STATE OF COLORADO

John W. Hickenlooper, Governor
Christopher E. Urbina, MD, MPH
Executive Director and Chief Medical Officer

Dedicated to protecting and improving the health and environment of the people of Colorado

4300 Cherry Creek Dr. S.
Denver, Colorado 80246-1530
Phone (303) 692-2000
Located in Glendale, Colorado

Laboratory Services Division
8100 Lowry Blvd.
Denver, Colorado 80230-6928
(303) 692-3090

http://www.cdphe.state.co.us

Colorado Department
of Public Health
and Environment

September 28, 2011

Corporation Service Company, Registered Agent
Seaboard Foods LLC
1560 Broadway Ste 2090
Denver, Colorado 80202

Certified Mail Number: 7010 2780 0002 8752 3444

RE: Order for Civil Penalty, Number: HP-110928-1

Dear Corporation Service Company:

Seaboard Foods LLC is hereby served with the enclosed Order for Civil Penalty ("Penalty Order"). This Penalty Order is issued by the Colorado Department of Public Health and Environment's Water Quality Control Division (the "Division") pursuant to the authority given to the Division by §25-8-608(2) of the Colorado Revised Statutes. Payment of the imposed civil penalty should be made in accordance with the methods referenced in the Penalty Order and Compliance Order on Consent Number: HC-110816-2.

If you have any questions regarding the Penalty Order or the payment method, please do not hesitate to contact Kelly Morgan of this office at (303) 692-3634 or by electronic mail at kelly.morgan@state.co.us.

Sincerely,

Russell Zigler

Russell Zigler, Legal Assistant
Compliance Assurance Section
Enforcement Unit
WATER QUALITY CONTROL DIVISION

Enclosure(s)

cc: Northeast Colorado Health Department
Seaboard Foods LLC, Attention: Jennifer Nelson, 9000 W. 67th Street, Suite 200
Shawnee Mission, KS 66202

ec: Natasha Davis, EPA Region VIII
Amy Zimmerman, Engineering Section, CDPHE
Dick Parachini, Watershed Program, CDPHE
Michael Beck, Grants and Loans Unit, CDPHE
Kelly Morgan, Case Person, CDPHE

COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

DIVISION OF ADMINISTRATION

WATER QUALITY CONTROL DIVISION

ORDER FOR CIVIL PENALTY **NUMBER: HP-110928-1**

IN THE MATTER OF: **SEABOARD FOODS LLC**
CDPS PERMIT NO. COH-008000
YUMA COUNTY, COLORADO

This matter having come to my attention as the Designee of the Executive Director of the Colorado Department of Public Health and Environment, upon petition for imposition of a civil penalty by the Water Quality Control Division's Compliance Assurance Section, and pursuant to §25-8-608 C.R.S, I hereby impose a civil penalty in the amount of Twenty One Thousand Dollars ($21,000.00) against Seaboard Foods LLC for the violations cited in the August 16, 2011 Compliance Order on Consent (Number: HC-110816-2). A copy of the Compliance Order on Consent is attached hereto as Exhibit A and is incorporated herein by reference. The civil penalty shall be paid within thirty (30) calendar days of the date of this Order for Civil Penalty as set forth in the Compliance Order on Consent.

"Method of payment shall be by certified or cashier's check drawn to the order of the 'Colorado Department of Public Health and Environment,' and delivered to:

Kelly Morgan
Colorado Department of Public Health and Environment
Water Quality Control Division
Mail Code: WQCD-CADM-B2
4300 Cherry Creek Drive South
Denver, Colorado 80246-1530"

Dated this 28th day of September 2011.

Steven H. Gunderson, Director
Water Quality Control Division
DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

EXHIBIT A

COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

DIVISION OF ADMINISTRATION

WATER QUALITY CONTROL DIVISION

COMPLIANCE ORDER ON CONSENT **NUMBER: HC-110816-2**

IN THE MATTER OF: **SEABOARD FOODS LLC**
CDPS PERMIT NO. COH-008000
YUMA COUNTY, COLORADO

The Colorado Department of Public Health and Environment ("Department"), through the Water Quality Control Division ("Division"), issues this Compliance Order on Consent ("Consent Order"), pursuant to the Division's authority under §§25-8-602 and 605, C.R.S. of the Colorado Water Quality Control Act ("the Act") §§25-8-101 to 703, C.R.S., and its implementing regulations, with the express consent of Seaboard Foods LLC ("Seaboard"). The Division and Seaboard may be referred to collectively as "the Parties."

