

State of Illinois

STATEMENT OF BASIS FOR DRAFT CAAPP PERMIT

Source Name:	Mounds Production Company, LLC
Source I.D. Number:	153855AAA
Permit Number:	95090083
Date Prepared:	October 13, 2026

Permitting Authority:
Illinois Environmental Protection Agency
Bureau of Air, Permit Section
217-785-1705

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1 – Legal Overview of the Permit and Permit Conditions

1.1 Legal Framework of the CAAPP

The Illinois EPA's state operating permit program for major sources established to meet the requirements of 40 CFR Part 70 is found at Section 39.5 of the Illinois Environmental Protection Act (Act) [415 ILCS 5/39.5]. The program is called the Clean Air Act Permitting Program (CAAPP). The CAAPP was given final full approval by USEPA on December 4, 2001 (see 66 FR 62946).

1.2 Legal Framework of This Document

This document is a requirement of Section 39.5(8)(b) of the Act, which states:

“The Agency shall prepare a statement that sets forth the legal and factual basis for the Draft CAAPP permit conditions, including references to the applicable statutory or regulatory provisions.”

This Statement of Basis is not enforceable and only sets forth the legal and factual basis for the Draft CAAPP Permit Conditions. The Statement of Basis does not shield the source from enforcement actions or its responsibility to comply with existing or future applicable regulations. Nor does the Statement of Basis constitute a defense to a violation of the federal Clean Air Act (CAA) nor the Act, including implementing regulations.

1.3 Standards for Issuance of the CAAPP Permit

The Illinois EPA shall issue a CAAPP Permit if the following standards for issuance have been met, pursuant to Section 39.5(10)(a)(i) through (iv) of the Act:

- The applicant has submitted a complete and certified application for a permit consistent with Section 39.5(5) of the Act and applicable regulations.
- The applicant has submitted with its complete application an approvable compliance plan ... consistent with Section 39.5(5) of the Act and applicable regulations.
- The applicant has timely paid the fees required pursuant to Section 39.5(18) of the Act and applicable regulations.
- The applicant has provided any additional information as requested by the Illinois EPA.

It is the Illinois EPA's preliminary determination that the standards for issuance above have been met. Therefore, the Illinois EPA has initiated the necessary procedural requirements to issue a Final CAAPP Permit. The Illinois EPA has posted the Draft CAAPP Permit and this Statement of Basis on the Illinois EPA's website:

<https://epa.illinois.gov/public-notices/boa-notices.html>

1.4 Legal Framework for Conditions in the CAAPP Permit

Most of the conditions contained within the Draft CAAPP Permit are derived from environmental requirements found in state and/or federal regulations. In some instances, the CAAPP provides the legal basis for the inclusion of requirements in a CAAPP permit, such as periodic monitoring, reporting, recordkeeping, and the carry-over of construction permits. In other instances, the legal basis for inclusion of requirements in a CAAPP permit may not be the CAAPP, but rather other things, such as state or federal consent orders.

2 – Factual Overview for the Permit and Permit Conditions

2.1 Source Description

Source	Mounds Production Company, LLC
Source ID	153855AAA
Address	700 Industrial Park Road Mounds, Illinois 62964
Township	Mounds
County	Pulaski
SIC Code	3295 Minerals and Earths, Ground or Otherwise Treated

The source produces dry clay products from fullers earth (clay).

The source is located in a potential area of Environmental Justice concern.

Emission Unit(s)	Description
Dryers (Subject to 40 CFR 60, Subpart UUU)	The facility uses three dryers to produce dry clay for a variety of products.
Material Handling and Processing Equipment (Subject to 40 CFR 60, Subpart OOO)	The facility uses various conveyors, elevators, screens, crushers, granulators, and storage bins/silos to handle and process the clay products.
Material Handling and Processing Equipment	The facility uses various conveyors, elevators, screens, crushers, granulators, and storage bins/silos to handle and process the clay products.

2.2 Single Source Status

Mounds Production Company LLC does not have any associated stationary sources that would be considered a single stationary source based on information contained within the certified application.

