



USE PERMIT APPLICATION

FILING FEE: CLASS 1 \$742; CLASS 2 \$1,350; CLASS 3 \$1,350
and ENVIRONMENTAL HEALTH FEE: \$85

DEPARTMENT OF PLANNING AND BUILDING SERVICES

707 Nevada Street, Suite 5 · Susanville, CA 96130-3912

(530) 251-8269 · (530) 251-8373 (fax)

www.co.lassen.ca.us

OCT 16 2020

LASSEN COUNTY DEPARTMENT OF
PLANNING AND BUILDING SERVICES

Form must be typed or printed clearly in black or blue ink. All sections must be completed in full.

This application consists of one page; only attach additional sheets if necessary.

FILE NO. 2020-008

Property Owner/s Emerald Tree, LLC	Property Owner/s
Name: Kevin J. McInerney, Manager	Name:
Mailing Address: 1050 N. Hills Blvd., #61388	Mailing Address:
City, ST, Zip: Reno, NV 89506 <u>360-852-7133</u>	City, ST, Zip:
Telephone: (775) 849-3811 Fax:	Telephone: Fax:
Email: kevin@mcinerneylaw.net	Email:

Applicant/Authorized Representative*	Agent (Land Surveyor/Engineer/Consultant)
Same as above: <input checked="" type="checkbox"/>	Correspondence also sent to: <input checked="" type="checkbox"/>
Name:	Name: Frontier Builders
Mailing Address:	Mailing Address: 715-505 Blickenstaff Road
City, ST, Zip:	City, ST, Zip: Janesville, CA 96114
Telephone: Fax:	Telephone: (530) 520-6667 Fax:
Email:	Email: frontierbuilders@mcfmail.org License #: 996440

Project Address or Specific Location: 460-880 Lakecrest Road, Janesville, CA 96114			
Deed Reference: Book: 129	Page: 620	Year: 2019	Doc#: 04670
Zoning: Agricultural A-3	General Plan Designation:		
Parcel Size (acreage): See Exhibit A (221.8 Acres)	Section:	Township: 28 N	Range: 13 E

Assessor's Parcel Number(s):	129 - 620 - 4611	- -	- -
- -	- -	- -	- -

Project Description:
Owner intends to build an agricultural processing facility for the extraction of CBD or CBG oil from industrial hemp grown on the property. Later a small bottling and shipping facility (1,000 sq. ft) may be added. The processing will be done within a 11,000 sq. ft. engineered steel building that will be staffed up to 30 employees working with a split shift between 7:00 a.m. and 8:00 p.m. Construction of the building will be handled by Frontier Builders of Janesville.

SIGNATURE OF PROPERTY OWNER(S): I HEREBY ACKNOWLEDGE THAT: I have read this application and state that the information given is both true and correct to the best of my knowledge. I agree to comply with all County ordinances and State laws concerning this application.	*SIGNATURE OF APPLICANT/AUTHORIZED REPRESENTATIVE (Representative may sign application on behalf of the property owner only if Letter of Authorization from the owner/s is provided).
<u>Kevin J. McInerney</u> Date: 10/15/20	<u>Kevin J. McInerney</u> Date: 10/15/20
Date:	Date:

See associated process form for required attachments and instructions.



USE PERMIT PROJECT DETAIL SUPPLEMENT

DEPARTMENT OF PLANNING AND BUILDING SERVICES

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OCT 16 2020

LASSEN COUNTY DEPARTMENT OF
PLANNING AND BUILDING SERVICES

FILE NO. UP 200-008

Form must be typed or printed clearly in black or blue ink. This supplement consists of three pages. Please complete the following application supplement and attach to the Use Permit Application. Answer all questions that are related to the proposed use.

1. **Proposed timeframe for the project and completion of each major phase (i.e., when structures and improvements will be completed):** Construction would begin in March of 2021. It should be completed by harvest season - September 2021. This will consist of the erection of a single steel frame building and interior improvements.

2. **Existing use of property:** This site is part of a 598 acre ranch, which has been historically used for growing hay. The site itself is and has been simply open unused ground.

3. **Describe adjoining land uses (e.g., residential, commercial, agricultural, etc.). Please be as specific as possible.**

North: Large hay ranch

South: Open agricultural land

East: Several hundred yards away is a residence

West: Lakecrest Road. Nearest residence on Lakecrest is several hundred yards away

4. **Hours of proposed operation:** 7:00 am to 8:00 pm **Days of operation:** Monday-Saturday

5. **Number of shifts:** Two (Split) **Number of employees:** 30

6. **Number of deliveries or pick-ups:** _____ per day 3 per week

7. **Number of visitors/customers:** 0 per day _____ per week

8. **Will the project increase noise levels in the immediate area?** ☐ Yes ☒ No

If yes, anticipated noise levels in decibels at:

50 feet _____

100 feet _____

Property Line _____

9. **Describe existing structures and improvements to be used in conjunction with the proposed use, including their floor area:** Processing facility will be contained in an 11,000 sq. ft. engineered steel framed building with a gravel driveway and a gravel parking area. The entry and exit will be on Blickenstaff Road. There will be parking for 20 cars.