STATEMENT OF PURPOSE

1. The mutual objectives of the Parties in entering into this Consent Order are to resolve, without litigation the alleged violations cited herein and in the Notice of Violation/ Cease and Desist Order (Number: HO-090818-1) that the Division issued to Seaboard on August 18, 2009.

DIVISION'S FINDINGS OF FACT AND DETERMINATION OF VIOLATIONS

2. Based upon the Division's investigation into and review of the compliance issues identified herein, and in accordance with §§25-8-602 and 605, C.R.S., the Division has made the following determinations regarding Seaboard and Seaboard's compliance with the Act and its implementing control regulations and/or permit.

3. At all time relevant to the violations cited herein Seaboard, or its predecessor in name (Seaboard Foods LP), was a foreign (Oklahoma) limited partnership in good standing and registered to conduct business in the State of Colorado.

4. Seaboard is a "person" as defined by §25-8-103(13), C.R.S. and its implementing permit regulation, 5 CCR 1002-61, §61.2(73).

5. Pursuant to §25-8-501.1(2)(b) C.R.S. and 5 CCR 1002-61, §61.2(40), a Housed Commercial Swine Feeding Operation ("HCSFO") is defined as a housed swine feeding operation that is capable of housing eight hundred thousand pounds or more of live animal weight of swine at any one time or is deemed a commercial operation under local zoning or land use regulations

6. Seaboard owns and/or operates the HCSFO identified as Farm 166 (the "Facility"), located at or near 27266 County Road 54, near the Town of Holyoke, Yuma County, Colorado.

7. The Facility is classified as a HCSFO and at all times relevant to the Notice of Violation/ Cease and Desist Order (Number: HO-090818-1) was covered under the Colorado Discharge Permit System, Individual Permit Number COH-008000 (the "Permit"). The Permit was transferred to Seaboard's predecessor Seaboard Farms, Inc. on April 18, 2000. The Permit was amended ("Amendment Number 1") effective February 1, 2004 and was subsequently corrected on July 18, 2005 to change the permittee's name to Seaboard Foods LLC. The Facility is currently covered under the Colorado Discharge Permit System, Individual Permit Number COB-008000 (the "Current Permit") which became effective September 1, 2007 and is set to expire August 31, 2012.

8. The Permit authorized Seaboard to operate and discharge from the Facility in accordance with the terms and conditions of the Permit. The Permit authorized Seaboard to apply swine feeding process wastewater to land application sites Field GB1 (NW ¼ quarter and a portion of the NE ¼ of Section 4, T4N, R44W) and field GB2 (East ½ SE ¼ of Section 31, T5N, R44W).

Exceedance of Agronomic Rate of Application

9. Pursuant to 5 CCR 1002-61, §61.8 (as effective March 30, 2006) and Part II.A.1. of the Permit, a permittee must comply with all the terms and conditions of a permit and violations of the terms and conditions specified in a permit may be subject to civil and criminal liability pursuant to §§25-8-601 through 612, C.R.S.

10. Pursuant to Part II.A.3. of the Permit, Seaboard is required at all times to properly operate and maintain all facilities and systems of treatment and control used by Seaboard to achieve compliance with the conditions of the Permit.

11. Pursuant to 5 CCR 1002-61, §61.13(4)(e)(ii) (as effective March 30, 2006) and Part I.B.3(a) of the Permit, Seaboard is prohibited from applying to any sites or land swine feeding process wastewater and residual solids that exceed, in amount or duration, the agronomic rate of application.

12. On January 31, 2007, the Department received the Facility's Quarterly Monitoring Report (the "QMR") for the 4th Quarter 2006. Department review of the QMR, pre-application soil analysis, and the actual 2007 crop yield (38.5 bushels per acre) established the following exceedances of the agronomic rate of application on Field GB1(North portion) and Field GB2(South portion) at the Facility:

Field ID	Date of Application of Swine Feeding Process Wastewater (lbs N/acre)	Plant Available Nitrogen ("PAN") Applied (lbs N/acre)	Crop Nitrogen Requirement as calculated in Seaboard's 4th Quarter 2006 QMR	Appropriate Agronomic Rate of Application based on soil analysis and actual 2007 crop yield (lbs PAN/acre)	Agronomic Rate Exceedance based on soil analysis and actual 2007 crop yield (lbs PAN/acre)
Field GB1 (North portion)	9/25/2006 through 10/23/2006	49	0	21.25	27.75
Field GB2 (South portion)	10/5/2006 through 10/16/ 2006	18	0	0	18

13. Seaboard's exceedance of the agronomic rate of application by 27.75 lbs PAN/acre on Field GB1 (North portion) constitutes a violation of Part I.B.3(a) and Part II.A.3 of the Permit.

