

PUBLIC SCOPING MEETING
ABENGOA BIOREFINERY PROJECT
ENVIRONMENTAL IMPACT STATEMENT
U.S. DEPARTMENT OF ENERGY

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MEMORIAL HALL
HUGOTON, KANSAS

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1 MS. KERWIN: Well, thanks everyone
2 for coming tonight. We'll get started. Our agenda
3 has us welcoming and having everyone filing in until
4 about 6:15, but it looks as though we've filed in
5 and found our seats.

6 Thanks everyone for coming tonight. I'd
7 like to start by introducing myself. I'm Kristin
8 Kerwin. I'm the DOE NEPA Document Manager in
9 Golden, Colorado facilitating the environmental
10 review for DOE for the Abengoa project.

11 Tonight with us we have Larry Russo, who
12 we'll hear from in a little bit. He's from the
13 office of DOE EERE Biomass Program. John Horst is
14 from Golden as well, the Golden office DOE; and our
15 EIS team Rawley Headcock; Richard Holder, way in the
16 back; Dave Michael over here; and I'd also like to
17 mention that I have a court reporter here tonight
18 taking down everything that is said. I asked her
19 not to write everything down that is stupid.
20 Chances are she will and I'll read it later and
21 think, "Why did I say that?"

22 Today I'm going to start off the evening
23 with a couple of slides, kind of framing the
24 discussion for tonight. Then Larry will give a
25 presentation from the Biomass Program perspective.

1 Following that, Chris will give a presentation
2 talking about Abengoa's proposed project. Then I'll
3 talk some more about the need for the NEPA Process
4 Overview and Environmental Impact Statement. Then
5 we'll open the floor for your comments.

6 Tonight is really about us receiving
7 feedback from you all about the scope of our
8 proposed project. As you may remember, we actually
9 kicked off the process last August and held our
10 first open meeting in September of 2008. At that
11 time DOE was also proposing to provide funding to
12 Abengoa for their projects, which at the time was a
13 biomass office facility to be built at the same time
14 as the grain ethanol facility. During our original
15 scoping period DOE received 14 comments from the
16 public. General categories -- as you can see on the
17 slide -- support for the project, requests for
18 specific information or analysis, and also
19 statements that will be adverse that ended with the
20 project.

21 So, why are we here again? Since the time
22 of the original scoping period a number of things
23 have changed. As you can see on the slide, the
24 first change is that Abengoa is no longer proposing
25 -- and Chris will talk about this in much greater

1 detail later -- to concurrently build the ethanol
2 facility. Rather, at this time, Abengoa is
3 proposing do build the Abengoa facility adding
4 capability to generate electricity for sale to the
5 original power grid. Third, a couple of new players
6 have joined the team. Abengoa has bid
7 applications to the DOE Guarantee Loan Program as
8 well as the U.S. Department of Agriculture Loan
9 Guarantee Proposal. Now, USDA is cooperating in
10 preparation of the Environmental Impact Statement.
11 Another mention, the reason we're here is to inform
12 the interested public about the changes to the
13 proposed DOE funding project, and we're here to
14 invite your input and comments on the new scope of
15 the EIS. Your feedback and your input and your
16 comments will allow us to finalize the scope of the
17 EIS and all of the analysis associated with that.

18 Now we'll hear from Larry on the biomass
19 side.

20 MR. RUSSO: One of the things I want
21 to do is come out here and not only show that the
22 headquarters -- DOE headquarters in Washington
23 supports this project, but also talk a little bit
24 about how the program is looking at the obstacles
25 facing the inner challenges, especially in the way

1 that the economic times have changed. A lot of what
2 we learn as we go forward is that the more we learn,
3 the less we know, which raises some questions,
4 raises some barriers. And the Department tries to
5 structure itself so that we're able to address and
6 answer those problems. I'm not going to go through
7 this other than to say that our program goals are
8 essentially to reduce the cost of producing biofuels
9 from things other than grain, other than starch, and
10 also looking at filling the renewable fuel standard
11 in the Energy Independence and Security Act.

12 Why are we looking at biofuels at all?
13 And this is just a real quick take away. That
14 30 percent of all of our energy needs in this
15 country are transportation, which are liquid
16 biofuels. Out of that, 59 percent gasoline,
17 52 percent is diesel. So, we're looking at if we
18 make ethanol or if we make other compatible
19 biofuels, we are addressing a large segment of the
20 liquid fuels that we're using. The petroleum that
21 we're importing. And that is the main objective of
22 the program.