10. **Maximum height (in feet) of existing structures:** There are no other existing structures other than the farm residence and an equipment shed

11. **Maximum height (in feet) of proposed structures:** 18 ft

12. Describe any existing structures to be removed: None.

13. Describe proposed structures and improvements (e.g., buildings, parking, roads, and sewer services, etc.). Please include dimensions and floor area: The building will be served by a septic system. The floor building is 11,000 sq. ft. The driveway and parking areas will be gravel. There will be parking for 30 cars.

14. Describe the topography and physical environment at and surrounding the project site: The project site is flat. To the West the ground slopes gradually upward. To the East and South the land is flat agricultural land.

15. Describe proposed exterior lighting, including location (attach lighting diagram if applicable): There will be minimal exterior lighting.

16. Will the project include or result in grading, including anticipated grading at project buildout?
☐ Yes ☒ No If yes, approximate total surface area to be disturbed by site grading:
_____ sq. ft. or _____ acres

Quantity of cut: _____ cubic yards Quantity of fill: _____ cubic yards

17. Percentage of site to be covered by impervious surfaces (e.g., roads, driveways, and structures), including estimated impervious surfaces at project buildout: 11,000 sq. ft. building

18. Number of existing parking spaces: 0 employee 0 customer

Number of proposed parking spaces: 30 employee 0 customer

Describe surfacing of parking area: Gravel

Please attach a parking plan showing existing and proposed parking facilities.

19. Please attach a detailed plot plan, drawn to scale, showing all existing and proposed improvements.

20. For commercial, industrial and institutional developments, please attach a landscaping plan.

21. Please indicate how the following services will be provided to serve the project, including name of the service provider:

Electricity: Plumas Rural Electric Cooperative

Underground ☐ Overhead ☒

Telephone: _____

Underground ☐ Overhead ☐

Water Supply: Existing Well ☒ New Well(s) ☒

Community Water ☐

Other ☒ The building will have 20,000 gallon water storage outside for use in the sprinkler system.

Sewage Disposal: Individual Septic System ☒ Community Sewer ☐ Shared Septic System ☐

If individual septic systems are proposed, has soil testing been performed to determine soil suitability? ☐ Yes ☒ No If yes, please attach

Solid Waste Disposal: Individual septic system

LP/Natural Gas: An exterior propane storage tank will be next to the building.

If an extension of utility lines is necessary, indicate which services and the distance of the extension: PRSEC will extend single phase and three phase power approximately 300 ft from Blickenstaff Road.