14. Seaboard's exceedance of the agronomic rate of application by 18 lbs PAN/acre on Field GB2 (South portion) constitutes a violation of Part I.B.3(a) and Part II.A.3 of the Permit.

15. Comparing pre-application soil samples taken in Field GB1 (North portion) on July 18, 2006 with soil samples taken post-harvest in Field GB1 (North portion) on September 5, 2007 demonstrates no increase in nitrate-nitrogen values in the ten-foot soil profile on Field GB1 (North portion).

16. Comparing pre-application soil samples taken in Field GB2 (South portion) on August 24, 2006 with soil samples taken post-harvest in Field GB2 (South portion) on September 5, 2007 demonstrates no increase in nitrate-nitrogen values in the ten-foot soil profile on Field GB2 (South portion).

Failure to Provide Noncompliance Notification

17. Pursuant to Part II.B.2(a) of the Permit, Seaboard is required to provide the Department with a non-compliance notification if, for any reason, the Facility is or will be in violation of the agronomic rate of application. At a minimum, the non-compliance notification shall include the following information:

    a. A description of the cause of violation.

    b. The period of violation, including the anticipated time the Facility will return to compliance.

    c. Steps being taken to reduce, eliminate, and prevent recurrence of the violation.

18. The 4th Quarter 2006 QMR establishes that Seaboard exceeded the agronomic rate of application on Field GB1 (North portion) and Field GB2 (South portion). Department records further establish that Seaboard failed to submit the required noncompliance notification.

19. Seaboard's failure to submit the required noncompliance notification constitutes a violation of Part II.B.2(a) of the Permit.

20. The Division acknowledges that Seaboard timely and satisfactorily performed all of the obligations and actions required under the August 18, 2009, Notice of Violation / Cease and Desist Order (Number: HO-090818-1).

ORDER AND AGREEMENT

21. Based on the Division's foregoing factual and legal determinations, pursuant to its authority under §§25-8-602 and 605, C.R.S., and in satisfaction of the alleged violations cited herein and in the Notice of Violation / Cease and Desist Order (Number: HO-090818-1), the Division orders Seaboard to comply with all provisions of this Consent Order, including all requirements set forth below.

22. Seaboard agrees to the terms and conditions of this Consent Order. Seaboard agrees that this Consent Order constitutes a notice of alleged violation and an order issued pursuant to §§25-8-602 and 605, C.R.S., and is an enforceable requirement of the Act. Seaboard also agrees not to challenge directly or collaterally, in any judicial or administrative proceeding brought by the Division or by Seaboard against the Division:

    a. The issuance of this Consent Order;
    b. The factual and legal determinations made by the Division herein; and
    c. The Division's authority to bring, or the court's jurisdiction to hear, any action to enforce the terms of this Consent Order under the Act.

23. Notwithstanding the above, Seaboard does not admit to any of the factual or legal determinations made by the Division herein, and any action undertaken by Seaboard pursuant to this Consent Order shall not constitute evidence of fault and liability by Seaboard with respect to the conditions of the Facility. Seaboard expressly reserves its rights to deny any of the Division's factual or legal determinations or defend itself in any other third party proceeding relating to the information identified in this Consent Order.

CIVIL PENALTY AND SUPPLEMENTAL ENVIRONMENTAL PROJECTS

24. In addition to all other funds necessary to comply with the requirements of this Consent Order, Seaboard shall pay Eighty Three Thousand Dollars ($83,000.00) in the form of civil penalties and expenditures on Supplemental Environmental Projects ("SEPs") in order to achieve settlement of this matter.

