



Conservation

Environmental Stewardship Division
Environmental Assessment and Licensing Branch
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FAXED

CLIENT FILE NO.: 5266.00

August 14, 2007

Doug Small
Eastman Bio-Fuels Ltd.
12 Aviation Blvd.
St. Andrews MB R1A 3N5

Dear Mr. Small:

Enclosed is Environment Act **Licence No. 2778** dated August 14, 2007 issued in accordance with The Environment Act to **Eastman Bio-Fuels Ltd.** for the construction and operation of the Development being a biodiesel manufacturing plant, canola crushing facility, storage warehouse, chemical tank farm, and distribution facilities to be located on the NE¼ 6-12-8 EPM in the Rural Municipality of Brokenhead, and in accordance with the Proposal filed under The Environment Act on April 24, 2007.

In addition to the enclosed Licence requirements, please be informed that all other applicable federal, provincial and municipal regulations and by-laws must be complied with.

For further information on the administration and application of the Licence, please feel free to contact Ken Plews at (204) 945-7067.

Pursuant to Section 27 of The Environment Act, this licencing decision may be appealed by any person who is affected by the issuance of this Licence to the Minister of Conservation within 30 days of the date of the Licence.

Yours truly,

Tracey Braun, M.Sc.
Director
Environment Act

Enc.

c: Mitch Walker, Eastern Regional Director
Millennium Public Library
Manitoba Eco-Network
Brokenhead River Regional Library
R.M. of Brokenhead

NOTE: Confirmation of Receipt of this Licence No. 2778 (*by the Licensee only*) is required by the Director of Environmental Assessment and Licensing. Please acknowledge receipt by signing in the space provided below and faxing a copy back to the Department by August 17, 2007.

On behalf of Eastman Bio-Fuels Ltd.

Date

****A COPY OF THE LICENCE MUST BE KEPT ON SITE AT THE DEVELOPMENT AT ALL TIMES****

LICENCE

Licence No. / Licence n° 2778

Issue Date / Date de délivrance August 14, 2007

In accordance with The Environment Act (C.C.S.M. c. E125) /
Conformément à la Loi sur l'environnement (C.P.L.M. c. E125)

Pursuant to Section 10(1) / Conformément au Paragraphe 10(1)

THIS LICENCE IS ISSUED TO : / CETTE LICENCE EST DONNÉE À

EASTMAN BIO-FUELS LTD.; "the Licencee"

for the construction and operation of the Development being a biodiesel manufacturing plant, canola crushing facility, storage warehouse, chemical tank farm, and distribution facilities to be located on the NE¼ 6-12-8 EPM in the Rural Municipality of Brokenhead, and in accordance with the Proposal filed under The Environment Act on April 24, 2007 and subject to the following specifications, limits, terms and conditions:

DEFINITIONS

In this Licence,

"**accredited laboratory**" means any facility accredited by the Standard Council of Canada (SCC); or facilities accredited by another accrediting agency recognized by Manitoba Environment to be equivalent to the SCC; or any facility able to demonstrate to Manitoba Environment, upon request, that it has the quality assurance/quality control (QA/QC) procedures in place equivalent to accreditation based on the Canadian Standard Can/CSA-Z753, extension of the international standard ISO 9000, Guide 25;

"**affected area**" means a geographical area excluding the property of the Development;

"**approved**" means approved by the Director in writing;

"**chemical**" includes, but is not limited to industrial chemicals;

"**Director**" means an employee so designated pursuant to The Environment Act;

"**noise nuisance**" means a continuous or repeated noise in an affected area, which is offensive, obnoxious, troublesome, annoying, unpleasant, or disagreeable to a person:

- a) residing in an affected area;
- b) working in an affected area; or
- c) present at a location in an affected area which is normally open to the members of the public;

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AT ALL TIMES****

if the noise

- d) is the subject of at least 5 written complaints, received by the Director in a form satisfactory to the Director, and within a 90 day period, from 5 different persons falling within clauses a), b), or c), who do not live in the same household; or
- e) is the subject of at least one written complaint, received by the Director in a form satisfactory to the Director, from a person falling within clauses a), b) or c), and the Director is of the opinion that if the noise had occurred in a more densely populated area there would have been at least 5 written complaints received within a 90-day period, from 5 different persons who do not live in the same household;