22. Please provide the names of the following districts, if applicable:

High School: Lassen High School

Elementary School: Janesville Elementary School

Fire Protection: Janesville Fire Department

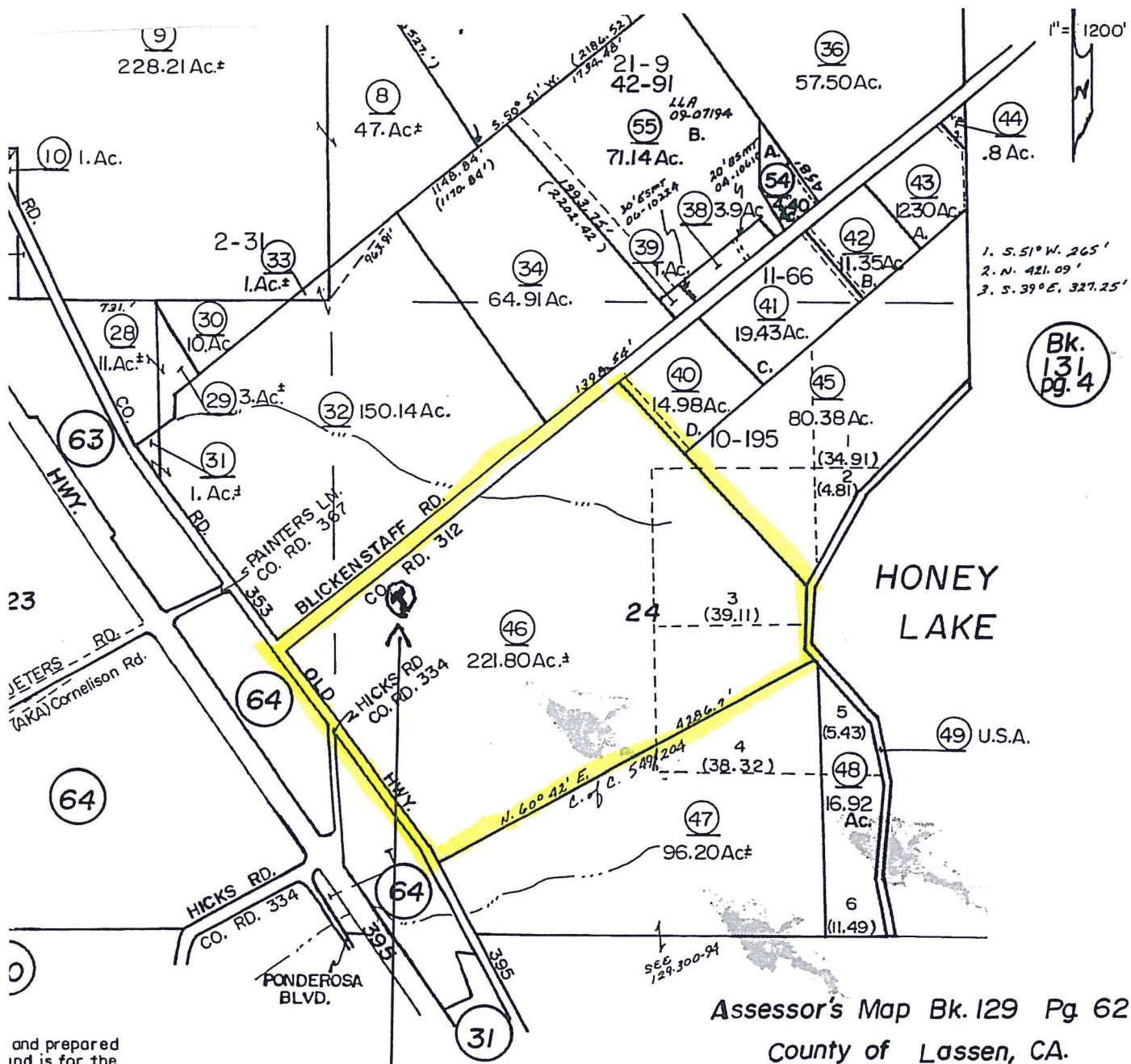
Community Services District: Spalding Community Services District