25. Based upon the application of the Division's Animal Feeding Operations Civil Penalty Policy (Interim Draft June 9, 2008), and consistent with Departmental policies for violations of the Act, Seaboard shall pay Twenty One Thousand Dollars ($21,000.00) in civil penalties. The Division intends to petition the Executive Director, or his designee, to impose the Twenty One Thousand Dollar ($21,000.00) civil penalty for the above violation(s) and Seaboard agrees to make the payment within thirty (30) calendar days of receipt of a Penalty Order by the Executive Director or

his designee. Method of payment shall be by certified, cashier's, or company check drawn to the order of the "Colorado Department of Public Health and Environment," and delivered to:

Kelly Morgan
Colorado Department of Public Health and Environment
Water Quality Control Division
Mail Code: WQCD-CAS-B2
4300 Cherry Creek Drive South
Denver, Colorado 80246-1530

26. Seaboard shall also perform the SEP identified below. Seaboard's total expenditure for the SEP shall be not less than Sixty Two Thousand Dollars ($62,000.00).

27. Seaboard shall undertake the following SEP, which the Parties agree is intended to secure significant environmental or public health protection and improvements:

28. Seaboard shall expend at least Sixty Two Thousand Dollars ($62,000.00) on the installation of wastewater recycle systems at a minimum of two farms, including but not limited to Seaboard Farms 164 and 167, as further described in Attachment A.

29. Seaboard shall not deduct the expenses associated with the implementation of the above-described SEP for any tax purpose or otherwise obtain any favorable tax treatment of such payment or project.

30. Seaboard hereby certifies that, as of the date of this Consent Order, it is not under any existing legal obligation to perform or develop the SEP. Seaboard further certifies that it has not received, and will not receive, credit in any other enforcement action for the SEP. In the event that Seaboard has, or will receive credit under any other legal obligation for the SEP, Seaboard shall pay Twenty One Thousand Dollars ($21,000.00) to the Division as a civil penalty within thirty (30) calendar days of receipt of a demand for payment by the Division. Method of payment shall be as specified in paragraph 25 above.

31. All SEPs must be completed to the satisfaction of the Division, within six months of Seaboard's receipt this executed Consent Order, and must be operated for the useful life of the SEP. In the event that Seaboard fails to comply with any of the terms or provisions of this Consent Order relating to the performance of the SEP, Seaboard shall be liable for penalties as follows:

    a. Payment of a penalty in the amount of Twenty One Thousand Dollars ($21,000.00). The Division, in its sole discretion, may elect to reduce this penalty for environmental benefits created by the partial performance of the SEP.

    b. Seaboard shall pay this penalty within thirty (30) calendar days of receipt of written demand by the Division. Method of payment shall be as specified in paragraph 25 above.

32. Seaboard shall submit a SEP Completion Report to the Division by May 31, 2012. The SEP Completion Report shall contain the following information:

    a. A detailed description of the SEP as implemented;

b. A description of any operating problems encountered and the solutions thereto;

c. Itemized costs, documented by copies of purchase orders and receipts or canceled checks or other forms of proof of payment;

d. Certification that the SEP has been fully implemented pursuant to the provisions of this Consent Order; and

e. A description of the environmental and public health benefits resulting from implementation of the SEP (with quantification of the benefits and pollutant reductions, if feasible).

33. Failure to submit the SEP Completion Report with the required information, or any periodic report, shall be deemed a violation of this Consent Order.

34. Seaboard shall include the following language in any public statement, oral or written, making reference to the SEP: "This project was undertaken in connection with the settlement of an enforcement action taken by the Colorado Department of Public Health and Environment for violations of the Colorado Water Quality Control Act."

SCOPE AND EFFECT OF CONSENT ORDER

35. The Parties agree and acknowledge that this Consent Order constitutes a full and final settlement with respect to the violations alleged herein and in the August 18, 2009, Notice of Violation / Cease and Desist Order (Number: HO-090818-1).

36. This Consent Order is subject to the Division's "Public Notification of Administrative Enforcement Actions Policy," which includes a thirty-day public comment period. The Division and Seaboard each reserve the right to withdraw consent to this Consent Order if comments received during the thirty-day period result in any proposed modification to the Consent Order.

37. This Consent Order constitutes a final agency order or action upon the date when the Executive Director or his designee imposes the civil penalty following the public comment period. Any violation of the provisions of this Consent Order by Seaboard, including any false certifications, shall be a violation of a final order or action of the Division for the purpose of §25-8-608, C.R.S., and may result in the assessment of civil penalties of up to ten thousand dollars per day for each day during which such violation occurs.

38. The Parties' obligations under this Consent Order are limited to the matters expressly stated herein or in approved submissions required hereunder. All submissions made pursuant to this Consent Order are incorporated into this Consent Order and become enforceable under the terms of this Consent Order as of the date of approval by the Division.

