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STATE OF LOUISIANA
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF ENVIRONMENTAL SERVICES

WESTLAKE COUNCIL CHAMBERS
1001 MULBERRY STREET
WESTLAKE, LOUISIANA 70669

RE: Public Notice
Louisiana Department of Environmental Quality
Lake Charles Cogeneration, L.L.C.
Lake Charles Gasification Facility

PUBLIC HEARING AND REQUEST FOR PUBLIC COMMENTS
ON THE PROPOSED PART 70 AIR OPERATING PERMIT,
THE PSD PERMIT AND THE ASSOCIATED EAS

Pursuant to Notice, the above-entitled matter
came on before Public Hearing on January 8,
2009 at 6:00 p.m. at Westlake Council Chambers,
1001 Mulberry Street, Westlake, Louisiana
before Kathy Wright, Hearing Officer. Reported
by Carolyn LeBlanc.

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MS. WRIGHT:

Good evening. Let the record reflect that the time is 6:00 p.m. My name is Kathy Wright and I'm employed with the Louisiana Department of Environmental Quality. I will be serving as the hearing officer this evening, Thursday, January 8, 2009.

This hearing is scheduled to accept public comments concerning the Proposed Part 70 Air Operating Permit, PSD Permit and the associated Environmental Assessment Statement for Lake Charles Cogeneration, L.L.C., 315 Park Avenue South, 20th Floor, New York, New York 10010-3607, for the Lake Charles Gasification Facility, Air Number 160213, Permit Number 0520-00411-V0, and Activity Number PER20080001, and PSD-LA-742 for PER20082002.

The facility is to be located off Louisiana Highway 108 near Bayou d'Inde Road adjacent to the Port of

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Lake Charles, Lake Charles, Calcasieu Parish. This permit was processed as an expedited permit in accordance with

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Louisiana Administrative Code 33,
Section 1, Chapter 18.

Lake Charles Cogeneration, L. L. C.,
requested a Part 70 Air Operating
Permit and a PSD Permit for the
proposed Lake Charles Gasification
Facility. The facility will convert
approximately 7400 tons per day of
petroleum coke to 120 MMSCF per day of
methane, substitute natural gas, or
S&G, and 2000 tons per day of sulfuric
acid. Other secondary products from
the facility will include argon,
carbon dioxide, slag, and electricity
for internal use.

The EAS submitted by the applicant
addresses avoidance of potential and
real environmental effects, balancing
of social and economic benefits
against environmental impact costs,
and alternative sites, projects, and
mitigative measures.

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This hearing is not being
conducted in a question and answer
format. Please remember that the
purpose of this public hearing is for
DEQ to receive your comments
concerning the proposed Part 70 Air

7 deq18.txt
Operating Permit, PSD Permit, and the
8 associated Environmental Assessment
9 Statement.

10 This hearing is to provide all
11 individuals a chance to be heard
12 regardless of their position on the
13 proposed Part 70 Air Operating Permit,
14 PSD Permit, and the Associated
15 Environmental Assessment Statement.

16 Courteous behavior is expected of
17 everyone at all times. You may speak
18 in support of the permit, in
19 opposition to the permit, or simply to
20 provide additional information.

21 All interested parties will be
22 given a reasonable opportunity to
23 comment, unless testimony is not
24 related to the purpose of the hearing.
25 Your comments will be evaluated and

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1 addressed in the Department's written
2 response.

3 A public notice advertising this
4 public hearing and request for public
5 comment on the proposed permitting
6 activities was published in The
7 Advocate and Lake Charles American
8 Press on November 20th, 2008.

9 A copy of the Proposed Part 70 Air

10 deq18.txt
11 Operating Permit, PSD Permit, and the
12 Associated Environmental Assessment
13 Statement are available for inspection
14 and review at the LDEQ, Public Records
15 Center, Room 127, 602 North 5th
16 Street, Baton Rouge, Louisiana.
17 Viewing hours are 8:00 a.m. to 4:30
18 p.m., Monday through Friday, except
19 holidays.

20 The available information can also
21 be accessed electronically on the
22 Electronic Document Management System
23 (EDMS) on the DEQ public website at
24 www.deq.louisiana.gov.