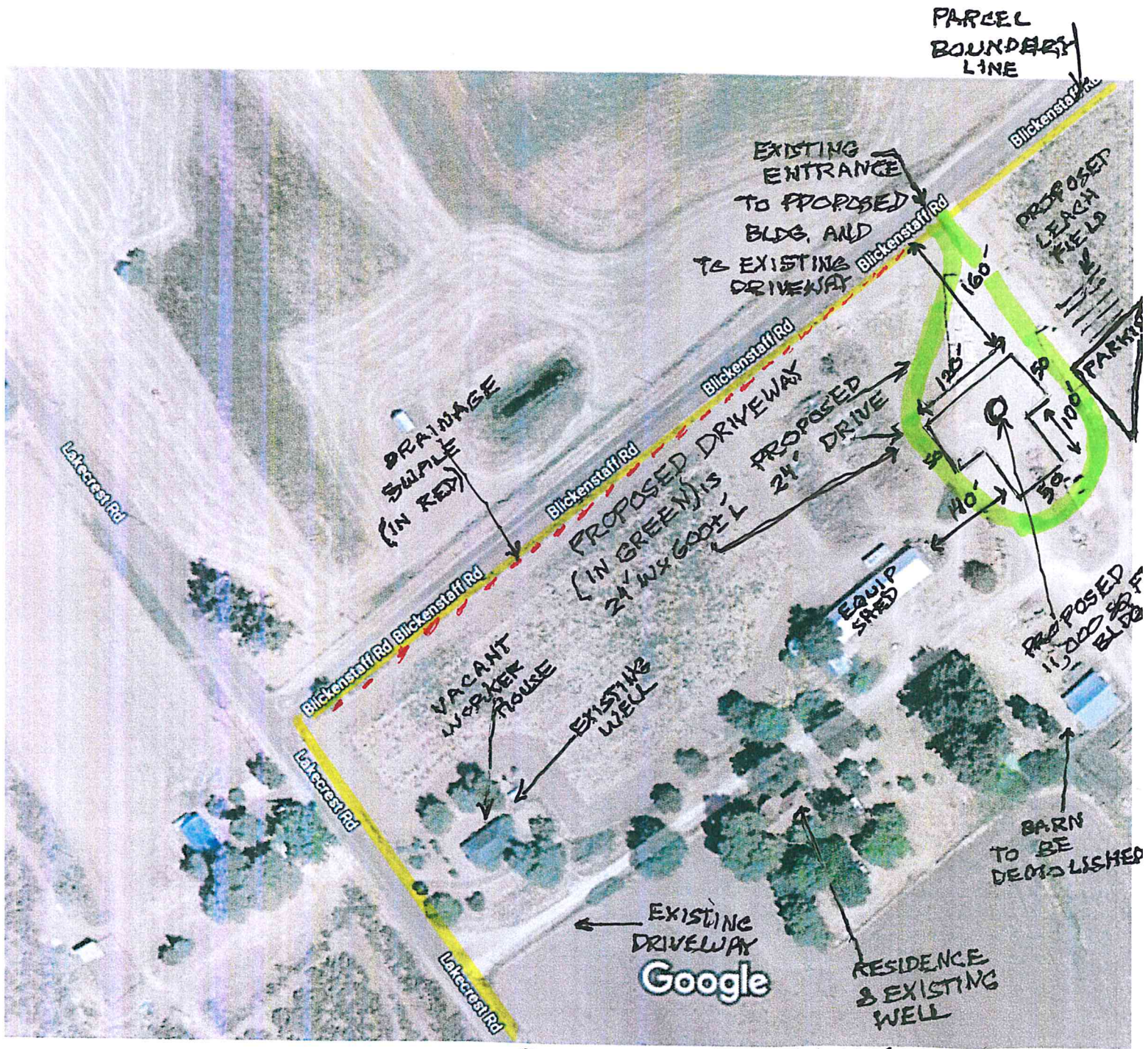
Water: N/A

Sewer: N/A

Other: _____

23. List all county, state, regional or federal agencies from which a permit or approval is or may be required, including type of permit required: California, through Lassen County requires a permit to cultivate industrial hemp. The County Ag commissioner supervises this program. The State of California does not require a permit for the processing of organic hemp.