39. The Division's approval of any submission, standard, or action under this Consent Order shall not constitute a defense to, or an excuse for, any prior violation of the Act, or any subsequent violation of any requirement of this Consent Order or the Act.

40. Notwithstanding paragraph 23 above, the violations described in this Consent Order will constitute

part of Seaboard's compliance history for purposes where such history is relevant. This includes considering the violations described above in assessing a penalty for any subsequent violations against Seaboard. Seaboard agrees not to challenge the use of the cited violations for any such purpose.

41. This Consent Order does not relieve Seaboard from complying with all applicable Federal, State, and/or local laws in fulfillment of its obligations hereunder and shall obtain all necessary approvals and/or permits to conduct the activities required by this Consent Order. The Division makes no representation with respect to approvals and/or permits required by Federal, State, or local laws other than those specifically referred to herein.

LIMITATIONS, RELEASES AND RESERVATION OF RIGHTS AND LIABILITY

42. Upon the effective date of this Consent Order, and during its term, this Consent Order shall stand in lieu of any other enforcement action by the Division with respect to the specific instances of violations cited herein and in the August 18, 2009 Notice of Violation / Cease and Desist Order (Number: HO-090818-1). The Division reserves the right to bring any action to enforce this Consent Order, including actions for penalties or the collection thereof, and/or injunctive relief.

43. This Consent Order does not grant any release of liability for any violations not specifically cited herein.

44. Nothing in this Consent Order shall preclude the Division from imposing additional requirements in the event that new information is discovered that indicates such requirements are necessary to protect human health or the environment.

45. Upon the effective date of this Consent Order, Seaboard releases and covenants not to sue the State of Colorado or its employees, agents or representatives as to all common law or statutory claims or counterclaims arising from, or relating to, the violations of the Act specifically addressed herein.

46. Seaboard shall not seek to hold the State of Colorado or its employees, agents or representatives liable for any injuries or damages to persons or property resulting from acts or omissions of Seaboard, or those acting for or on behalf of Seaboard, including its officers, employees, agents, successors, representatives, contractors, consultants or attorneys in carrying out activities pursuant to this Consent Order. Seaboard shall not hold out the State of Colorado or its employees, agents or representatives as a party to any contract entered into by Seaboard in carrying out activities pursuant to this Consent Order. Nothing in this Consent Order shall constitute an express or implied waiver of immunity otherwise applicable to the State of Colorado, its employees, agents or representatives.

SITE ACCESS AND SAMPLING

47. The Division shall be permitted to oversee any and all work being performed under this Consent Order. The Division shall be permitted access to the Facility and Seaboard Farms 164 and 167 and any additional farm at any time work is being conducted pursuant to this Consent Order, and during reasonable business hours during any period work is not being conducted, for the purposes of determining Seaboard's compliance with the Act, the Regulations, and this Consent Order. The

Division shall be permitted to inspect work sites, operating and field logs, contracts, purchasing/shipping records, and other relevant records and documents relating to this Consent Order or any requirement under this Consent Order and to interview Seaboard personnel and contractors performing work required by this Consent Order. Nothing in this paragraph limits or impairs the Division's statutory authorities to enter and inspect facilities associated with Seaboard operations.

FORCE MAJEURE

48. Seaboard shall perform the requirements of this Consent Order within the schedules and time limits set forth herein and in any approved plan unless the performance is prevented or delayed by events that constitute a force majeure. A force majeure is defined as any event arising from causes which are not reasonably foreseeable, which are beyond the control of Seaboard, and which cannot be overcome by due diligence.

49. Within seventy-two (72) hours of the time that Seaboard knows or has reason to know of the occurrence of any event which Seaboard has reason to believe may prevent Seaboard from timely compliance with any requirement under this Consent Order, Seaboard shall provide verbal notification to the Division. Within seven (7) calendar days of the time that Seaboard knows or has reason to know of the occurrence of such event, Seaboard shall submit to the Division a written description of the event causing the delay, the reasons for and the expected duration of the delay, and actions which will be taken to mitigate the duration of the delay.

50. The burden of proving that any delay was caused by a force majeure shall at all times rest with Seaboard. If the Division agrees that a force majeure has occurred, the Division will so notify Seaboard. The Division will also approve or disapprove of Seaboard's proposed actions for mitigating the delay. If the Division does not agree that a force majeure has occurred, or if the Division disapproves of Seaboard's proposed actions for mitigating the delay, it shall provide a written explanation of its determination to Seaboard. Within fifteen (15) calendar days of Seaboard's receipt of the explanation, Seaboard may file an objection.