23 So, if we look at how the renewable fuel
24 standard -- The yellow is where corn plays in. The
25 darker green is where cellulosic biofuels --

1 biofuels that are made, whether it be wheat straw,
2 whether it be corn stover or other basically non-
3 food crops. And then the other very thin margin are
4 basically the biodiesel-type products. The lime-ish
5 green color are other advanced biofuels. So it
6 leaves it open. As you can see, we've got quite a
7 bit to make up. It's a challenge that we can meet.
8 A lot of people talk about food versus fuel. A lot
9 of people talk about, "Well, geez, we've put these
10 policies in place and we basically end up causing
11 more problems than we solve." If we look at these,
12 these are corn yields that are basically taken from
13 USDA on an average, keeping the land mass that's
14 planned a constant. Basically, by 2015 an
15 additional 1.17 billion bushels of corn are
16 available just by crop yield increases. Bushels per
17 acre improvements. And that's more than enough.
18 Between 78 when the alcohol fuel program started and
19 2015 is more than sufficient to meet the earn
20 requirements and cap that was put on corn ethanol of
21 15 billion gallons per year.

22 So, where are we going? We are going from
23 grain based ethanol knowing that that's -- in my
24 opinion anyway -- sustainable today but not
25 sustainable long-term. We cannot continue to

1 increase that. Cellulosic ethanol, which is what
2 this program is about, which is where we're going in
3 the future, and then ultimately into more advanced
4 biofuel concepts, more drop in fuels using a variety
5 of technologies. What will be the winner on this?
6 None of the above. Because it's going to take
7 everything. We're trying to displace 140 billion
8 gallons of gasoline, another roughly 60 million
9 gallons of diesel so all of these technologies have
10 a place and they have a position and a function. We
11 have to have a commitment to sustainability. That's
12 one of the reasons we're here today, is to make sure
13 that not only the feedstock is sustainable, not only
14 the land sustainable, the water, the air and
15 everything else, but we have to make sure we're
16 leaving the place not as we found it, but better
17 than we found it. So that is one commitment that
18 has been significantly enhanced over the past four
19 or five years and continues to be so. So, we have
20 to take that into account to make sure we're taking
21 soil health, air quality issues, water use and
22 greenhouse gas balances into effect.

23 What that whole thing was was just kind of
24 a listing of various barriers that are addressed and
25 various things we are trying to attack. We look at

1 it from a standpoint. The need of our program is
2 pretty much focused on looking at the technological
3 challenges. We're looking at the biorefinery basis
4 of the product to basically pull all that technology
5 together and essentially deliver a fuel and
6 hopefully then be able to look at that.

7 Where our authority comes from is the
8 Energy Policy Act, which is for current projects and
9 developments, including the Abengoa project here.
10 Eight projects that are demonstration projects under
11 the 2007 Independence and Security Act. We don't
12 really remember the names anymore because we have so
13 many acronyms. The farm belt has kind of led us to
14 revamp things, to consider additional feedstocks and
15 broaden our scope. And then the Recovery Act -- the
16 Stimulus Act, if you will -- has led us to a
17 solicitation on the street, which is how we do all
18 our projects. For 480 billion dollars to do
19 additional pilot scale and 176-1/2 million to fund
20 the remaining -- to help fund the remaining
21 biorefinery projects that are already out there. So
22 there is a possibility, assuming need for compliance
23 and everything goes forward, that most likely the
24 funding of the Abengoa project will be part of the
25 Recovery Fund. So this community will be taking

1 full advantage of that stimulus package.

2 Everything in green here -- and I'm not
3 going to go through it all -- are all the projects
4 that I was talking about when I mentioned those
5 barriers. When Abengoa is working on their project
6 they sit down and say, "I need cheaper enzymes", or,
7 "I need a better organism that will permeate the
8 cigars I'm producing to alcohol." Amongst the other
9 partners, what we do is look at those as a base line
10 and say, "Let's go back to the R & D community and
11 let's try to solve these problems to make the
12 biorefinery successful." The only point I want to
13 make here is when we look at a biorefinery we try
14 not to just say, "Here's some money, raise some more
15 money, go forth and prosper." What we try to do is
16 sit down and say, "Okay. We know there's going to
17 be issues. We don't know what they are, but as they
18 come up we're trying to solve them to be able to
19 have successful generations of facilities out
20 there." One of the things we know is that feedstock
21 is not feedstock is not feedstock. And anybody in
22 here that sticks a shovel in the ground or tries to
23 plan on growing anything knows that. So, what we've
24 done -- this map doesn't show up too well up
25 there -- is, we're looking at that on a regional

