would go deal with it." Tr. At 53-54.

Accordingly, the Commission finds:

25. Gregory M. Demers had and exercised control over the land disposal site. This finding is based on the testimony of Mr. Demers and Elizabeth Druback and documentary evidence in the record and described above..

Conclusions of Law

Conclusions of law 1 and 2, as set out in the proposed order, are modified to read as follows:

- 1. Appellants Kinzua, ATR Services, Inc., Frontier Resources, LLC, and Gregory M. Demers violated ORS 459.268 by failing to close the Pilot Rock Landfill after cessation of operations.
- 2. Appellants Kinzua, ATR Services, Inc., Frontier Resources, LLC, and Gregory M. Demers violated OAR 340-095-0090(1) and (6) by failing to secure financial assurance for the closure and post-closure maintenance of the Pilot Rock Landfill.

Conclusions of law 3 through 6 of the proposed order are modified to read as follows:

- 3. ATR Services, Inc., Frontier Resources, LLC, and Gregory M. Demers violated provisions of the Pilot Rock Landfill Operation Plan and Wood Waste Landfill Permit No. 1173.
- 4. ATR Services, Inc., Frontier Resources, LLC, and Gregory M. Demers failed to apply for a closure permit for the Pilot Rock Landfill in violation of OAR 340-095-0050(1).

- 5. ATR Services, Inc., Frontier Resources, LLC, and Gregory M. Demers failed to file a Solid Waste Disposal Report/Fee Calculation for the year 2011 in violation of OAR 340-093-0050(6).
- 6. ATR Services, Inc., Frontier Resources, LLC, and Gregory M. Demers failed to pay solid waste fees in violation of OAR 340-097-0110(1)(b).

Conclusions of law 7, as set out in the proposed order, is modified to read as follows:

7. DEQ may assess a civil penalty of \$782,862 against Appellants Kinzua, ATR Services, Inc., Frontier Resources, LLC, and Gregory M. Demers.

Opinion

The opinion of the administrative law judge relating to the liability of Kinzua Resources, LLC, as set out on pages 6 through 11 of the proposed order, is adopted and incorporated by reference. The opinion of the with respect to the liability of Frontier Resources, ATR Services and Mr. Demers, set out on pages 11 through 18 is not adopted. With respect to the liability of Frontier, ATR and Demers, the Commission concludes that these entities had control over the disposal site within the meaning of the applicable statutes.

The Commission is charged with the implementation and, consequently the interpretation of the state's solid waste statutes. Under these statutes:

The person who holds or last held the permit issued under subsection (1) of this section, or, if that person fails to comply, then *the person owning or controlling a land disposal* site that is closed and no longer receiving solid waste must continue or renew the permit required under subsection (1) of this section after the site is closed for the duration of the period in which the department continues to actively supervise the site, even though solid waste is no longer received at the site.

ORS 459.205(2) (emphasis added.) The statutes further specify that:

When solid waste is no longer received at a land disposal site, the person who holds or last held the permit issued under ORS 459.205 or, if the person who holds or last held the permit fails to comply with this section, *the person owning or controlling the property on which the disposal site is located*, shall close and maintain the site according to the requirements of this chapter, any applicable rule adopted by the Environmental Quality Commission under ORS 459.045 and any requirement imposed by the Department of Environmental Quality as a condition to renewing or issuing a disposal site permit.

Page 8 of 11 Item C 000010

Attachment A Dec. 9-10, 2015, EQC meeting Page 9 of 11

ORS 459.268 (emphasis added).

It is undisputed that Kinzua held the permit and failed to comply with the requirements of the permit, statute and rules. It is also undisputed that Kinzua is a limited liability company whose members are ATR Services and Frontier Resources. Further, it is undisputed that Kinzua is member managed limited liability company and that ATR Services and Frontier Resources have the legal authority to manage and conduct the limited liabilities business, and thus to control the properties owned by Kinzua. ORS 63.130.

The solid waste statutes do not define the terms control or controlling. The Commission agrees with the administrative law judge that in the absence of definition in statute or rule the common meaning of the term should be used and the Commission accepts the definition in Webster's Third New Int'l Dictionary 496 (unabridged ed., 1993), which states that "control" means "to exercise restraining or directing influence over ...)," "power or authority to guide or manage ...," and "application of policies and procedures for directing, regulating, and coordinating production, administration, and other business activities in a way to achieve the objectives of the enterprise." The Commission rejects, however, the administrative law judge's further proposition that in order to show such control, the members of the limited liability company and Mr. Demers must be shown to have "directly participated in the activities of the landfill that resulted in the violations alleged." Order at 16-17. The obligation of the administrative law judge and the Commission is to construe the statute as written and not to insert additional terms or requirements. ORS 174.010.

