NATIONAL ENERGY TECHNOLOGY LABORATORY
Albany, OR • Morgantown, WV • Pittsburgh, PA

U.S. DEPARTMENT OF ENERGY

February 4, 2010

DOCKET
08-AFC-8
DATE FEB 04 2010
RECD. MAY 062010

Mr. Tim Kuhn, Biologist
United States Fish and Wildlife Service, Region 8
2800 Cottage Way, Room W2605
Sacramento, CA 95825

Re: Initiation of Consultation under Section 7 of the ESA for the HECA Project

Dear Mr. Kuhn:

The U.S. Department of Energy (DOE) is beginning the process of preparing an environmental impact statement (EIS) under the National Environmental Policy Act (NEPA) regarding its proposal to provide financial assistance to the Hydrogen Energy California (HECA) project that would be located in Kern County, California, near the communities of Bakersfield and Tupman. DOE selected the HECA project for an award of up to $308 million in financial assistance pursuant to a competitive solicitation under Round 3 of the Department's Clean Coal Power Initiative (CCPI) program. DOE plans to publish a Notice of Intent in late February or early March that would initiate the formal process for preparation of this EIS, *Hydrogen Energy International Integrated Gasification Combined Cycle and Carbon Capture and Sequestration* (DOE/EIS 0431).

The HECA project consists of building an integrated gasification combined cycle (IGCC) facility that would generate electricity and sequester 90 percent of the carbon dioxide emissions from its feedstock by using it in enhanced oil recovery (EOR) operations in the Elk Hills oil field. The EOR operations would be monitored to verify the long-term sequestration of the carbon dioxide. The project would provide approximately 250 MW of new baseload generating capacity with very low emissions of carbon dioxide.

As the lead federal agency for this project, DOE will prepare the EIS for this project and take responsibility for its compliance with section 7 of the Endangered Species Act. The Department would like to initiate the consultation process required by the Act with Region 8 of the United States Fish & Wildlife Service (USFWS). The project's proponent (and recipient of DOE's proposed financial assistance award) directed URS Corporation of San Francisco to prepare the enclosed preliminary biological assessment for the project. Once you have had a chance to review the assessment, please let me know how you would like to proceed with the consultation process. I anticipate that I will be in the Sacramento area one or more times during the next two months, and would be able to meet with you and others from the USFWS if you conclude that would be helpful. We would ask representatives from HECA LLC and URS to join us if you request. It might be helpful to meet with representatives from EPA's Region 9 as well.

626 Cochrans Mill Road, P.O. Box 10940, Pittsburgh, PA 15236
ralph.detwiler@netl.doe.gov • Voice (412) 386-4839 • Fax (412) 386-6127 • www.netl.doe.gov

Thank you for your assistance in this matter. If you require further information, please do not hesitate to call me at 412-386-4839 for e-mail me at ralph.detwiler@netl.doe.gov.

Sincerely,

R. Paul Detwiler
Director, Office of Project
Facilitation & Compliance

Enclosure:
Biological Assessment, January 2010

cc (via email and w/o enclosure):
N. Mahasenan, HECA
S. Rivera, EPA
M. McMillian, NETL
B. Costner, DOE HQ