1 basis. What makes sense in what areas, what makes
2 sense and how do we harvest in different areas. The
3 way we do that is, we back belt some of the issues
4 that are fed to us from our partners in terms of
5 some of the problems that they feel they are having
6 or might have, and we go to our various national
7 laboratories and sit down and say, "Okay. How can
8 we focus on this? What is an issue? Is there some
9 commonality and can we work to solve it?" We also
10 look at people out there, because if we can get this
11 started, the most inovative people are the people
12 that are actually going to deliver that. If you are
13 going to make a dollar, you're going to try to do it
14 for spending less than a dollar. So we look forward
15 to that interchange. To be able to develop
16 technology on one side, but also utilize the
17 experience base that's out there to try to help us
18 with that.

19 Original concept in developing a
20 biorefinery is basically go through kind of the R &
21 D, through plotting, commercially viable demo, which
22 is kind of where we are on this. We're government
23 cost share and private industry money also sharing
24 the burden to give us commercial sustainability.
25 That's no longer a truly viable concept. If we look

1 at where we are now as we develop the first of a
2 kind technology and we climb this mountain, we see
3 kind of the technology validation that 10 percent is
4 down at the bottom. That kind of gets us part way.
5 Solves some of the problems. We look at the middle,
6 which is the E Pack 932, which is the commercial
7 scale, which is what the Abengoa project is. Gets
8 us a little further. Loan guarantees help cover
9 some of the rest, but that private sector investment
10 balance sheet financing is critical for the industry
11 cost share and to make things happen. What's
12 happened is, that's faded. You know, we're in an
13 economic decline. That's faded. It's gone. It's
14 very difficult to get. Now some of the other risk
15 issues that have come with that inability to get
16 that equity or that cost share amount is the biofuel
17 prices relative to petroleum. Gas prices are low.
18 It makes it a lot harder to develop and breach that
19 market. Feed costs are high because we haven't
20 developed the mechanisms yet. We haven't gotten
21 them out to the people -- the farmers, the
22 growers -- to be able to use their innovations to
23 start driving those costs down. There's been some
24 negative publicity. That does not help us at all
25 because we have to fight that. Escalating material,

1 construction costs. You know, the biggest problem I
2 see in Washington -- and I hope I'm not part of it.
3 I won't claim that anybody is, because that would
4 get all of us in a lot of trouble -- but the
5 shifting policies. Consistency is one of the keys.
6 And what we find is that one day its food versus
7 fuel; the next day, is this really sustainable?
8 Without having a solid focus, it's very difficult to
9 go forward and to have these projects be able to
10 develop their own leaks and mature on their own.

11 The credit prices. Obviously, that speaks
12 for itself and it takes true commitment to weather
13 that storm.

14 So, what we look at now is simpler to some
15 of the changes that you've been presented here. In
16 that, as we look what's below commercial viability
17 is, we're seeing the grant amount from the DOE,
18 we're seeing a portion that's a loan guarantee,
19 which in this case is from USDA, and a portion
20 that's still equity coming in from industry. So
21 what we're trying to do is adopt our models to be
22 able to make these things come to fruition in these
23 changing times. So rather than just sit back, "Oh,
24 geez, it's not going to happen", our objective is to
25 make all of our biorefinery projects actually get

1 out there and become fruitful. Once they are out
2 there, we feel the ingenuity will actually drive the
3 costs and make them be sustainable and successful in
4 their own right. But to get them there, we can't
5 orphan these projects. We can't get to a point
6 where we say, "Well, geez, okay, we did what we
7 could." So we're trying to be dynamic as much as we
8 could in Washington. It's not an overly dynamic
9 place, but -- okay.

10 Now, where does the Biomass Recovery Act
11 come into this. We were given -- well, not given
12 yet -- but theoretically given 480 million to do
13 additional demo and pilot scale plans. To build a
14 biorefinery industry in this country. Each one of
15 those helps another one, because as problems get
16 solved, as we find commonalities and we could find
17 those barriers, we could also work to reduce them.
18 And the idea being, if we get enough of these out
19 there, then Wall Street, when the economy is in
20 repair, will come out and say, "We want to invest in
21 these. We want to invest in rural America, in small
22 towns and small communities." And basically, you
23 know, be independent on an energy basis. Again,
24 that 176 -- I've already talked about that for the
25 commercial scale -- and then the rest is to

1 supplement those with research. If we look where
2 our projects are, they are all over the place. And,
3 of course, the reason we're here is that one right
4 there.