← PARCEL BOUNDARY IN YELLOW

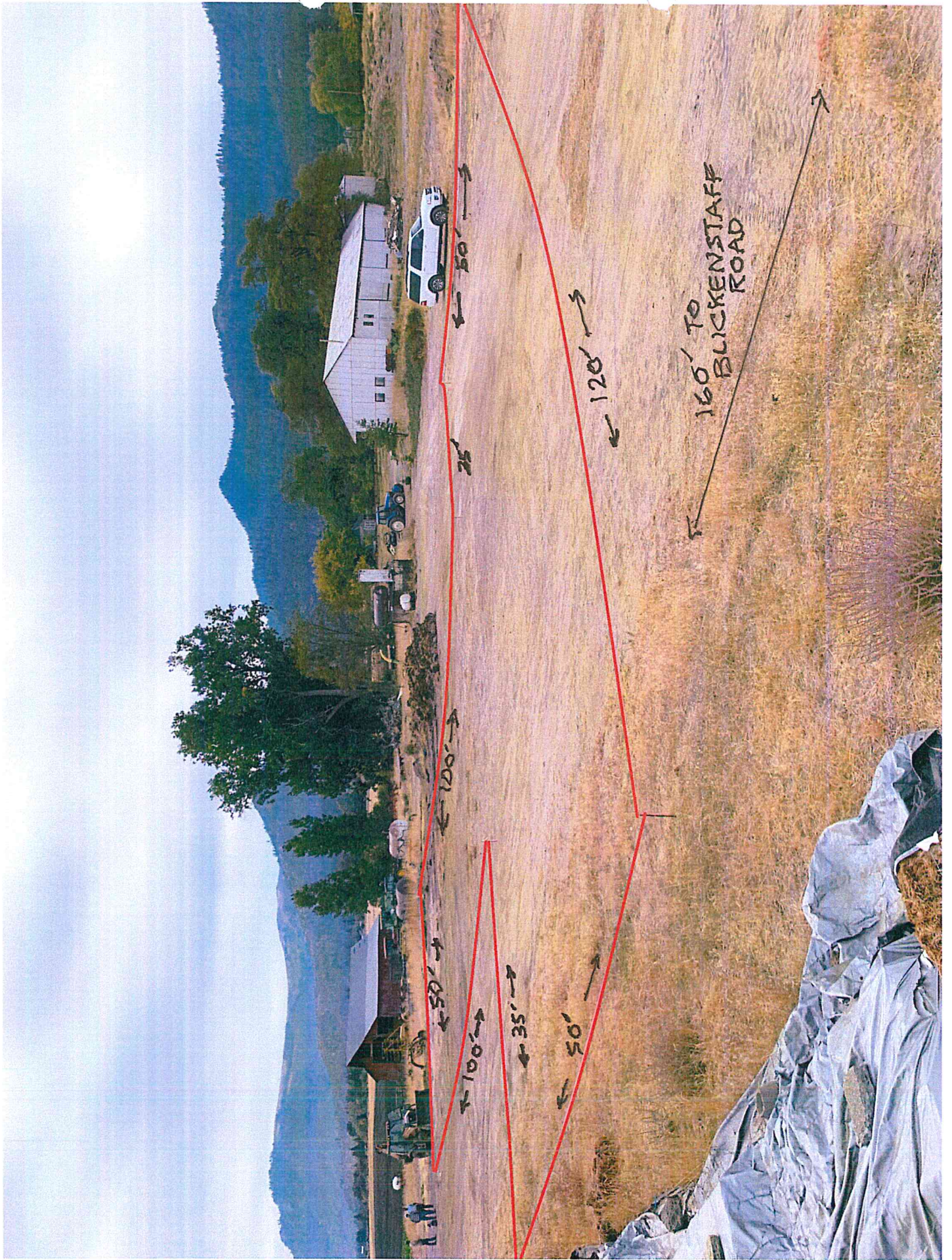
EMERALD TREE LLC

460-880 LAKECREST

JANESVILLE, CA.

160' 160'

1" = 160'



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OCT 16 2020



Initial Study Application
 FILING FEE: \$2,000 and ENV HEALTH FEE: \$85
 DEPARTMENT OF PLANNING AND BUILDING SERVICES
 707 Nevada Street, Suite 5 · Susanville, CA 96130-3912
 (530) 251-8269 · (530) 251-8373 (fax)
 www.co.lassen.ca.us

LASSEN COUNTY DEPARTMENT OF
 PLANNING AND BUILDING SERVICES

Form must be typed or printed clearly in black or blue ink. All sections must be completed in full.
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FILE NO. IS 2020-004

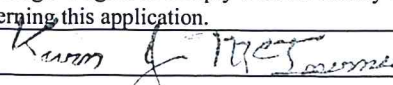
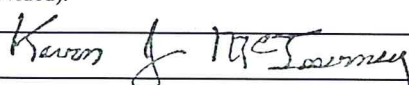
Property Owner/s Emerald Tree, LLC	Property Owner/s
Name: Kevin J. McInerney, Manager	Name:
Mailing Address: 1050 N. Hills Blvd., #61388	Mailing Address:
City, ST, Zip: Reno, NV 89506	City, ST, Zip:
Telephone: (775) 849-3811 Fax:	Telephone: Fax:
Email: kevin@mcinerneylaw.net	Email:

Applicant/Authorized Representative*	Agent (Land Surveyor/Engineer/Consultant)
Same as above: <input checked="" type="checkbox"/>	Correspondence also sent to: <input checked="" type="checkbox"/>
Name:	Name: Frontier Builders
Mailing Address:	Mailing Address: 715-505 Blickenstaff Road
City, ST, Zip:	City, ST, Zip: Janesville, CA 96114
Telephone: Fax:	Telephone: (530) 520-6667 Fax:
Email:	Email: frontierbuilders@mcfmail.org License #: 996440

Project Address or Specific Location: 460-880 Lakecrest Road, Janesville, CA 96114			
Deed Reference: Book: 129	Page: 620	Year: 2019	Doc#: 04670
Zoning: Agricultural		General Plan Designation:	
Parcel Size (acreage): 221.8 acres		Section:	Township: 28 N Range: 13 E

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Initial Study Application

ENVIRONMENTAL SETTING:

A. Describe the project site as it exists before the project, including information on size of parcel, topography, soil stability, plants and animals, and any cultural, historic or scenic aspects. Describe any existing structures on the site, and the use of the structure. Attach photographs of the site (optional).

The project would be on a 221 acre parcel which is part of the 598 acre Blickenstaff Ranch. The site itself is a flat portion of unused agricultural land. The proposed building will be 140 ft from an existing equipment storage shed. Approximately 160 ft South of Blickenstaff Road.

The Blickenstaffs still live in their house which is marked on the attached aerial photograph. Close to Lakecrest there is a small unoccupied worker house.

The soil is stable, loamy sand. There are no plants or animals in the immediate area and there are no cultural, historic, or scenic aspects.

B. Describe the surrounding properties, including information on plants and animals and any cultural, historical, or scenic aspects. Indicate the type and intensity of the land use (residential, commercial, agricultural, etc.). Attach photographs of the vicinity (optional).

To the North of the property, there is a very large hay ranch for the east of the property there is a single family residence near the entrance of Lakecrest and Blickenstaff. To the Northeast there is scrub brush. To South on Lakecrest there is scrub brush. To the immediate South and East there agricultural parcels belonging to the Blickenstaff Ranch. There are a few trees on this parcel that show on the aerial photograph. There are no animals or cultural, historical, or scenic aspects. There are no plants.