Under Section 39.5 of the Act, separate stationary sources can be considered a single stationary source for purposes of Title V of the CAA if they:

- belong to the same industrial grouping or operate as a support facility,
- are located on contiguous or adjacent properties, and
- are under common control.

2.3 Ambient Air Quality Status for Surrounding Area

The source is located in an area with the following classifications regarding the National Ambient Air Quality Standards (NAAQS).

Criteria Pollutant	Attainment Status
Carbon Monoxide (CO)	Unclassifiable/Attainment
Lead (Pb)	Unclassifiable/Attainment
Nitrogen Dioxide (NO ₂)	Unclassifiable/Attainment
Ozone (O ₃)	Unclassifiable/Attainment

Criteria Pollutant	Attainment Status
Particulate Matter with Mass Median Diameter at or below 2.5 microns (PM _{2.5})	Not Yet Designated
Particulate Matter with Mass Median Diameter at or below 10 microns (PM ₁₀)	Unclassifiable/Attainment
Sulfur Dioxide (SO ₂)	Unclassifiable/Attainment

2.4 Reason(s) Why a CAAPP Source

The source requires a CAAPP permit for the following reason(s), per Section 39.5(2) of the Act:

Reason	Determination
PTE Exceeds 100 tpy of PM	Yes
PTE Exceeds 100 tpy of SO ₂	Yes
PTE Exceeds 100 tpy of VOM	No – Natural Minor
PTE Exceeds 100 tpy of CO	Yes
PTE Exceeds 100 tpy of NO _x	Yes
PTE Exceeds 10 tpy of Individual HAP	No – Natural Minor
PTE Exceeds 25 tpy of Total HAPs	No – Natural Minor
Required in NSPS/NESHAP	No
Section 129 of the Clean Air Act Source	No
Treated as a “Major Source” under the New Source Review Program	No
Subject to Acid Deposition Control, Title IV of the Clean Air Act	No

2.5 Applicable Federal and State Regulations

Federal Regulations

Part	Subpart	Title
40 CFR Part 60	Subpart A	General Provisions
40 CFR Part 60	Subpart OOO	Nonmetallic Mineral Processing Plants
40 CFR Part 60	Subpart UUU	Calciners and Dryers in Mineral Industries
40 CFR Part 61	Subpart M	Standard of Asbestos
40 CFR Part 63	Subpart A	General Provisions
40 CFR Part 63	Subpart CCCCCC	Source Category: Gasoline Dispensing Facilities
40 CFR Part 64	N/A	Compliance Assurance Monitoring
40 CFR Part 82	Subpart F	Ozone Depleting Substances

State Regulations

Part	Title
35 IAC Part 201	Permits and General Provisions
35 IAC Part 212	Visible And Particulate Matter Emissions
35 IAC Part 214	Sulfur Limitations
35 IAC Part 215	Organic Material Emissions Standards And Limitations
35 IAC Part 254	Annual Emissions Report

2.6 Permitting History

List of CAAPP Permit Actions

Since issuance of the previous Renewal CAAPP permit, the source has been issued the following modifications and/or amendments:

Issued Date	Permit Action
08/21/2023	Administrative Amendment

List of Construction Permits

Construction permits derive from the New Source Review (NSR) permit programs required by Title I of the CAA. The Draft CAAPP Permit identifies Title I conditions with a [T1] “tag” following the condition.

Since issuance of the previous Renewal CAAPP permit, the source has been issued the following construction permits:

Permit Number	Date Issued	Status	Description
19020006	06/24/2026	Incorporated into the Draft CAAPP Permit	Replacement of Screen #2 and Elevator #3. This is a revised Construction Permit.
20060005	07/13/2020	Incorporated into the Draft CAAPP Permit	Granulator, Belt Conveyor and Pneumatic Transfer System
20110006	02/03/2021	Incorporated into the Draft CAAPP Permit	Reconstruction of Storage Bin (T10)
21120014	03/11/2022	Incorporated into the Draft CAAPP Permit	Dryer #3 Burner Replacement
22060011	09/22/2022	Incorporated into the Draft CAAPP Permit	New Granulators G-1 and G-2
24030004	07/16/2024	Incorporated into the Draft CAAPP Permit	Replacement Storage Tanks
24120013	11/04/2025	Incorporated into the Draft CAAPP Permit	New Auger and Elevator

List of Obsolete or Extraneous Title I Conditions

Since issuance of the previous Renewal CAAPP permit, there are no obsolete or extraneous conditions from construction permits issued to the source.

