



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

OFFICE OF
ENFORCEMENT AND
COMPLIANCE ASSURANCE

JUL 28 2015

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

New Energy Fuels Inc.
Attn: Brenda Daniels, Chief Financial Officer
41095 Park 290 Drive
Waller, Texas 77484-6689

Chieftain Biofuels LLC
Attn: Douglas Kitchen, President/Chief Executive Officer
32919 Logan Hornsmill Road
Logan, Ohio 43138-8497

Re: Notice of Violation of Renewable Fuel Standards
File Number AED/MSEB # 8192

Dear Mr. Kitchen and Ms. Daniels:

The United States Environmental Protection Agency (EPA or we) has commenced an investigation into Chieftain Biofuels LLC's (Chieftain), and New Energy Fuels Inc.'s (NEF) compliance with Section 211(o) of the Clean Air Act (CAA), and the renewable fuel standard regulations promulgated at 40 C.F.R. Part 80, Subpart M (RFS2 regulations).

The RFS2 regulations require refiners and importers (referred to as obligated parties), and exporters of renewable fuel to acquire sufficient Renewable Identification Numbers (RINs) to demonstrate compliance with their Renewable Volume Obligations (RVOs). The regulations include a credit trading program to facilitate compliance with the renewable fuel standards. The credit trading program allows obligated parties and exporters of renewable fuel to comply with their RVOs through the purchase of RINs.

Based upon the information available to the EPA as a result of its investigation, the EPA has determined that from October 3, 2011, until February 29, 2012, all of the RINs with a D-Code of 4 generated by Chieftain (Company ID 3488 and Facility ID 80131), 4,802,592 D4 RINs, are invalid. Based upon the information available to the EPA as a result of its investigation, the EPA has determined that from July 7, 2010, until December 9, 2011, all of the RINs generated by NEF (Company ID 7331 and Facility ID 83109), 10,281,155 D4 RINs, are invalid. The EPA determined that Chieftain and NEF violated 40 C.F.R. § 80.1460(b)(1) by generating RINs without producing the applicable volume of renewable fuel

and violated 40 C.F.R. § 80.1460(b)(2) by creating or transferring to another person RINs that are considered invalid under 40 C.F.R. § 80.1431.

The EPA issues this NOV pursuant to Sections 205 and 211 of the CAA, 42 U.S.C. §§ 7524 and 7545, for the violations identified above. Sections 205 and 211 of the CAA authorize the EPA to assess a civil penalty of up to \$37,500 for every day for each violation, plus the economic benefit or savings resulting from each violation. 42 U.S.C. §§ 7524, 7545(d); *see also* 40 C.F.R. §§ 19.4, 80.1461, 80.1463. In order to determine an appropriate penalty for each violation, the EPA considers the gravity of the violation, the economic benefit or savings (if any) resulting from the violation, the size of your business, your history of compliance with the CAA, actions taken by you to remedy the violation and prevent future violations, the effect of the penalty on your ability to continue in business, and other matters as justice may require. 42 U.S.C. § 7524. This NOV does not create any rights or waive any of your obligations under the CAA, but rather is for the purpose of notifying you of the violations.

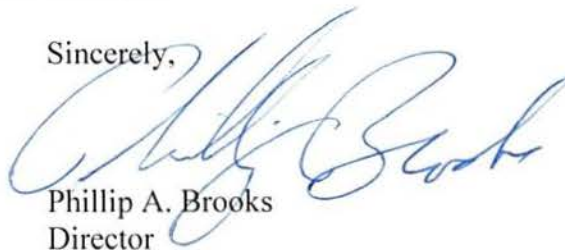
We are offering you an opportunity to confer with us about the violations alleged in this NOV. The conference will give you an opportunity to present information on the alleged violations, any efforts you have taken to comply, and the steps you will take to prevent future violations. By offering the opportunity for a conference, or participating in one, the EPA does not waive or limit its right to any remedy available to it under the CAA.

The EPA attorney assigned to this matter is Tahani Rivers. Tahani Rivers may be reached at (303) 312-7155, Rivers.Tahani@epa.gov, or at the following address:

Tahani Rivers, Attorney-Advisor
U.S. Environmental Protection Agency
OECA/AED/Western Field Office (8MSU)
1595 Wynkoop Street
Denver, CO 80202-1129

We appreciate your attention to this important matter.

Sincerely,



Phillip A. Brooks
Director
Air Enforcement Division

cc: Christopher Thompson, Section Chief – Air Enforcement Division, Western Field Office
Jeff Kodish, Fuels Team Leader – Air Enforcement Division, Western Field Office
Terry Yates, Esq.
Samuel Weiner, Esq.