Slope of Property:

(Approx. percentage of property having following slopes)	5%	(0-8%)
	0%	(9-15%)
	0%	(16-20%)
	0%	(over 20%)

List all county, state, federal, or regional agencies from which a permit or approval is required:

No Federal or California permit is required for the processing of industrial hemp. Lassen County requires a permit to cultivate hemp and a use permit to construct a processing facility.

Has any form of environmental document been prepared for the project:

Yes ☐ If yes, attach. No ☒

List districts involved:

Not applicable.

Are there any natural or man-made drainage channels through or adjacent to the property?

There is a shallow drainage swale that runs along the South side of Blickenstaff Road.

(Name and/or type of drainage channels)

Are the following items applicable to the project or its effects? Discuss below all items checked 'yes' (attach additional sheets as necessary).

NOTE: Applicant may be required to submit additional data and information if deemed necessary by the Environmental Review Officer or Lead Agency.

YES NO

☐☒

1. Change in lake, stream, or other body of water or ground water quality, or alteration of existing drainage patterns.

☐☒

2. Change in dust, ash, smoke, fumes, or odors in vicinity.

☐☒

3. Change in existing features of any bodies of water, live or intermittent streams, hills, or substantial alteration of ground contours.

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SEP 18 2020

EMERALD TREE LLC

Mailing Address: P.O. Box 160, Chilcoot, California 96105
Physical Address: 460-880 Lakecrest Drive, Janesville, California 96114
Phone: (775) 849-3811

LASSEN COUNTY DEPARTMENT OF
PLANNING AND BUILDING SERVICES

September 18, 2020

Gaylon Norwood, Assistant Director
Stefano Richichi, Senior Planner
Lassen County Planning & Building Services
707 Nevada Street, Suite 5
Susanville, California 96130
gnorwood@co.lassen.ca.us
srichichi@co.lassen.ca.us

Re: Blickenstaff Ranch, 460-880 Lakecrest Drive, Janesville, California 96114

Mr. Norwood:

In November of 2019, Emerald Tree LLC purchased the Blickenstaff Ranch. Emerald Tree is a California LLC whose members and managers are myself, Kevin McInerney, and my two sons, James M. McInerney and Sean P. McInerney.

The Blickenstaff Ranch consists of 598 acres located at 460-880 Lakecrest Drive in Janesville. It sits in the Southeast corner of Lakecrest Drive and Blickenstaff Road. It is bordered to the east by Honey Lake. Emerald Tree LLC plans to grow industrial hemp on the property in the Spring of 2021. We have familiarity with growing this crop because we grew approximately 50 acres in the Sierra Valley in the Spring/Summer of 2019.

I. Growing Industrial Hemp

Growing industrial hemp is not particularly difficult. Given the right seed, adequate fertilizer (we use fish emulsion), and good soil, hardy plants are produced. The crop is, of course, subject to hard freezes and, potentially, insects, although we have not heard of this as a major issue locally. There are basically two types of industrial hemp. The most common type and the one generally grown in California is produced for its flower from which oils such as CBD or CBG may be extracted. There is also a taller, more fibrous plant, which is grown elsewhere and is used to produce many diverse products such as rope, clothing, and even building blocks. Typically, the hemp plants, once they are mature in late August or September, are harvested by hand and then hung to dry for two plus weeks. After that, the bud or flower is stripped from the plant and the stems and stalks are used for mulch or otherwise destroyed.

This upcoming year, we intend to harvest the entire plant to create biomass. The biomass will be baled by a special unit which will compact it to remove air and then seal it in plastic. In other words, we will skip the entire drying cycle, which is very time consuming and expensive, whether it is done by hand or mechanically. Hand drying is very labor intensive, while mechanical dryers typically use propane heaters. These heaters are extremely expensive and the heating process will cause some degradation of the product.

II. Processing Hemp

Processing hemp has two components. The first is generally called “extraction” and the second is generally referred to as “distillation.” The extraction means taking the harvested product and separating out the crude oil. Distillation refers to a refinement of that crude oil into a purer form or a crystalline form.

The two primary existing means of extraction today involve either CO₂ or ethanol. Other than our proprietary extraction formula, those systems both rely on hemp flower that has been dried. The CO₂ system utilizes that gas at pressures ranging up to 5,000 PSI to forcefully separate the oil from the plant material. The machines necessary to do this are extremely expensive. Large ones range upwards from \$1,000,000. Their operation has a safety factor because of the pressures involved and require well trained and attentive personnel. Many in the hemp industry do not like CO₂ because of the damage that it causes to the plant material that it is processing.