25 Additional copies may be reviewed
at the Calcasieu Parish Library

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1 Headquarters, 301 West Claude Street,
2 Lake Charles, Louisiana 70605, the
3 Westlake Branch, 937 Mulberry Street,
4 Westlake, Louisiana 70669, and the
5 Sulphur Regional Branch at 1160
6 Cypress Street, Sulphur, Louisiana
7 70663.

8 In addition, copies of the public
9 notice were mailed to individuals who
10 have requested to be placed on the
11 mailing list maintained by the Office
12 of Environmental Services on November

13 deq18.txt
19, 2008.

14 In accordance with Louisiana
15 Administrative Code, Title 33, Part
16 III, Sections 531.A.3.C and 509.Q,
17 comments received by 12:30 p.m.,
18 Monday, January 12, 2009, will be
19 considered prior to a final decision.

20 All comments heard and transcribed
21 during the hearing and written
22 comments received by 12:30 p.m. on
23 Monday, January 12, 2009, shall be
24 retained by the Department and
25 considered in determining whether to

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1 issue or deny the Proposed Part 70 Air
2 Operating Permit, PSD Permit, and the
3 Associated Environmental Assessment
4 Statement.

5 Written comments on the proposed
6 permits and the EAS may be submitted
7 to Ms. Soumaya Ghosn, LDEQ-OES,
8 Permits Support Services Division,
9 P.O. Box 4313, Baton Rouge, Louisiana
10 70821-4313.

11 Under Louisiana Revised Statutes,
12 Title 30:2017, as revised by the
13 Legislature in the 2004 session, the
14 Department is required to follow the
15 following order with the provision

16 deq18.txt
17 that the presiding officer may give
18 preference to a public official to
19 speak at any time during the hearing.
20 However, any time limit set for
21 citizen testimony shall apply to
22 public officials.

23 The Department must provide up to
24 30 minutes to the permit applicant for
25 an introductory presentation.
Thereafter, preference for speaking up

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1 to one hour is given as follows:

2 For the first hour, to those
3 citizens who live within a two-
4 mile radius of the facility;

5 For the second hour, to those
6 citizens who work within a two-
7 mile radius of the location of
8 the facility;

9 And for the third hour, to
10 those citizens who live within
11 the parish of the location of
12 the facility.

13 Thereafter, each hour of the
14 hearing shall alternate between
15 those who are in support of the
16 proposed Part 70 Air Operating
17 Permit, PSD Permit, and the
18 Associated Environmental

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19 Assessment Statement and those
20 who are opposed.

21 The order of tonight's hearing
22 will be based on the information
23 provided by the speaker on the
24 registration form. Anyone registered
25 to speak but did not provide the

9

1 necessary information will be given
2 the opportunity to speak; however,
3 they will be called last in the order
4 of registration.

5 This hearing is being transcribed;
6 therefore, I will ask that each
7 speaker begin by stating for the
8 record their name, address, and any
9 organization he or she may represent.

10 I would like to remind you to
11 please turn off all cell phones.
12 Thank you.

13 At this time, I would like to ask
14 the permit applicant's representative
15 to come forward and make their
16 introductory presentation.

17 MR. MALLEY:

18 Thank you. Good evening. My name
19 is Don Malley. I'm vice president of
20 Leucadia National Corporation.
21 Leucadia is the -- of the parent

22 deq18.txt
company Lake Charles Cogeneration.
23 I'm going to be working off that
24 chart -- see the screen all that well.
25 I hope you all don't mind.

10

1 I welcome the opportunity to
2 explain our project in more detail to
3 the Lake Charles community this
4 evening. I know and imagine that many
5 of you are anxious to get home to
6 watch a certain football game this
7 evening. So I'll try to move my
8 comments along and go through our
9 slides as quickly as possible.

10 Lake Charles SNG project. SNG,
11 what is that? That is what we call
12 substitute natural gas. What we will
13 be doing at our facility is taking
14 petroleum coke, which is a waste
15 product from the refining process, and
16 converting it into clean natural gas.
17 It will be the same quality as the
18 pipeline natural gas that we all know
19 and use currently.

20 I think if there's anything that
21 SNG would like the community to
22 understand from what we're trying to
23 do is that we're essentially taking a
24 product that is a waste product that

25 deq18.txt
is used, for the most part today, for

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1 industrial purposes in the combustion
2 process -- cement manufacturers, power
3 plants take petroleum coke and they
4 combust it. And they use minimal
5 environmental technology to minimize
6 the environmental impacts.