51. Delay in the achievement of one requirement shall not necessarily justify or excuse delay in the achievement of subsequent requirements. In the event any performance under this Consent Order is found to have been delayed by a force majeure, Seaboard shall perform the requirements of this Consent Order that were delayed by the force majeure with all due diligence.

NOTICES

52. Unless otherwise specified, any report, notice or other communication required under the Consent Order shall be sent to:

For the Division:

Colorado Department of Public Health and Environment
Water Quality Control Division / WQCD-CAS-B2
Attention: Kelly Morgan
4300 Cherry Creek Drive South
Denver, Colorado 80246-1530
Telephone: 303.692.3634
E-mail: kelly.morgan@state.co.us

For Seaboard Foods LLC:

Seaboard Foods LLC
Attention: Jennifer Nelson
9000 W. 67th Street, Suite 200
Shawnee Mission, KS 66202
Telephone: 913.261.2651
Email: Jennifer_Nelson@Seaboardfoods.com

MODIFICATIONS

53. This Consent Order may be modified only upon mutual written agreement of the Parties.

COMPLETION OF REQUIRED ACTIONS

54. Seaboard shall submit a Notice of Completion to the Division upon satisfactory completion of all requirements of this Consent Order. The Division shall either accept or reject Seaboard's Notice of Completion in writing within thirty (30) calendar days of receipt. If the Division rejects Seaboard's Notice of Completion, it shall include in its notice a statement identifying the requirements that the Division considers incomplete or not satisfactorily performed and a schedule for completion. Seaboard shall, within fifteen (15) calendar days of receipt of the Division's rejection, either:

a. Submit a notice of acceptance of the determination; or
b. Submit a notice of dispute.

If Seaboard fails to submit either of the above notices within the specified time, it will be deemed to have accepted the Division's determination.

55. If Seaboard files any notice of dispute pursuant to paragraph 50 or paragraph 54 the notice shall specify the particular matters in the Division's determination that Seaboard seeks to dispute, and the basis for the dispute. Matters not identified in the notice of dispute shall be deemed accepted by

Seaboard. The Division and Seaboard shall have thirty (30) calendar days from the receipt by the Division of the notification of dispute to reach an agreement. If agreement cannot be reached on all issues within this thirty (30) calendar day period, the Division shall confirm or modify its decision within an additional fourteen (14) calendar days, and the confirmed or modified decision shall be deemed effective and subject to appeal in accordance with the Act and the Colorado State Administrative Procedures Act, §§ 24-4-101 through 108, C.R.S

NOTICE OF EFFECTIVE DATE

56. This Consent Order shall be fully effective, enforceable and constitute a final agency action upon the date when the Executive Director or his designee imposes the civil penalty following closure of the public comment period referenced in paragraph 36. If the penalty as described in this Consent Order is not imposed, or an alternate penalty is imposed, this Consent Order becomes null and void.

BINDING EFFECT AND AUTHORIZATION TO SIGN

57. This Consent Order is binding upon the Division and upon Seaboard and Seaboard's corporate subsidiaries or parents, their officers, directors, employees, successors in interest, and assigns. The undersigned warrant that they are authorized to legally bind their respective principals to this Consent Order. Seaboard agrees to provide a copy of this Consent Order to any contractors and other agents performing work pursuant to this Consent Order and require such agents to comply with the requirements of this Consent Order. In the event that a party does not sign this Consent Order within thirty (30) calendar days of the other party's signature, this Consent Order becomes null and void. This Consent Order may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same Consent Order.

FOR SEABOARD FOODS LLC:

_____ Date: 8/4/2011
Stephen Summerlin, Vice President of Live Operations

FOR THE COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT:

_____ Date: 8/16/11
Lori M. Gerzina, Manager
Compliance Assurance Section
WATER QUALITY CONTROL DIVISION

ATTACHMENT A

SUPPLEMENTAL ENVIRONMENTAL PROJECTS (SEP) PROPOSAL/AGREEMENT FORM

The entity, identified below, submits the following SEP application to the Colorado Department of Public Health and Environment (the department) for consideration.