2.7 Testing

Since issuance of the previous Renewal CAAPP permit, the source performed the following testing:

Emission Unit	Date	Metric/Pollutant
Material Handling/ Processing Equipment vented to North Ambient Baghouse DC-5	08/26/2025	Opacity, PM
Material Handling/ Processing Equipment vented to North Ambient Baghouse DC-5	08/26/2024	Opacity, PM

Emission Unit	Date	Metric/Pollutant
Material Handling/ Processing Equipment vented Baghouse DC-14	09/24/2024	Opacity, PM
Material Handling/ Processing Equipment vented to South Ambient Baghouse DC-6	04/16/2024	Opacity, PM
Granulators G-1 and G-2 controlled by Baghouse DC-13	12/20/2022	Opacity, PM
Dryer #3	10/12/2022	Opacity, PM
G-6 Granular Grinding Mill	06/03/2021	Opacity, PM

2.8 Field Inspections

The source was most recently inspected on May 8, 2025.

2.9 Annual Emissions

The following table lists annual emissions (in tons) of regulated air pollutants for the source, as reported in the Annual Emission Reports (AER) submitted to the Illinois EPA:

Pollutant	2025	2024	2023	2022	2021
CO	85.54	89.75	100.16	88.72	88.70
NO _x	21.68	22.74	25.38	22.48	22.48
PM	68.63	83.32	98.53	91.59	85.44
SO ₂	3.48	3.66	4.08	3.61	3.61
VOM	6.97	7.31	8.16	7.23	7.22
Methane (HAP)	0.14	0.17	0.17	0.12	0.12
Total HAP	-	-	-	-	-

3 – Changes from the Previously Issued CAAPP Permit

3.1 Permit Condition Changes

Section 1

Responsible Official details were updated to be consistent with the permit application.

Updated source contact information to be consistent with the permit application.

Section 2

Removed Section 2.2 - Emergency Provisions, because the CAAPP Emergency Affirmative Defense in Section 39.5(7)(k) of the Act was repealed. Subsequent sections in Section 2 have been renumbered.

Section 4.1

Incorporated Construction Permit #21120014. The construction permit replaced Dryer #3.

Section 4.2

Incorporated Construction Permit #20060005. The construction permit added a new G-Line Packaging Pneumatic System. And replaced the old Granulator G-6. The original Granulator G-6 was originally in Section 4.3.

Incorporated Construction Permit #19020006. The construction permit replaced the #3 Screening Elevator and Screen 2. The Screen 2 being replaced was originally in Section 4.3.

Incorporated Construction Permit #22060011. The construction permit replaced Granulators G-1 and G-2. The units being replaced were originally in Section 4.3.

Incorporated Construction Permit #20110006. The construction permit replaced the T-10 400 Ton Bin. The unit being replaced was originally in Section 4.3.

Incorporated Construction Permit #24030004. The construction permit replaced Tanks T-15, T-16, and T-17. The units being replaced were originally in Section 4.3.

Incorporated Construction Permit #24120013. The construction added a Transfer Auger and Transfer Elevator controlled by DC-1.

Section 4.3

As seen above in the changes for Section 4.2, a number of units were originally in Section 4.3, but were moved.

Section 5

While Section 5, itself remains unchanged, it needs to be noted that some emission units referenced by this section moved from Section 4.3 to 4.2.

Section 7

The original Section 7.3 was removed as there was no General Applicability Table in 40 CFR 60 Subpart OOO. The subsequent subsections were renumbered.

Section 8

Updated source fee information to be consistent with the permit application.

Made administrative changes such as updating standard conditions, correcting spelling and grammar, and rearranging conditions. These changes have no effect on requirements in the permit.

