# Bid Discrepancies Preceded Town’s Evacuation

HOLBROOK MOHR,Associated Press

The explosives recycling company blamed for the evacuation of a Louisiana town in December misstated its storage capacity for dangerous materials when it sought a multimillion dollar Army contract in 2010, according to documents reviewed by The Associated Press.

Less than three years later, the town of Doyline was evacuated for a week when authorities found more than 6 million pounds of improperly stored military propellant at Explo Systems Inc. Some was spilling from containers or "hidden" among trees at the company's facility about 25 miles east of Shreveport, Louisiana authorities said.

In a proposal submitted to the Army and dated Jan. 21, 2010, Explo Systems said it had "storage capacity for more than 70 million pounds of explosive material between our Louisiana and Kentucky storage locations," according to documents obtained by the AP through a public records request.

Explo Systems was hired to demilitarize artillery propelling charges — not to store them — and intended to take the containers apart and recycle the materials. The propellant chemical known as M6 was to be sold primarily for coal mine blasting, and the arrangement meant the company could make money from both the Army and buyers of the recycled components. But when demand for M6 decreased, the company started taking in more than it could sell and ran out of bunker space.

Explo could have told the Army it didn't have enough space — and risk defaulting on its contract — but it didn't do that until authorities stopped allowing it to accept more charges. Days later, Doyline was evacuated because of concerns that any ignition could set off a massive chain-reaction blast.

"They certainly didn't want it to stop coming in. If they quit taking it, they lose that income," said Sheriff Gary Sexton in Webster Parish, where the facility is located on a Louisiana National Guard base called Camp Minden.

Company officials have not responded to numerous messages seeking comment.

Stephen D. Abney, spokesman for the Army's Joint Munitions Command, said storage space "wasn't a factor in us letting the contract" because Explo planned to sell the material.

Still, the company told the Army it had somewhere to put the millions of pounds of explosives it would receive. Aside from bunkers in Louisiana, it claimed to have 600 acres of underground storage at a Kentucky facility. Yet Kentucky authorities say the company doesn't have the needed permits.

The Army gave Explo a contract in March 2010 to demilitarize up to 450,000 propelling charges a year. The contract was for $2.9 million annually with options for renewal for four years.

Each charge contains 20.6 pounds of M6, according to Explo Systems' plan, meaning the company could take in nearly 9.3 million pounds each year under the contract.

In the proposal, Explo Systems Inc. said it had the capacity to store 10 million pounds of material at Camp Minden — a number verified by Louisiana authorities. But some of the storage space was taken up by other material.

In addition, the proposal says there is over "70,000,000 pounds of capacity currently unused" at "its slurry facility the Kentucky Powder Company site." Kentucky Powder is an explosives company with offices in Lexington and Mount Vernon, Ky.

Linda Potter, a spokeswoman with the Kentucky Department for Natural Resources, said neither company has permits to store Explo Systems' propellant.

"To store explosives or lease space for Explo, both Kentucky Powder and Explo Systems would need to obtain the appropriate permit from the Explosives and Blasting Division. Neither company currently holds this permit, nor did they in 2010," Potter said.

Abney said Army officials visited Kentucky Powder in May 2010 because Explo listed Kentucky Powder as a purchaser of its product.

Abney said it "was the understanding of the Army representatives" that Explo was going to sell M6 to Kentucky Powder and Kentucky Powder would use it to make blasting slurry for mining. But there was no operational slurry facility there at the time.

"The Army representatives were shown the blueprints and the footings for the slurry plan operations during the Army site visit," said Abney, who doesn't know if the facility is operational now.

Kentucky Powder "did not provide consumption rates" and the company did not tell the Army that it would store the product for Explo, Abney said. The Army's contract is not with Kentucky Powder.

R. Edward McGhee is president of Kentucky Powder Company, according to filings with the Kentucky Secretary of State's office. Business filings in Louisiana list him as a director of Explo Systems. The Louisiana documents list David Fincher of Burns, Tenn., as president of Explo Systems and David Alan Smith of Winchester, Ky., as secretary and treasurer.

McGhee said in a telephone interview that Kentucky Powder only buys explosives that it can resell and hasn't bought M6 from Explo in more than a year because

demand is down. He said the company doesn't store explosives for other companies.

After being contacted by the AP, McGhee said he spoke to Explo officials who told him the plan mistakenly said the company had 70 million pounds of storage and should have said 7 million. McGhee did not mention being listed as a director of Explo Systems and hasn't responded to subsequent messages.

The plan says 70 million pounds at least three times.

Asked if Explo Systems misled the Army and could face charges, Abney, the Army spokesman, would say only that investigations are ongoing.

But he reiterated the plan was for Explo to sell the material.

"I don't think anybody dreamed of them storing that much," Abney said.

Demand for recycled M6 is down because of declines in coal mining. Factors in the decline include low natural gas prices, a mild winter and difficulty obtaining permits, said Bill Bissett, president of the Kentucky Coal Association.

Bissett said the coal industry really began to feel the effects in the first quarter of 2012. That would have been around when Explo asked the Louisiana Guard to rent more bunkers, but was turned down because of $400,000 in unpaid bills, Guard officials say.

After the discovery of the improperly stored M6, the Guard let Explo Systems use an additional 22 bunkers, up from 78 it already had, but that still wasn't enough to store it, authorities say. Louisiana authorities are still looking for bunkers to store the M6 that is now in buildings on the base.

Explo has been selling some of the material, but not as fast as authorities would like. Any M6 Explo sells is less that authorities have to worry about.

"In my personal opinion, I think they defrauded the military on their ability to store this material in Louisiana," Sheriff Sexton said.

The Army visited the Louisiana facility at least twice in 2010 after the propellant contract was awarded and two more times in 2011, according to Abney. Records showed no serious problems.

But this isn't the first time the company has come under scrutiny.

A series of about 10 explosions at the facility caused an evacuation of Doyline in 2006. And in 2007, The Mine Safety and Health Administration said Explo Systems "displayed a reckless disregard for the health and safety of miners" in West Virginia when a blast injured one worker and exposed others to toxins from an old military explosive called tetryl, according to documents reviewed by the AP.

The material that caused the evacuation was found by an investigator looking into an October explosion involving a different type of explosive.

"Oh God, I thought I was in Afghanistan," said Doyline resident Gaytha Bryant, 56. "There was this explosion, then the shaking, the grandchildren woke up screaming."

Bryant said the blast shifted her mobile home, causing thousands of dollars in damage. She's part of class-action lawsuit against Explo Systems.

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