The most common system of processing today uses ethanol. Here again, the equipment is extremely expensive and for large amounts of hemp, its cost is prohibitive for most farmers. Basically, the ethanol process begins with infusing dried hemp flower with ethanol that has been chilled to a range of -40 centigrade to -80 centigrade. The infused plant mixture is agitated and then moved to a second tank where heat is applied to evaporate off the ethanol. Filtration of the mix may occur at several points in the process, but the resultant product is crude oil. The problems with using a solvent such as ethanol are many. At the outset, ethanol is very expensive and is not readily available. When I searched for ethanol in the fall 2019, it had to be trucked in from Sacramento, even though the railroad tank cars pass through Sparks, Nevada. There are some safety concerns in working with ethanol, both in the storage and in the entire process. Most vendors of ethanol systems claim that the ethanol can be recycled 2-3 times before fresh ethanol is required, but the initial ratio is that you need 1 gallon of ethanol to process 1 kilo of plant material. When we grew our industrial hemp in the Sierra Valley, we did so under a contract with the University of Nevada, Reno. We worked with several agronomists and chemists and frequently discussed the problems and expense of processing.

III. The Processing Bottleneck

Industrial hemp has been grown only for a few years, but it is apparent that one of the biggest problems for the farmers and ranchers is getting their product processed. First, there are very few processing plants and they have limited capacity. The capital outlay to set up a processing plant is in the multi-millions and you need employees with enough training to run the equipment correctly. So, in the past years farmers and ranchers have found it difficult to find a processor who could handle their product. The second problem is that processors, to recover their high frontend

investment, have charged farmers and ranchers between 35-60% of the value of the processed material. The third problem has been with the integrity of the processors. Hemp publications are now replete with stories of processors who reneged on contracts, were unable to handle the crops, or who, quite frankly, cheated, lied, and stole.

Last winter I visited a very large processing facility in Yerington, Nevada. It occupied a significant portion of a 40,000 ft² building and had state-of-the-art extraction and distillation equipment. It was operated by a gentleman who had lengthy experience in the cannabis industry. However, for a variety of reasons even he was unable to successfully process all of the material sent to his facility and I understand that it is now closed.

We decided to process our own hemp because of the above-mentioned problems. It would be our hope that we could expand capacity if other farmers and ranchers in the area need processing. There have been many stories told about the potential gold in growing hemp. However, my sons and I attended a hemp conference last December and I invited to dinner a representative of the largest processing equipment company in the world. During dinner we were sharing different statistics that we had heard, but he stopped us cold by relating that earlier in the fall six farmers in Oregon had hung themselves. That is a statistic that we took to heart.

Our extraction formula is proprietary. We are in touch with a patent attorney, but, in the meantime, we would be happy to reveal it to Lassen County staff and other officials upon the execution of a simple non-disclosure agreement. What can be revealed is that the primary ingredients involve water, common chemicals that may be recovered for use as fertilizer, and several mechanical presses and screens.

IV. The Proposed Building

We would like to build approximately 12,000 ft² engineered and insulated steel building. We have been in touch with Frontier Builders in Janesville to actually put the building up. The interior would house the extraction facilities, the distillation facilities, and possibly a compact bottling facility for the finished product. It would also include a fire control room, a mechanical room, an employee breakroom, and restrooms.

Time is a consideration because we would like to have this building erected and operational by harvest time (late August/September 2021). We would anticipate approximately 30 employees of which 25 would be from the local community. These employees would essentially handle the bulk biomass and the extraction. This is work that requires attention, but no particular education or skills. The other 5 individuals would work on distillation and they would more likely have at least undergraduate training in chemistry. It is possible that to obtain maximum production we would run split shifts at one commencing at 7:00 a.m. and the other commencing at 1:00 p.m. Some of the employees who work on extraction will be the same employees who will have started planting, cultivating, and harvesting the hemp earlier in the year. It is likely that there would be a year-round operation.