5 And I believe that's -- Go one more.
6 That's all I have up here on this slide and these
7 will be available in some form. Kristin, I'm sure,
8 will tell you about. But, feel free. Any
9 questions, you can certainly contact myself or any
10 of those web sites on there to help out. And I will
11 shut up for now and answer questions later, if there
12 are any.

13 MS. KERWIN: Thanks, Larry.

14 MR. ROACH: How's everybody doing? I
15 think I've been up here a few times now. If anybody
16 has not met me, I'm Chris Roach. I'm the Project
17 Development Manager for this project for Abengoa.
18 We've been working on this for, oh, I guess almost
19 three years now and I think we're making steady
20 progress. It's probably not as fast as everybody
21 has hoped, but some of the stuff I'll talk about
22 kind of gives you some insight as to why we've had
23 some delays. But what I wanted to do tonight is
24 just provide an update overview of the project. And
25 there have been some changes. Larry mentioned a

1 couple of things and Kristin as well, and I don't --
2 I was thinking about my slides sitting there getting
3 ready to stand up and talk. I don't do enough
4 description in the slides of the changes, so I'm
5 going to try to just talk through them and explain
6 what's going on. And if there's any questions
7 later, I can certainly answer any questions.

8 Abengoa. Abengoa is a big holding
9 company. This is all our main businesses. Now
10 Abengoa is a big presence and there's a group in
11 Denver that's working on some pretty large projects
12 in the U.S. Our IT business and then bioenergy,
13 which is the group that I'm a part of. You know,
14 the one thing you take away from this slide, I think
15 it's important as anyone who pays attention to the
16 renewable fuels industry and really in ethanol,
17 we're a pretty diverse company. So the upside for
18 us is, we've got the wherewithal to weather some of
19 the downturn not only in the economy, but in the
20 ethanol industry. We've heard lots of plants
21 shutting down, lots of companies filing for
22 bankruptcy. I'm confident that we're very solid as
23 a company with our bioenergy business. And I know
24 from my interactions with our upper management, all
25 the way up to our chairman, that there's still 100%

1 commitment to make this project go and to put the
2 equity in that's required. So, we're pressing
3 forward.

4 Summary of the project. Before -- And
5 this is where I want to add some information about
6 the changes that we've seen. The original project
7 was the cellulosic ethanol plant, about
8 10 million gallons. Really 11.4, with an
9 88 million-gallon grain based ethanol plant. And
10 the reason that we had the two facilities together
11 was, at the time when it was conceived the grain
12 plant and its economics were very positive and the
13 compatibility between the cellulosic energy plant
14 and the grain plant, which shared infrastructure and
15 logistics and staff and everything that you've got
16 that goes into a plant like this, made the whole
17 project profitable. Well, with the changes that
18 we've seen in the ethanol market with gas credit
19 down, which drove down ethanol credit; demand is
20 also down. Because now, where we had some
21 additional ethanol sold in the market place because
22 ethanol was actually cheaper than gas and lenders
23 were buying more than what was required because it
24 was profitable, that's kind of gone away. So the
25 economics of the grain plant became marginal at best

1 and it was not enough to make the whole project
2 successful in our eyes. So, we looked for something
3 to put in that place. And we saw an opportunity
4 with cogeneration plant based on biomass that could
5 produce renewable electricity, which we understand
6 in this area is needed and in many locations in the
7 country power is needed. But, you've also got the
8 potential for an RPS, a Renewable Energy Portfolio
9 Standards, crossing the country. Kansas is working
10 on the Holcomb power plant that it could go forward,
11 but there needs to be some additional renewable
12 power put into the grid. So we saw this as an
13 opportunity to replace the grain plant with
14 something that could, by itself, be pretty
15 profitable and help support the whole project. In
16 addition, because we're talking about a biomass to
17 power project, we're utilizing the same
18 infrastructure for collecting biomass that we were
19 already creating to feed the cellulosic ethanol
20 plant. So there was some deficiency there that we
21 saw as an opportunity.