"odour nuisance" means a continuous or repeated odour, smell or aroma, in a affected area, which is offence, obnoxious, troublesome, annoying, unpleasant, or disagreeable to a person:

- a) residing in an affected area;
- b) working in an affected area; or
- c) present at a location in an affected area which is normally open to the members of the public;

if the odour, smell or aroma

- d) is the subject of at least 5 written complaints, received by the Director within a 90-day period and in a form satisfactory to the Director, from 5 different persons falling within clauses a), b), or c), who do not live in the same household; or
- e) is the subject of at least one written complaint, received by the Director in a form satisfactory to the Director, from a person falling within clauses a), b), or c), and the Director is of the opinion that if the odour, smell or aroma had occurred in a more densely populated area there would have been at least 5 written complaints received within a 90-day period from 5 different persons who do not live in the same household;

"opacity" means the degree to which emissions reduce the transmission of light and obscure the view of an object in the background;

"particulate matter" means any finely divided liquid or solid matter other than water droplets;

"particulate residue" means that part or portion of an atmospheric emission which is deposited onto a surface;

"point source" means any point of emission from a Development where pollutants are ducted into the atmosphere;

"sewage" means human body, toilet, liquid, waterborne culinary, sink or laundry waste; and

"Standard Methods for the Examination of Water and Wastewater" means the most recent edition of Standard Methods for the Examination of Water and Wastewater published jointly by the American Public Health Association, the American Waterworks Association and the Water Environment Federation.

GENERAL TERMS AND CONDITIONS

This Section of the Licence contains requirements intended to provide guidance to the Licencee in implementing practices to ensure that the environment is maintained in such a manner as to sustain a high quality of life, including social and economic development, recreation and leisure for present and future Manitobans.

1. The Licencee shall comply with all applicable federal and provincial regulations.
2. The Licencee shall install and maintain, for all chemical storage structure(s), an automatic system(s) for fire detection and security.
3. The Licencee shall, at all times during the operation of the Development, ensure that a high standard of equipment maintenance and operational practices are implemented.
4. The Licencee shall reduce the production and dissemination of wastes by initiating and maintaining waste reduction and waste recycling programs.
5. The Licencee, within 60 days of the issuance of the License or within a time period approved by the Director, shall submit to the Director:
 - a) updated drawing(s) of the site to approximate scale, showing and identifying by means of a legend: property boundaries (surveyed or assumed), buildings, roadways, storage areas, parking areas, sewer drains (known or assumed), off-site surface drainage discharge locations, and other man made structures; and
 - b) updated conceptual process flow sheet depicting the main processing operations and the relationship of any air pollution control equipment to those operations.
6. The Licencee shall not emit particulate matter from the Development such that:
 - a) particulate matter:
 - i) exceeds 0.23 grams per dry standard cubic metre calculated at 25 degrees Celsius and 760 millimetres of mercury, corrected to 12 percent carbon dioxide for processes involving combustion from any point source of the Development;

- ii) exhibits a visible plume with an opacity of greater than 5 percent at any point beyond the property line of the Development; or
 - iii) results in the deposition of visible particulate residue at any time beyond the property line of the Development; or
 - b) opacity from any point source of the Development equals or exceeds:
 - i) 20 percent as the average of any 24 consecutive opacity observations taken at 15 second intervals;
 - ii) 20 percent for more than 16 individual opacity observations within any 1 hour period; or
 - iii) 40 percent for any individual opacity observation.
- 7. The Licencee shall develop, and provide for the approval of the Director, a program to mitigate against any increased road dust levels arising from increased traffic to and from the development.
- 8. The Licencee shall not cause or permit a noise nuisance to be created as a result of the operation or alteration of the Development, and shall take such steps as the Director may require to eliminate or mitigate a noise nuisance.
- 9. The Licencee shall not cause or permit an odour nuisance to be created as a result of the operation or alteration of the Development, and shall take such steps as the Director may require to eliminate or mitigate an odour nuisance.
- 10. The Licencee shall, upon the request of the Director and in addition to any of the limits, terms or conditions specified in this Licence:
 - a) sample, monitor, analyze and/or investigate specific areas of concern regarding any segment, component or aspect of pollutant storage, containment, treatment, handling, disposal or emission systems, for such pollutants or ambient quality, aquatic toxicity, leachate characteristics and discharge or emission rates, for such duration and at such frequencies as may be specified;
 - b) determine the environmental impact associated with the release of any pollutants from the said Development; or
 - c) provide the Director, within such time as may be specified, with such reports, drawings, specifications, analytical data, descriptions of sampling and analytical procedures being used, bioassay data, flow rate measurements and such other information as may from time to time be requested.
- 11. The Licencee shall, unless otherwise specified in this Licence:
 - a) carry out all preservations and analyses on liquid samples in accordance with the methods prescribed in the most current edition of Standard Methods for the Examination of Water and Wastewater or in accordance with equivalent preservation and analytical methodologies approved by the Director;