7 What we propose to do is to take
8 that same waste product and use the
9 most advanced environmental
10 technologies to assure that this waste
11 product is disposed of in the most
12 clean manner that is possible with
13 current technology.

14 So a couple of facts about our
15 project. As I mentioned, the name of
16 the company is Lake Charles
17 Cogeneration. This is a company that
18 we formed in 2003 when we were working
19 on the gasification project -- to our
20 current site at the Citgo Refinery.
21 And for regulatory reasons, we've kept
22 that same legal entity.

23 We worked for over two years with
24 Citgo to try to develop that project,
25 which unfortunately, never came to

1 frui ti on. But fortunatel y for us, as
2 part of that process, we developed a
3 relati onshi p wi th the Port of Lake
4 Charles, who was next door to the
5 Ci tgo si te.

6 And when the Ci tgo project went
7 away, Adam McBri de and hi s team at the
8 Port encouraged us to conti nue to work
9 to try to devel op a gasi ficati on
10 project i n Lake Charles. And real ly,
11 i t's been through thei r efforts
12 throughout the state and locall y that
13 have gotten us to where we are here
14 today.

15 So we' re very appreci ative of
16 everything that the Port has done for
17 us, and j ust wanted to reci te some of
18 the thi ngs that the y've done and
19 conti nue to do for us.

20 First of all, if you see the
21 picture up on the screen, the land
22 circled in red is our site. That is
23 Port property and we have entered into
24 a long-term lease wi th the Port to
25 bui ld and operate our plant on that

1 si te.

2 The second thi ng that we' re
 Page 11

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3 working with the Port on is that they
4 have fuel handling and storage
5 capacity immediately adjacent at
6 Terminal No. 1, and we will be
7 contracting with them to provide those
8 services to our facility.

9 They also were instrumental in
10 helping us arrange our financing.
11 They sponsored our application for our
12 GO Zone bond financing, which we were
13 successful in arranging and receiving
14 \$1 billion allocation. We closed on
15 that financing with the Port last
16 March and those funds are sitting in
17 escrow pending the receipt of our
18 final permits.

19 But in today's world, we all know
20 the difficulty in arranging financing,
21 and their support in putting together
22 a billion dollar financing package was
23 critical to our success.

24 Finally, we've been active in the
25 local community in Baton Rouge, in New

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1 Orleans with the Corps of Army
2 Engineers. And everywhere we've gone,
3 the Port of Lake Charles has been
4 there at our side helping us,
5 supporting us, and encouraging us, and

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6 giving us good guidance on how to
7 explain and sell our project to the
8 communi ty.

9 We have arranged our fuel supply.
10 Koch Industries, through their
11 subsidi ary Koch -- will supply our
12 petroleum coke fuel to the project
13 under a long-term agreement. We would
14 be making 42 BCF of substitute natural
15 gas every year which will be delivered
16 to Henry Hub for sale to utilities in
17 the Gulf Coast Region.

18 We are currently in discussions
19 and negotiations with a large number
20 of utilities in the Gulf Coast who are
21 very interested in our product and
22 looking to buy our product under long-
23 term contract.

24 The other interesting thing about
25 our process is that there's basically

15

1 no waste from our process. Everything
2 that we put in the front end comes out
3 the other side as a useful product
4 that we can sell to consumers and
5 industrial customers in the Gulf
6 Coast.

7 We've been working on this project
8 now for three years. We're at the

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9 point where we're ready to start
10 construction on receipt of our final
11 permits. Black & Veatch, a leading
12 engineering company based in Kansas
13 City, has been doing our engineering
14 work. And Turner Industries here in
15 Lake Charles will be our construction
16 company.

17 Turner Industries is another
18 company that we have worked closely
19 with since our days with Citgo, and
20 they've been equally as supportive of
21 our efforts in trying to get the
22 project where it is today. And
23 they've been critical to our success
24 to date.

25 Just a couple other slides to

16

1 orient people. The project site is
2 southwest of Downtown Lake Charles,
3 south of I-10. The white area to the
4 west of our site is the Citgo
5 Refinery, and then just northeast of
6 us is the Bulk Terminal No. 1.

7 Here is another picture of our
8 site. Our site is basically the
9 wooded area. As I say, it's owned by
10 the Port. Bulk Terminal No. 1, which
11 is the Port's current facility for

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12 exporting petroleum coke, is adjacent
13 to our site.