Applying the plain meaning of "control," as stated in the ALJ's Order, rather than the additional requirements erroneously created by the proposed order, results in the conclusion that ATR Services and Frontier Resources are liable based on their legal authority to control the property of the company, including the landfill. In addition, the facts as discussed above demonstrate by clear and convincing evidence that Mr. Demers had actual control of matters relating to the landfill site and that he exercised that control. The hearing record contains clear and convincing evidence, including the documentary evidence and Ms. Druback's testimony, that Mr. Demers was in fact in "control" of the landfill under the plain meaning of that term as discussed above. The only evidence to the contrary is Mr. Demers vague, self-serving and, at times, self-contradicting testimony.

The Commission concludes that under the commonly understood meaning of the statutes, ATR Services and Frontier Resources had control of the property. The articles expressly state that Kinzua will be managed by its members. See Exhibit A-1, page 4. ATR Services and Frontier Resources presented no evidence to the contrary at the hearing. Therefore, they had control over the wood waste landfill by virtue of their membership in Kinzua, as a matter of law. They had "equal rights in the management and conduct of" Kinzua. That constitutes control over the site as that term is normally understood because they could "exercise restraining or directing influence over" the site and they had and continue to have "power or authority to guide or manage."

Page 9 of 11 Item C 000011

Respondent/Appellants argued that notwithstanding the authority of the ATR and Frontier to control Kinzua and its property, the state liabilities imposed under ORS chapter 459 are not effective except under those circumstances where it is appropriate to "pierce the corporate veil as a matter of equity" and impose derivative liability on the members of the limited liability corporation. The administrative law judge accepted this argument—the Commission does not.

This interpretation of ORS 459.205 and 459.268 requires that additional elements be added to the statutory requirements. The proper control and management of landfills is a matter great significance to public health and the environment. Consequently, ORS chapter 459 establishes detailed and comprehensive regulation of these activities, including placing regulatory burdens on both the permittee, and in the event of the failure of the permittee to comply, those persons controlling the property. If these special statutory provisions did not exist, then it would be reasonable to assume that DEQ would need to pierce the corporate veil and establish derivative liability to enforce against controlling members of the limited liability corporation controlling the permittee and property. But the provisions do exist in the statute and they should be given full effect consistent with the language and the important objective of ensuring the proper operation and closure of landfills.

That DEQ did not present any evidence that ATR Services and Frontier Resources actually exercised their legal control over the operations of the landfill, is not determinative of whether they had control over the landfill. ATR Services and Frontier Resource had control of the over the operations of the landfill as a matter of law, irrespective of whether they exercised that control. Moreover, this appears to be the very type of situation that the statutes were intended to address in order to assure that those entities with authority to exercise control do so when a permittee has failed to comply with the requirements of the permit and underlying statutes and rules. As members of Kinzua Resources, LLC, with control over the landfill ATR Service and Frontier Resources took advantage of the opportunity to benefit from the operation of the landfill

The legal situation with respect to Mr. Demers is different. Mr. Demers was not a member of the Kinzua limited liability company and thus did not have legal authority on that basis to control the landfill. As discussed above, however, there is clear and convincing evidence in the record that Mr. Demers had been authorized to act on behalf of Kinzua by the members of the company and that he actually exercised that authority.

Civil Penalty Calculation, Assessment, and Compliance Order

The Commission adopts and incorporates the proposed order, pages 18 to 25, with respect to the civil penalty calculation, assessment, and compliance order issued against Kinzua. The Commission modifies decision with respect to ATR Services, Frontier Resources and Mr. Demers, pages 23 to 24, and 26, however, based on its findings and legal conclusions finding responsibility under ORS 459.205 and 459. 268.

Page 10 of 11 Item C 000012

Attachment A Dec. 9-10, 2015, EQC meeting Page 11 of 11

The Commission further concludes that:

ATR Services, Frontier Resource and Mr. Demers are each assessed the civil penalty described in pages 18 to 25 of the proposed order in the same amount and manner as Kinzua Resources LLC.

Dated this ____ day of November, 2015.

Dick Pedersen, Director Department of Environmental Quality On behalf of the Environmental Quality Commission

Notice of Appeal Rights

RIGHT TO JUDICIAL REVIEW: You have the right to appeal this Order to the Oregon Court of Appeals pursuant to ORS 183.482. To appeal you must file a petition for judicial review with the Court of Appeals within 60 days from the day this Order was served on you. If this Order was personally delivered to you, the date of service is the day you received the Order. If this Order was mailed to you, the date of service is the day it was *mailed*, not the day you received it. If you do not file a petition for judicial review within the 60-day time period, you will lose your right to appeal.

JUSTICE #6911577

Page 11 of 11 Item C 000013