4 – Monitoring

CAAPP permits must contain applicable monitoring and related testing, reporting, and recordkeeping requirements. Broadly speaking, these types of conditions are meant to ensure that sources are able to demonstrate compliance with the applicable requirements. Two areas related to monitoring that are narrower in application include periodic monitoring and compliance assurance monitoring (CAM).

As addressed in 40 CFR 70.6(a)(3)(i)(B) and Section 39.5(7)(d)(ii) of the Act, periodic monitoring is a monitoring requirement(s) (which may include just recordkeeping) sufficient to yield reliable data for the relevant time period added when an applicable requirement does not require periodic testing or monitoring.

4.1 Periodic Monitoring for Source-Wide Requirements

Requirement	Periodic Monitoring Added?	Rationale
35 IAC 212.301	Yes	The source only has paved roads contributing to fugitive PM

4.2 Periodic Monitoring for Significant Emission Units

a. Dryers

Requirement	Periodic Monitoring Added?	Rationale
40 CFR 60 Subpart UUU	No	Federal regulations promulgated after November 15, 1990, contain adequate monitoring requirements
35 IAC 212.123(a)	No	Adequate monitoring is addressed in the Compliance Assurance Monitoring (CAM) Plan.
35 IAC 212.321(a)	No	Adequate monitoring is addressed in the Compliance Assurance Monitoring (CAM) Plan.
35 IAC 214.301	Yes	Emissions of sulfur oxides are very low, because sulfur compounds are removed from natural gas at processing plants. Pipeline quality natural gas typically has sulfur levels of 2,000 grains per million standard cubic feet
Construction Permit #03110024	No	Adequate monitoring is addressed in the Compliance Assurance Monitoring (CAM) Plan.

b. Material Handling and Processing Equipment (Subject to 40 CFR 60, Subpart OOO)

Requirement	Periodic Monitoring Added?	Rationale
40 CFR 60 Subpart OOO	No	Federal regulations promulgated after November 15, 1990, contain adequate monitoring requirements
35 IAC 212.123(a)	No	Adequate monitoring is addressed in the Compliance Assurance Monitoring (CAM) Plan.
35 IAC 212.321(a)	No	Adequate monitoring is addressed in the Compliance Assurance Monitoring (CAM) Plan.
Construction Permit #22060011	No	Adequate monitoring is addressed in the Compliance Assurance Monitoring (CAM) Plan.

Construction Permit #20060005	No	Adequate monitoring is addressed in the Compliance Assurance Monitoring (CAM) Plan.
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c. Material Handling and Processing Equipment

Requirement	Periodic Monitoring Added?	Rationale
35 IAC 212.123(a)	No	Adequate monitoring is addressed in the Compliance Assurance Monitoring (CAM) Plan.
35 IAC 212.321(a)	No	Adequate monitoring is addressed in the Compliance Assurance Monitoring (CAM) Plan.

d. Construction Permit #19020006

Requirement	Periodic Monitoring Added?	Rationale
Construction Permit #22060011	No	Adequate monitoring is addressed in the Compliance Assurance Monitoring (CAM) Plan.

4.3 Compliance Assurance Monitoring (CAM)

The source operates the following emission unit(s) subject to CAM requirements. The CAM plan(s) can be found in Section 7.4 in the Draft CAAPP Permit.

Emission Unit	Pollutant	Control	Rationale
Dryer #1	PM	DC-1	Pressure drop was chosen as the indicator with an indicator range of 1.0 to 7.0 inches of water, with an exceedance limit of 5% of operating time.
Dryer #2	PM	DC-2	Pressure drop was chosen as the indicator with an indicator range of 1.5 to 8.0 inches of water, with an exceedance limit of 5% of operating time.
Dryer #3	PM	DC-3	Pressure drop was chosen as the indicator with an indicator range of 2.0 to 9.0 inches of water, with an exceedance limit of 5% of operating time.
Material Handling/Processing Equipment	PM	North Ambient Baghouse	Pressure drop was chosen as the indicator with an indicator range of 4.0 to 10.0 inches of water, with an exceedance limit of 5% of operating time.
Material Handling/Processing Equipment	PM	South Ambient Baghouse	Pressure drop was chosen as the indicator with an indicator range of 5.0 to 11.0 inches of water, with an exceedance limit of 5% of operating time.
Material Handling/Processing Equipment controlled by Baghouse DC-13	PM	DC-13	Pressure drop was chosen as the indicator with an indicator range of 1.0 to 7.0 inches of water, with an exceedance limit of 5% of operating time.
Dryer #2 controlled by	SO ₂	Scrubber SCR-	Scrubber Liquid pH was chosen as the

