



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

AUG 10 2006

THE ADMINISTRATOR

The Honorable Mitch Daniels, Jr.
Office of the Governor
206 State House
Indianapolis, Indiana 46204

Dear Governor Daniels:

Thank you for your letter of March 29, 2006, in which you request that the United States Environmental Protection Agency (EPA) respond in a timely manner to a petition filed by Bunge North America regarding a Clean Air Act (CAA) Title V permit issued to a competitor. Bunge's petition requested that EPA either (1) issue a policy statement regarding emissions from oilseed processing plants, or (2) object to an air permit issued by the Indiana Department of Environmental Management (IDEM) to Louis Dreyfus Agricultural Industries, LLC for a new soybean processing/bio-diesel plant near Claypool, Indiana. Specifically, Bunge claims that while it agrees with how IDEM treats certain emissions for this industry, it believes EPA may have a different position. We understand that the proposed new plant is a valuable investment for Indiana and furthers our nation's goals for energy independence.

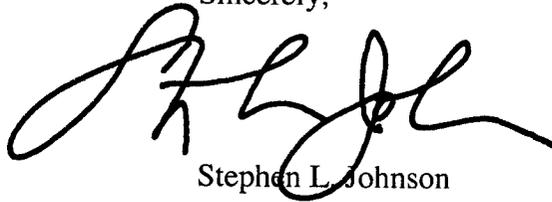
EPA issued an order denying Bunge's petition on July 21, 2006. A copy is enclosed for your reference. EPA agrees with IDEM and Bunge that fugitive emissions from the soybean oil extraction process are not counted when determining whether the source qualifies as a "major source" for air permitting purposes under IDEM's rules for Prevention of Significant Deterioration (PSD). EPA also believes that any volatile organic compound (VOC) emissions that are bound in product and emitted after the product has left the facility for distribution should not be included in the major source determination calculation, regardless of whether they are fugitive emissions.

In the petition response EPA does not take a position regarding the accuracy of either IDEM's characterization of certain emissions as fugitive, or its estimate of the level of non-fugitive emissions at the proposed Dreyfus facility. EPA has seen no evidence that IDEM's characterization of certain emissions as fugitive or the estimates calculated are flawed or inconsistent with EPA policies. The proposed Dreyfus facility is permitted as a "minor" new source under the Indiana rules for PSD because it is required to maintain non-fugitive VOC emissions below 250 tons per year (tpy). The facility's non-fugitive VOC emissions are limited to 238.4 tons per year, 11.6 tons below the 250 tpy major source threshold. We recommend that Dreyfus ensure its non-fugitive emissions remain below the major source threshold. Failure to

do so could possibly result in Dreyfus being subject to further permitting requirements under PSD and possible enforcement action.

Again, thank you for your letter. If you have further questions, please contact me or your staff may contact Pamela Luttner, in EPA's Office of Congressional and Intergovernmental Relations, at (202) 564-3107.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. L. Johnson', written in a cursive style.

Stephen L. Johnson