22 So as we analyzed it and looked at it we
23 said, "Okay, we're going to delay the starch plant
24 because the economics aren't there." We've talked
25 to some lenders in the last six months. They have

1 indicated they don't have an appetite for a project
2 like this. And this is a much more solidification
3 to the project. A little more positive reception
4 from lenders, although they are still kind of shying
5 away from projects like this. But at the end of the
6 day we still have a project that's got solid
7 economics, a financial that we feel from both our
8 shareholder Abengoa, their perspective, they are
9 still very positive on it. Still makes sense for
10 all parties involved to get this project built
11 because it's going to be profitable.

12 The project now is about a 350 million
13 dollar project. We were as big as over 500 billion
14 at one time. It may go up or down from this number
15 a little bit. We're still working out some of the
16 costs. With these recent changes, a lot of the
17 equipment that is now in the scope of the project
18 we're reviewing and getting bids going and trying to
19 get tight costs on it. But that's our current
20 estimate.

21 As we've talked about, we've got the grant
22 from the DOE. And this process, assuming that we're
23 successful with NEPA and the project goes forward,
24 we'll get all of that money and potentially more.
25 So that's obviously a big support for the project.

1 Right now we're looking at start of
2 construction somewhere, I would say, end of first
3 quarter next year is our target right now. And
4 that's going to result in the plant up and running
5 at the beginning of 2012. We're projecting about a
6 24-month construction cycle. And that's pretty
7 common. It's still a pretty sizable plant. So, I
8 think 24 months is a pretty realistic time frame.

9 Some attributes for us as to why we
10 selected Hugoton. The biomass supply is obviously
11 important. The support we get locally and with the
12 State is very important to us to make this project
13 go. There are parts of the country where you could
14 site a project like this where you run into
15 resistance and it does create impediments of getting
16 a project into construction.

17 The local grain and feed market. You
18 know, reality is for us, we put the grain ethanol
19 plant on hold. And that is because there may be a
20 point in the future where that market turns around
21 and we could bring that project back into the scope.
22 It won't be in this time frame or with this
23 schedule. But, we are still permitting. Everything
24 you see that we're describing and that I'll
25 describe, we're permitting. And the original grain

1 ethanol plant is still in our air permit today. So
2 we're trying to keep that opportunity open to us.
3 So the local grain project is a positive factor for
4 siting the project here.

5 Right now we're projecting 40 to 45
6 full-time jobs at the plant and then an additional
7 50 to 100 jobs involved in biomass procurement.
8 That's a broad range because we don't know exactly
9 how it's going to staff and where the work force is
10 going to come from, but we do see there's going to
11 be an increase there.

12 During construction, for the main period
13 of construction, which is an 18-month projection.
14 Kind of after we start in 2010 there's a little
15 delay getting mobilized and going in the field for
16 18 months. We'll have the equivalent of 88 full-
17 time jobs. And that's going to go up and down.
18 There's going to be a period in the middle where it
19 peaks. We may have as many as 250 people working
20 simultaneously on the job site. During construction
21 will -- those 88 jobs will result in 17 million
22 additional income to the community. And then after
23 our operation starts with the 40 to 45 jobs, 4.5
24 million. We typically project 3 to 5 million in
25 local materials and services purchased once a plant

1 is up and running on an annual basis. And then just
2 for feedstock, on the stump, we're talking about
3 9 million in local purchases for biomass. And that
4 does not include harvest and transport, which is
5 actually the bigger piece of the cost in getting
6 biomass to the gate. And then there will be
7 additional tax revenue, which I don't have a very
8 good number to put up here, but generally you see an
9 increase in property tax and income tax and your
10 normal taxes with a project like this.

11 Kind of cartoonish, but a kind of
12 simplified look at what the plant is. The top left
13 is biomass feedstock. Input rate, about 66,000 wet
14 tons per year. This is actually an increase from
15 what we talked about last fall at the same meeting
16 because we've increased the biomass to feed our
17 cogeneration plant now. So, that's actually gone
18 up. The biomass feedstock is going to go partially
19 to the enzymatic hydrolysis plant. That will be
20 four to 600 tons, and then the balance will go to
21 our cogen plant or the energy plant. We're going to
22 make power and steam and that's going to feed our
23 ethanol plant, but we're also going to have 40
24 megawatts of power put to the grid. So we're adding
25 revenue with the cogen plant that reduces some of

1 the energy. We have 12 million gallons of
2 cellulosic ethanol, and then there's also a co-
3 product called lignin, which is a specialty product
4 that we're working on developing with a partner that
5 has some lignin business overseas. And we're seeing
6 1,900 tons of that amount. Not a huge amount, but
7 it's actually a little higher and it adds revenue to
8 the bottom line.