Enforcement Action Information	Seaboard Foods LLC Case No.: HO-090818-1
Project Manager	Don Owens, Director of Environmental, Maintenance and Construction Seaboard Foods LLC 2801 Hurliman Road Guymon, OK 73942 (508) 338-4913 Don_Owens@seaboardfoods.com
CDPHE Contact Person	Kelly Morgan Enforcement Unit Water Quality Control Division Colorado Department of Public Health & Environment (303) 692-3634
Geographical Area to Benefit Most Directly From Project	Yuma County
Project Name	Recycle System Installation to Prevent Pollution and Conserve Water
Project Type	First Party
SEP Category	Pollution Prevention
Project Summary	This is a pollution prevention project that reduces waste through recycling effluent back into barns for pit recharge and conserves natural resources (water).

Project Description	Seaboard Foods LLC proposes to install recycle systems at a minimum of two farms, including but not limited to Farms 164 and 167 in Yuma County. Effluent generated by the animals in the barns initially flows into concrete pits under the barns. The pits are periodically drained and the effluent flows to the existing waste treatment lagoons at the farms. Normally after draining to the lagoons, the pits are recharged with a volume of fresh water. The recycle systems installed pursuant to this SEP will divert treated effluent from the lagoons back into the barns for recharging the waste treatment pits under the barns, displacing fresh water use for this purpose. The equipment associated with the recycle systems is pipeline and pumps. The installation/construction activities at each farm will involve (1) excavation and placement of pipeline from the lagoon to the barns; (2) installing a pump at the lagoon; (3) modifying the plumbing inside the barns to connect the recycle pipeline to the barn pit recharge lines.
Expected Environmental and/or Public Health Benefits	There is a direct relationship between the amount of fresh water used in the barns and the amount of effluent generated in the farm operations. The installation of the recycle systems will conserve water and reduce the volume of effluent generated. At least two million gallons of fresh water will be saved annually (one million gallons of water per farm) and at least two million fewer gallons of effluent will be generated annually. This project will benefit groundwater (pollution prevention and resource conservation).

ATTACHMENT A

Project Budget

Category	Description	Cost
Personnel - Salaries, Wages. (Include rates and # of hrs.)	N/A	
Materials and Supplies	1 – G&L WS3038D3J 3HP, 3 PH, 200V Submersible Pump (Farm 164)	$2,609.00
	1 – G&L WS5038D3J 5 HP, 3 PH, 200V Submersible Pump (Farm 167)	$3,118.00
	2 – Misc 38788 Buoy ($464.00 each)	$928.00
	2 – Misc 3" x 65' Discharge Hose ($522.00 each)	$1,044.00
Equipment	N/A	
Contractors/ Subcontractors	Farm 164 – Nursery (pull power from hallway panel, 4 drops per room)	$21,513.70
	Farm 167 – Nursery (pull power from hallway panel, 4 drops per room)	$23,734.75
Other Direct Costs	Miscellaneous	$9,000.00
	Total:	**$62,000.00**

Budget Discussion

Seaboard Foods LLC estimates that the engineering, materials, and construction will cost approximately $53,000.00 to complete the SEP at Farms 164 and 167. Detailed bids are attached. The final cost may vary based on actual labor time required, additional equipment needed, and other miscellaneous expenditures. In addition, Seaboard may install a water recycle system at an additional farm. Seaboard shall notify the Division prior to initiating construction of a water recycle system at an additional farm.

The only economic benefit associated with pumping less fresh water is reduced annual water fees paid to the Republican River Water Conservation District Water Activity Enterprise. Seaboard Foods LLC pays $11.60 per acre foot of water used from the wells at issue here. A savings of two million gallons annually is equivalent to 6.14 acre feet. Seaboard Foods LLC will save approximately $71.22 annually in water fees.

Project Schedule

Proposed Implementation Start Date:	Within 30 days of Seaboard's receipt of the executed Consent Order
Submit Notice of Construction Start Date to CDPHE:	14 days prior to commencement of construction
Projected Completion Date:	Within six (6) months of the project start date unless delayed by events that constitute a force majeure
SEP Completion Report Due:	Due no more than 30 days after project completion

