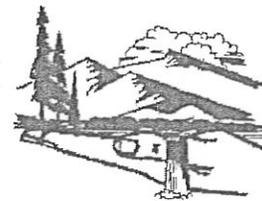




Department of Environmental Quality

To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.



Matthew H. Mead, Governor

Todd Parfitt, Director

March 21, 2013

0515

Chris May
Medicine Bow Fuel and Power LLC
5444 Westheimer, Suite 1560
Houston, TX 77056

MEDICINE BOW FUEL AND POWER LLC – DEQ/ISC PERMIT 07-01

Mr. May,

The Industrial Siting Division (Division) received your letter dated March 20, 2013, withdrawing Medicine Bow Fuel & Power LLC's (MBFP) November 2012 Socioeconomic Update Report. As you are aware, the Division required the updated report and construction schedule to satisfy Condition # 15 of Permit 07-01 and update the existing permit. Without an updated report and schedule, the Industrial Siting Council cannot amend the existing permit to bring it into compliance.

W.S. § 35-12-109(a) requires industrial siting permit applications to include a construction schedule showing the estimated number of employees during the construction phase by calendar quarter and an evaluation of potential impacts upon local governments from the construction of the proposed facility. Under W.S. § 35-12-113, the materials included in an industrial siting permit application, including the construction schedule, are incorporated into the permit as terms and conditions. W.S. § 35-12-106(a) requires every permitted facility to "be constructed...in conformity with the permit and any terms, conditions and modifications contained in the permit."

The most recent construction schedule, which the Industrial Siting Council approved at its August 28, 2009 meeting, stated that MBFP would begin construction of the coal-to-liquids plant before January of 2011, and commence commercial operations of the facility in the 2nd Quarter of 2014. The Division understands that construction commenced briefly in November of 2010 and again in 2012. However, after commencing construction in 2010, construction at the site has been brief and not in accordance with the approved schedule.

Furthermore, the socioeconomic data contained in MBFP's Permit 07-01 documenting potential impacts to local communities is no longer valid because it is out of date and does not take into consideration other facilities proposed to be constructed in the area in the same time frame. Based on these factors, the Division has determined that MBFP is not in compliance with the terms of Permit 07-01.

Herschler Building • 122 West 25th Street • Cheyenne, WY 82002 • <http://deq.state.wy.us>

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The Division hereby provides MBFP with an opportunity to remedy this failure pursuant to W.S. § 35-12-116(ii). In order to return to compliance with the terms of Permit 07-01, MBFP must provide the Division with an updated construction schedule. The detailed schedule must be accompanied by an updated socioeconomic impact analysis report that comports with the schedule. Any additional proposed changes to the facility not already reviewed by the Council should also be clearly identified. The detailed schedule should also be accompanied by reasonable estimates of the following information:

- A. A reasonable estimate of the calendar quarter in which construction of the industrial facility will recommence;
- B. A reasonable estimate of the maximum time period required for construction of the facility;
- C. A reasonable estimate of when the physical components of the facility will be 90 percent complete, along with the basis for the estimate;
- D. The estimated number of employees (of Medicine Bow Fuel and Power, its contractors, and subcontractors) needed to complete construction and operation of the facility and job classifications by calendar quarter. This estimate should include seasonal fluctuations and peak employment during both construction and operation.

MBFP must provide this information to the Division by June 19, 2013, unless another time is designated by the Council. After receipt of this information, a meeting of the Council will be scheduled to review the updated schedule and report pursuant to W.S. § 35-12-106.

If you have any questions, please feel free to contact me.

Sincerely,


Luke Esch
Administrator
Industrial Siting Division

Cc: Todd Parfitt
Jeremiah Williamson
Mary Throne