9 A little more of an engineering look.
10 This is our block flow diagram. The cellulosic
11 ethanol plant. We've got stems, which are
12 pre-treatment, fermentation, distillation where we
13 produce ethanol, and then we do some treatment of
14 our distillage product, which is what's left over
15 after you extract really the cellulose, but you
16 convert it to starch and ferment it from alcohol.
17 What's left over is biomass residuals. That's going
18 to end up coming from -- partially from our lignin
19 recovery step and then water will go to our waste
20 water treatment plant. Biofed boiler. And we're
21 also showing our gasification plant up here, which
22 would be the biomass boiler. And those all go to a
23 turbine making power. So those are the main steps.

24 I think everyone's familiar with the
25 location. That's not changed. We're over on the

1 west side of town. We've got on the left is where
2 the biorefinery's going to go. It's a little over
3 400 acres. And then we've got additional land that
4 we've optioned between us and the town. It's going
5 to be basically a buffer between the plant and the
6 residents in Hugoton. That doesn't show it very
7 well. That's our current layout. It's kind of
8 washed out. But the main plant is at the top. We
9 have a possible rail loop here. Without the starch
10 plant today I don't think the rail loop gets built.
11 But we're still looking at it as a potential for
12 biomass coming in. That's something that we're
13 evaluating. You can kind of envision, this is the
14 same plant. The rail loop would be kind of in the
15 middle. The green is where the buildings are. We
16 tried to do a 3-D rendition of the plants to kind of
17 show. Over on the right is where we've got just
18 about ten days of biomass storage. Those are
19 supposed to be bales sitting there.

20 A little more of a close-up. And I can't
21 really go through and explain what all of these
22 columns and buildings are, but I just wanted to kind
23 of give a look at what the size of the plant looks
24 like right now relative to the project site itself.

25 On Biomass, in our main feedstock today

1 what we're targeting is corn stover. We're actually
2 looking at wheat, straw, milo, stubble. We're going
3 to be looking on developing a supply of switchgrass.
4 Switchgrass probably more than the residues. This
5 is a mix. At the top, that pie chart gives our
6 projected mix. 82 percent corn stover and then
7 wheat, straw, milo, stubble at 7 percent each, and
8 then a little bit of switchgrass. So, again,
9 670,000 wet tons per year. And our drier area,
10 basically a 50-mile radius around the plant. And
11 we're still projecting needing to take 10 to
12 12 percent of the total biomass available.

13 So, our status today. What have we been
14 doing in the last six months? I explained the
15 starch plant delay and bringing in the cogen plant.
16 That's been a big effort on our part since the first
17 of the year to decide we're going to do it, figure
18 out what the scope and size of it is, go out and get
19 information on the equipment, costing and work out
20 the economics and make sure it was going to work.
21 Land and water rights we've had for awhile. Our
22 surveys, also, we've had those completed for awhile.
23 Our air permit application, because we revised
24 things we had to revise the permit. That's been
25 submitted for, really, just the last couple of

1 weeks, although it's been developed for quite
2 sometime. We're moving now into doing the molding
3 that's required, finishing the back analysis, but
4 we're still projecting to have the permit sometime
5 late this year, which is in time for what our
6 schedule is. We just finished rezoning and special
7 use. We still have one thing we need to do with
8 height restriction, but that's in process.

9 The loan guarantees. We talked about this
10 for just a second. This project, when it was put
11 together, we envisioned that we were going to get
12 debt financing to get the project built. We've
13 talked to our normal lenders that we have done other
14 projects with and found that even our best
15 relationship commercial lender turned us down for
16 this project. So, we've been looking and being
17 creative as to how we can get the project financed.
18 Luckily, there's two loan guarantee programs that
19 are available now. One through the DOE, one through
20 the USDA. Both are supportive of these kind of
21 projects. Either one will put us over the top to be
22 able to get financing. That's been an important
23 development for us to keep the project on track.
24 Also, in all of the changes in us seeing that the
25 debt market has been a little soft, the reason we

1 said a year ago, "start construction now", and now
2 we're saying, "we'll start construction in early
3 2010". This is, unfortunately, the realities we've
4 had to deal with because of the economic downturn.
5 The EIS process is critical for us because not only
6 does it impact whether or not we get the largest
7 chunk of the grant money that we've been awarded
8 from DOE, it also impacts these loan guarantees.
9 Both of them require completing the NEPA process
10 before we can move forward. So, it's an important
11 and critical path for us to keep this process on
12 track, and we're on track and we're pleased with how
13 things have been going.