- b) carry out all sampling of, and preservation and analyses on, soil and air samples in accordance with methodologies approved by the Director;
 - c) ensure that all analytical determinations are undertaken by an accredited laboratory; and
 - d) report the results to the Director within 60 days of the samples being taken.
12. The Licencee shall provide to the Director, upon request, all information required under this Licence, in writing and in such form and content (including number of copies), as may be specified by the Director.

SPECIFICATIONS, LIMITS, TERMS AND CONDITIONS

I - LIQUID EMISSIONS

13. The Licencee shall not direct any spillage, contaminated run-off or pollutant, other than sewage, to an approved sewage disposal system.
14. The Licencee shall contain and clean up immediately any chemical spills in order to prevent soil, surface water or ground water contamination.
15. The Licencee shall not discharge any wastewater into a wastewater collection or treatment system unless the Licencee has first entered into an industrial use agreement with the owner of the wastewater collection or treatment system and provides a copy of the industrial use agreement to the Director. This agreement shall specify the quality, quantity and timing of discharges into the wastewater collection system and shall require the Licencee to advise the owner of any changes to these parameters.

II - REMEDIAL ACTION

16. The Licencee, subject to obtaining approval from an Environment Officer, shall immediately dispose of any contaminated material in accordance with the approval.

III - EMERGENCY CONTINGENCY PLAN

17. The Licencee shall submit, within ninety (90) days of the issuance of this Licence, an emergency response contingency plan to be approved by the Director. This plan shall include, but not be limited to, items which will address: measures implemented for spill prevention and containment; security; personnel training; fire and other response arrangements.

IV - INDUSTRIAL CHEMICALS

18. The Licencee shall construct and maintain concrete floors with a minimum 10 cm retention curbing around the perimeter of all chemical structure(s) so as to prevent spilled liquids from leaking into the soil.
19. The Licencee shall create and maintain a current duplicate inventory of all chemicals stored at the Development, with one copy stored at the premises of the Development, and the other copy stored at a location off-site from the Development.
20. The Licencee shall contain on the Development:
 - a) any on-site chemical spill;
 - b) waste water generated from any response action due to an on-site release of chemicals; and
 - c) contaminated water resulting from the extinguishing of any fire involving chemicals.
21. The Licencee shall provide containment within any curbed chemical tank farm storage area for a volume of liquid equal to 110% of the volume of the largest storage tank located therein; plus
22. The Licencee shall maintain the containment area volume capacity in Clause 21 of this Licence by the immediate removal and disposal, in a manner approved by the Director, of all accumulated fluids.

V - SITE DECOMMISSIONING

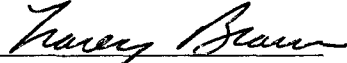
23. The Licencee shall submit within one (1) year prior to closure of the facility, for the approval of the Director, a formal detailed Decommissioning Plan for the facility.
24. The Licencee shall implement, on closure of the facility, the approved Decommissioning Plan.

REVIEW AND REVOCATION

- A. If, in the opinion of the Director, the Licencee has exceeded or is exceeding or has or is failing to meet the specifications, limits, terms, or conditions set out in this Licence, the Director may, temporarily or permanently, revoke this Licence.
- B. If construction of the development is not commenced within three years of the date of this Licence, the Licence is revoked.

Eastman Bio-Fuels Ltd.
Licence No. 2778
Page 7 of 7

- C. If, in the opinion of the Director, new evidence warrants a change in the specifications, limits, terms, or conditions of this Licence, the Director may require the filing of a new proposal pursuant to Section 10 of The Environment Act.



Tracey Braun, M.Sc.
Director
Environment Act

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