ATTACHMENT A

Reporting	SEP Completion Report A full expense accounting, including proof of all payments, will be provided in the SEP Completion Report. The SEP Completion report will contain at a minimum: • A detailed description of the project as implemented; • A description of any operating problems encountered and the solutions thereto; • Itemized costs, documented by copies of purchase orders and receipts or canceled checks; • Certification and demonstration that the SEP has been fully implemented pursuant to the provisions of the Consent Order; and • A description of the environmental and public health benefits resulting from implementation of the SEP along with **quantification** of the outcomes and benefits. Additional information may include: • Examples of materials developed or produced as part of the SEP; and • Photographs documenting the project.
Other Relevant Information	Seaboard is subject to the odor emission requirements set forth in Colorado Air Quality Control Commission Regulation No. 2, Part B. This Regulation requires that Seaboard minimize odor from all aspects of their operation(s) to the greatest extent practicable. Consideration will be given to ensure that the recycle systems do not increase odorous emissions at or above the 7:1 odor standard at the property line(s).
Has the applicant entered into any prior commitments to fund this project, voluntary or otherwise? If yes, please explain.	No

PO Box 1857
Guymon, OK 73942

November 1, 2010

Alva Stegman
Seaboard Foods, Inc.
2801 Hurliman Road
Guymon, OK 73942

Mr. Stegman,

The following quote is for installing recycle systems at the following farm numbers 164 & 167. This bid includes material, labor, and supervision required to install as per the following:

- Install 6" 160 psi pipe recycle lines from lagoon, at closest point to center of lagoon or at closest point relative to electrical availability. Entry into building will take place on lagoon side or close to end of the building. We will reduce from 6" down to 4" in the ditch and go into building [illegible] line will reduce from 4" to 2" inside the building at recycle drop location.

- [illegible] come from closest available source. Underground wire to be URD aluminum in [illegible] lagoon will be a size 1 pump panel installed with 4 hour timer for the submersible pump. [illegible] omersible pump provided by owner. JCI will need to SPEC pump for Farm 167 as the elevation difference might be too high for a 3 HP submersible.

- Recycle drops to be 2" PVC pipe with a 2" PVC ball valve.

- All internal plumbing to mount with two-hole galvanized pipe straps.

Seaboard Foods, Inc. will be responsible for locating and marking all existing lines before digging begins. If Contractor hits a line that was not marked then it will cost $75.00 per man-hour to fix broken line. I have attached a spreadsheet to show a breakdown per site. This quote is good for 15 working days.

Total cost of Work = $45,248.45

Sincerely,

Kevin Braden
Sales Representative

Item No.	Type	Amount	Description	Notes
164	Nursery	$ 21,513.70	Pull Power from Hallway Panel	4/room
167	Nursery	$ 23,734.75	Pull Power from Hallway Panel	4/room
Total		**$ 45,248.45**		

1110 S. 14th Ave.
Dodge City, KS 67801
United States
Tel: 620-408-9500
Fax: 620-408-9518
http://www.jciind.com

Tuesday, November 02, 2010

Seaboard - Live Side Maintenance
2801 Hurliman Road
Guymon, OK 73942

Phone: 580+338-4939
Fax: 580+338-8844

Attention: **Alva Stegman**

Subject: G&L Submersible Pumps (Nurseries)

Quotation #: 0436627304DDW
Please refer to this number when ordering

Dear Alva:

It is my pleasure to submit this Price Quote to you. Please do not hesitate to call me at 620-408-9500 if you have any questions about any of the items on this quote.

Best regards,

Derek Boyer

Derek Boyer
Operations Manager
JCI INDUSTRIES, INC.

Mike Davis

Mike Davis
Account Executive
JCI INDUSTRIES, INC.

1110 S. 14th Ave.
Dodge City, KS 67801
United States
Tel: 620-408-9500
Fax: 620-408-9518
http://www.jciind.com

Quote #: 0436627304DDW

Item	Description	Qty.	Unit Price	Subtotal
1.00	G&L WS3038D3J 3 HP, 3 PH, 200V Submersible Pump Farm 164	1 EA	$2,609.00	$2,609.00
2.00	G&L WS5038D3J 5 HP, 3 PH, 200V Submersible Pump Farm 167	1 EA	$3,118.00	$3,118.00
3.00	Misc 38788 Buoy	2 EA	$464.00	$928.00
4.00	Misc 3" x 65' Discharge Hose	2 EA	$522.00	$1,044.00

Subtotal	$7,699.00
Total	**$7,699.00**

Terms & Conditions			
Proposed Shipping Date	4 Weeks After Receiving Order	**Payment Terms**	Net 30
Shipping Method	Best Way	**Shipping Terms**	Prepaid and Added to Invoice
F.O.B.	Warehouse	This Quotation is valid for 30 days.	