14 Dale Engineering. Engineer procurement.
15 We've started discussions with our contractor, which
16 is an important step. We're slowly making progress
17 towards getting this project to start construction
18 in about eight months. So this is the very top
19 level schedule. By the end of this year we want to
20 be substantially complete with Dale Engineering,
21 have our air permit, get our power purchase
22 agreement. Another important step for the cogen
23 plant now is having the purchase agreement and also
24 having our interconnection agreement in place.
25 Those are deal killers for cogen plant so we have to

1 have those done. And then, also, get commitments
2 for biomass. Because the biomass is also important
3 to having commitments. That's substantial and
4 something that the DOE Loan Guarantee or the USDA
5 Loan Guarantee office, they are going to analyze
6 that like a bank would to see what the risk is. So
7 there's going to be a lot of efforts this year to
8 secure our biomass contracts, close on the loan
9 guarantee and close financing and then we can start
10 construction. And then by the beginning of 2012,
11 have the plant started up.

12 And, that's it. We'll have questions at
13 the end, right? I'll answer any questions at the
14 end.

15 MS. KERWIN: I'll go into a little
16 bit about what NEPA is. I think I probably said it
17 six times and then Larry and Chris all mentioned
18 NEPA. NEPA is a National Environmental Policy Act.
19 It requires that federal government evaluate and
20 understand the environmental consequences before
21 committing resources to the proposed action. In
22 this case, a proposed action is providing funding to
23 Abengoa's project that Chris just outlined. The
24 NEPA process considers the potential impact of an
25 agency's proposed action on the social, the economic

1 and the physical environment. Fundamental elements
2 of NEPA include: We're working with USDA on the
3 production of the EIS and also public participation
4 which is why we're here tonight. The objectives of
5 NEPA are fairly straight forward. NEPA enables the
6 federal government to make decisions based on the
7 understanding of environmental consequences
8 associated with federal actions. The NEPA process
9 allows the government to take actions that protect,
10 enhance and restore the environment. It's the
11 intent of the NEPA process to focus on issues that
12 are truly significant. And really, overall, NEPA is
13 intended to be a value added process that promotes
14 better environmental planning of the government and
15 promotes due diligence in all of our decision
16 making.

17 What is an EIS? An Environmental Impact
18 Statement provides a comprehensive analysis of
19 environmental and socioeconomic impacts. The EIS
20 describes the purpose and need for the proposed
21 program. It really answers the why. An EIS
22 identifies the environmental impacts and mitigation
23 to those impacts which really answers the question,
24 "What are the impacts associated with a particular
25 action?" Key elements of an EIS is the evaluation

1 of an alternative to the proposed action. So it
2 answers the question, "What else could the
3 government do with the same resources?" The EIS
4 will look at the short-term and longer term impact
5 of a proposed action. They will look at the
6 commitment of resources that could result, along
7 with other reasonable foreseeable projects in the
8 same area. We'll look at the irreversible and
9 associated with the proposed project. An EIS, the
10 document itself will include information on how the
11 public was involved in this decision making process.

12 What is public scoping? Public scoping is
13 the first phase of public involvement in an EIS.
14 We're really interested in the public feedback. The
15 agencies gather information on the proposed action
16 and the alternatives to be considered. Significant
17 issues to be analyzed, possible mitigation measures,
18 availability of data relevant to the analyses and
19 specific concerns of individuals, organizations and
20 other agencies.

21 This slide shows highlights, the
22 opportunities for public involvement in the EIS
23 process. We are in the top-left corner. We issued
24 a notice of intent in the Federal Register which
25 kicked off our public comment period for our scoping

1 process. And later on in the process you'll have
2 the opportunity to review and comment on our
3 drafting and environmental statement and also in the
4 final impact -- environmental impact before DOE
5 issues a record of decision and then takes our
6 action. The Environmental Impact Statement will
7 evaluate impact on all of the resource areas listed
8 on this slide. Those that are in bold -- I'm not
9 sure if you can see which are bolded very well --
10 are those that we have identified as particularly
11 important in this particular project, but we will
12 look at all of the remainder on this slide.

13 And, finally, public comments. That's why
14 we are here tonight. Obviously, your comments are
15 very important to the Department of Energy. All of
16 the comments received will be considered in our
17 analysis. You're welcome to provide comments
18 tonight via e-mail, telephone, fax, there are
19 comment sheets in the back corner where you can
20 provide written comments and hand those in tonight
21 or mail them in to us.