Emission Unit	Pollutant	Control	Rationale
Scrubber SCR-2		2	indicator with an indicator range of a pH of between 6.0 to 9.0, with an exceedance limit of 5% of operating time.
Material Handling/Processing Equipment controlled by Kice	PM	Kice	Pressure drop was chosen as the indicator with an indicator range of manufacturer specifications, with an exceedance limit of 5% of operating time.
Material Handling/Processing Equipment controlled by Baghouse DC-14	PM	DC-14	Pressure drop was chosen as the indicator with an indicator range of manufacturer specifications, with an exceedance limit of 5% of operating time.

5 – Other Discussions

5.1 Reporting

Regulatory Reports

Many state and federal environmental regulations establish reporting obligations. The CAAPP at Section 39.5(7)(b) of the Act makes clear that all reports required under applicable regulations shall be carried forward into the CAAPP Permit.

The Draft CAAPP Permit for this source includes all applicable regulatory reporting as promulgated under federal and state regulations under the CAA and the Act. The regulatory reports may also satisfy the prompt reporting obligations discussed below. These reports must be certified by a responsible official.

Deviation Reports (Prompt Reporting)

Section 39.5(7)(f)(ii) of the Act mandates that each CAAPP Permit require prompt reporting of deviations from permit requirements.

Failure to comply with a permit term, or any occurrence that results in an excursion from any emission limitation, operating condition, or work practice standard is a permit deviation subject to prompt reporting.

Neither the CAAPP nor the federal rules upon which the approved CAAPP program in Illinois is based define the term “prompt.” The Illinois EPA has the discretion to define “prompt” in relation to the degree and type of deviation likely to occur at a particular source. The Illinois EPA defines prompt reporting on a permit-by-permit basis. In instances where the underlying applicable requirement contains “prompt” reporting, the Illinois EPA typically incorporates the pre-established timeframe into the CAAPP permit (e.g., a NESHAP or NSPS deviation report). Where the underlying applicable requirement does not explicitly set forth the timeframe for reporting deviations, the Illinois EPA generally uses a timeframe of 30 days to define prompt reporting of deviations.

In addition, pursuant to Section 39.5(7)(f)(i) of the Act, the Draft CAAPP Permit would also require the source to provide a summary of all deviations with the Semi-Annual Monitoring Report.

Semi-Annual Monitoring Reports

Section 39.5(7)(f)(i) of the Act mandates that each CAAPP Permit require the submittal of a report relative to monitoring obligations as set forth in the permit. Depending upon the monitoring obligation at issue, the semi-annual monitoring report may also constitute a deviation report as previously discussed. Semi-annual monitoring includes instrumental and non-instrumental emissions monitoring, emissions analyses, and emissions testing established by state or federal laws or regulations or as established in the CAAPP Permit. This monitoring also includes recordkeeping. Each deviation from each monitoring requirement must be identified in the relevant semi-annual report. The semi-annual reports shall be submitted regardless of any deviation events. Reporting periods for semi-annual monitoring reports are January 1 through June 30, and July 1 through December 31 of each calendar year. Such reporting requirement is found in Section 3.5(b) of the Draft CAAPP Permit.

Annual Compliance Certifications

Section 39.5(7)(p)(v) of the Act mandates that each CAAPP Permit require a source to submit a certification of its compliance status with each term and condition of its CAAPP Permit. The CAAPP requires that this report be submitted, regardless of compliance status, on an annual basis. The Draft CAAPP Permit requires this

annual certification be submitted by May 1 and cover the previous calendar year. The report shall be certified by a responsible official. Such reporting requirement is found in Section 2.5(a) of the Draft CAAPP Permit.