V. Environmental and Utilities

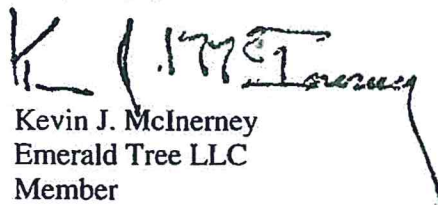
We recognize that the staff cannot evaluate any environmental impacts without greater detail on the materials used in the distillation and the extraction and distillation. We believe, however, that there will be no adverse environmental impacts, and this is what makes our process so unique. The process will require water, but in quantities of 1,000-2,000 gallons per day. This water will be reused and recycled out onto the ranch. The ranch has six existing wells. One of which produces 2,800 gallons per minute, another that produces 2,300 gallons per minute, and several others that produce an aggregate of approximately 3,000 per minute. That water is used during the spring and summer for pivot and other forms of irrigation. As you may know, hemp requires only approximately ½ the water as other crops such as alfalfa. In any event, irrigation will be over for the season by the time the processing begins. Single and three phase power are available nearby on Blickenstaff Road and Scott Welsh of Plumas Rural Electric has indicated that a hookup would pose no problems. That said, it is not anticipated that the facility will use all that much electricity and we would like to, where possible, use solar to provide heating and distillation. The facility will generate no external noise or odor, despite the fact that growing hemp does give off a smell. We would like to situate the building about 50 ft off of Blickenstaff Road toward the existing shed/building

VI. County Provisions

The only reference to an agricultural processing plant that we could locate was Lassen County Code 18.108.010. This section addresses agricultural processing of products not produced on the premises. Initially, we would only be process hemp grown on the Blickenstaff Ranch. If we are successful in this and have excess capacity, we would approach county staff regarding processing for other farmers and ranchers.

We would be happy to promptly provide additional information upon request. We await your guidance after you have had a chance to review this brief memo. My home office is (775) 849-3811 and my cell number is (360) 852-7133. My email is kevin@mcinerneylaw.net.

Very truly yours,


Kevin J. McInerney
Emerald Tree LLC
Member

CC: Craig Hemphill, Ag Commissioner

Stefano Richichi

From: Kevin McInerney <kevin@mcinerneylaw.net>
Sent: Friday, April 2, 2021 11:42 AM
To: Maurice Anderson
Cc: Gaylon Norwood; Stefano Richichi
Subject: Use Permit #2020-008, Initial Study #2020-004, Emerald Tree LLC
Attachments: 2020.11.13 - Lassen County Hold Letter.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

This message comes from an external sender. EXTERNAL SENDER WARNING!

Dear Mr. Anderson:

I have delayed responding to your letter of November 13, 2020 (copy attached). I have done so for two primary reasons. One is that we do not view the extraction of CBD from hemp as viable in 2021. Basically, the market prices of hemp derivatives has plunged to less than a quarter of the prices two years ago. For that reason, we elected not to plant industrial hemp this year. We anticipate a market recovery in 2022. There is little reason to expend millions of dollars to actually construct a processing facility until the market recovers, even with our proprietary extraction formula, which will allow processing at a significantly reduced cost.

The second reason for not responding earlier is that we have been continuing to refine our proprietary formula for hemp extraction and distillation. As we have continued to do so, the materials and volume of those materials have altered. We believe that we are now at a point where we can provide (with recognition of trade secret status) current and more detailed information pertinent to your environmental review. I would suggest that we forward to your office within two weeks a multipage explanation of our formula with the understanding that it be viewed as a trade secret. We would then like to have a face-to-face meeting, where Professor Glenn Miller can provide an oral presentation and respond to questions. Please let us know if that seems like a reasonable way to proceed.

In your letter of November 13, 2020, you raise several other issues and I will attempt to address them.

1. Small Bottling and Shipping Facility

Any such operation would be within the footprint of the 12,000 sq ft processing building. Given the current market conditions, it is difficult to say at this time whether such an operation would be feasible. If it were implemented it would be less than 1,000 sq ft, employ no more than 3 individuals working a single shift and, because of the very small size of the bottles, would require very few trips. Likely the shipping would be handled through UPS.

2. Food vs Non-Food CBD/CBG Product

The FDA has been sitting on the issue of whether CBD type products can be included in general foods. At the present time, we do not contemplate using any inclusion with general food products.

3. Hemp Sourcing

The property that we own at Janesville has approximately 450 usable acres on which hemp could be grown. Assuming we plant hemp in 2022, we would likely limit production to 200 acres or 300 at the most. Given the sharp decline that the market has seen recently, it would be impossible to project when, if ever, the processing center would accommodate other farmers or growers in the immediate area.

4. Hemp Biomass/Fertilizer

As we have refined our processing formula that has impacted somewhat what biproducts can be anticipated and how they will be used. This topic will be addressed in any letter that we direct to your office regarding our processing formula.

5. Proposed Solar Component

While we would like to use solar to heat a processing structure and provide hot water, we haven't really gotten to addressing this with a subcontractor. We are not talking about a solar array that would occupy any significant acreage. In fact, it well might be located on the roof.

In closing, I thank you for your patience and hope that we can now move forward with somewhat refined projections.

KEVIN J. MCINERNEY

1050 N. HILLS BLVD., #61388

RENO, NEVADA 89506-9997

TEL: 775.849.3811 | EMAIL: KEVIN@MCINERNEYLAW.NET

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