22 I would like to move into opening it up
23 for public comment at this point. And not that we
24 have a packed room here, but initially we'd like to
25 ask that you keep comments to five minutes or less.

1 And, as I said before, there's a court reporter
2 present so everything will be reported and a
3 transcript will be prepared. If you are going to
4 comment, please state your name, whether you
5 represent a group or organization -- and I'm not
6 sure if any of you signed up to speak as you signed
7 in -- and if you provided a comment in the previous
8 public scoping meeting, please feel free to do so
9 again tonight.

10 MR. CHRISTIAN: I'm straight off the
11 field and I have an assistant, T.J. Steele. I'm Owen
12 Christian. I live at Liberal. I was born and raised
13 between here and Ulysses. Quite a few of you know
14 me and know I'm a B.S.'er. But I want to pass
15 on a few things of what we have done with our
16 operation. The name of my company is Christian Hay,
17 Incorporated. We bale alfalfa, wheat, straw, CRP
18 acres. We have three big HS ton balers and we've
19 kind of converted them this winter with a lot of the
20 company aspects on our own. We're trying to get our
21 balers to weigh about 20 percent more and especially
22 in straw and corn sorghum. We did harvest about 34
23 circles of corn sorghum last fall. Our process is
24 we use two loftness sledders. They are 20-foot and
25 they are baled sledders. And they throw in a

1 windmill. I've been in conference with Tom here
2 quite a bit because we really like this process.
3 I'm not looking for more business, but I'm just
4 trying to pass on what we did. And what I like
5 about the sledder is, you can raise it different
6 heights. You can leave what you want to on the
7 field and still take off a lot of your core sorghum.
8 And it chops it. Our stalks will only be four to
9 six inches and it makes excellent cow feed. We
10 started this operation with 100 combines last fall.
11 It only takes about four days in the right kind of
12 weather. You can be in there baling. You think
13 you're baling straw or wheat straw. If you've ever
14 baled in record corn store, the big saws on there
15 will mess you up. It isn't the feed value that the
16 other is. We run a stinger truck behind us so when
17 we're done baling, the stinger truck, he's supposed
18 to have that stacked in a few hours. In the fall
19 we, I don't know, 20 circles or so for the farmer
20 right behind his combine and we cut it real short.
21 Took it about all off because he wanted to plant
22 wheat. We see some of the wheat that we did this
23 year and right across the road to Hissom and how much
24 greener and lively the wheat is where we took the
25 total off than it is where they didn't. We're

1 excited about that. We've already got 20 circles
2 already booked up for next fall to be right behind
3 the combine. But we did a lot in the Tyrone area
4 for the farmers down there and they had maybe
5 three years of old clover on the field there. We
6 went in and we took off the new and left all the
7 old. They are just tickled to death. They already
8 asked me if I'm going to be back this fall. I said,
9 "Well, to a certain extent." I'm not looking for
10 business. I'm just trying to explain what our
11 operation is entailing and it's making a good
12 product. It's leaving some humus on the soil and
13 they can do their parcel without any trouble and
14 their planting. That's about all I got. Like I
15 said, I'm a B.S.'er, but our plan is working. I've
16 been in this hay business 40 years. And mainly it
17 was alfalfa and wheat before now, but we're staying
18 pretty busy. And T.J. is kind of going to take over
19 my business later on. He's a nice fellow. Thank
20 you for listening to me.

21 MR. HORST: Mr. Christian, thank you
22 for your comment. Would anybody else like to make a
23 comment?

24 MR. CHRISTIAN: I think the operation
25 will be real beneficial for our area.

1 MR. HORST: There's also sheets back
2 here if you feel more comfortable you're more than
3 welcome to fill out a sheet back here and we can
4 turn it into DOE and certainly process it that way,
5 too.

6 NEAL GILLESPIE: I'm with the Stevens
7 County Economic Development and I'm on record many
8 times. But we still feel very blessed to have
9 this project and we hope that in the future, if
10 anything, the economics will allow them to expand.
11 But we still feel very important.

12 MS. KERWIN: Thank you very much for
13 coming tonight. On your way out if you want to pick
14 up a project fax sheet, it lists our DOE
15 environmental web site where you can access all of
16 the slides from tonight and the public transcript as
17 well when that's available. Thank you very much for
18 coming out this evening.

19 END OF PROGRAM

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