14 This is another picture of the
15 Bulk Terminal No. 1. As part of our
16 overall efforts we've put together a
17 \$40 million budget with the Port to
18 improve the facilities at the Port to
19 be able to -- for them to provide the
20 storage and handling services that our
21 facility will require.

22 Leucadia National Corporation, we
23 are a publicly-traded company. We're
24 listed on the New York Stock Exchange.
25 Our ticket symbol is LUK. The current

17

1 management team took control of the
2 company in 1978, so they've been
3 managing this business for 30 years
4 very successfully. The roots of the
5 company, however, go back to the
6 1800s. It was an early commercial
7 finance company that was one of the
8 early pioneers in the commercial
9 finance business.

10 Leucadia is a long-term
11 disciplined investor. We've been
12 successful in investing in a wide
13 variety of industries over the years;
14 energy, commodities, healthcare,

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15 medical products. We have a plastics
16 manufacturing company, and a whole
17 variety of different industries that
18 Leucadia has successfully invested in
19 over the years.

20 The company has invested over \$7
21 billion since 2000 in various
22 investment opportunities. We have a
23 strong balance sheet with \$8.4 billion
24 of assets, and we believe we are
25 recognized in the financial markets as

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1 a strong player and we can bring
2 together the necessary elements to put
3 a project like this together.

4 To put this venture underway, we
5 have formed a development team. It's
6 based in Houston. We have 20 full-
7 time professionals working for us on
8 all aspects of project development.

9 I think importantly, about nine
10 months ago -- there's not a whole lot
11 of -- there's a lot of gasification
12 cogeneration around the world. There
13 are hundreds of units around the
14 world, but only a handful in
15 operations in the United States.

16 And we were successful in hiring
17 two of the most experienced operators

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18 in the company to join our company and
19 to help us build a local O&M team here
20 for the Lake Charles project. And
21 we'll talk about that a little bit
22 more in a minute.

23 We think we've demonstrated
24 already in the five years that we've
25 been here our commitment to Louisiana

19

1 in economic development in the state,
2 and we just wanted to review that
3 briefly.

4 And I think at the same time we do
5 want to point out that we've had not
6 only the support of the Port of Lake
7 Charles and Turner Industries over the
8 five years, but all the community
9 leaders in the Lake Charles community.

10 The Southwest Legislative
11 Delegation, the police jury, the mayor
12 of Westlake, the mayor of Lake
13 Charles, the mayor of Sulphur have all
14 been very strong supporters and we
15 appreciate everything that they've
16 done to help us get the project to
17 here. And we pledge to work with all
18 those leaders to make sure that our
19 project continues to meet the needs of
20 the local community.

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21 In terms of some specific things
22 that we've done, we have signed our
23 long-term lease with the Port. We've
24 signed a contract with the Sabine
25 River Authority for our water supply.

20

1 We've negotiated and committed to a
2 pilot program of payment in lieu of
3 taxes with the Calcasieu Parish School
4 District and the Calcasieu Parish.

5 Once we start construction there
6 will be substantial sales tax on the
7 equipment that we buy, and that will
8 be shared between the parish and the
9 state.

10 We're actually developing four of
11 these projects around the country and
12 we've spent over \$25 million in that
13 development effort, and the majority
14 of that money has been spent in
15 developing this project here in Lake
16 Charles.

17 As I say, during the construction
18 period we will have to hire two
19 hundred operators to operate this
20 plant over the long term and we'll be
21 working with Sowell and McNeese State
22 University on job training through the
23 PETA programs to ensure that we've got

24 the qualified staff to operate the
25 facility when it's ready for

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1 commercial operations.

2 As I mentioned, we'll be
3 contracting with the Port to expand
4 its capacity and capabilities to
5 handle the pet coke needed for the
6 project. We did close on the GO Zone
7 bond financing last year and spent a
8 couple of million dollars in getting
9 that money closed.

10 We've also enjoyed working with a
11 large number of local companies in the
12 Lake Charles region already. We
13 expect and hope to expand that list as
14 the project moves forward.

15 As I mentioned, the project's
16 ready to be in construction this year
17 to stimulate economic development,
18 create high paying jobs, and increase
19 state and local tax revenues.

20 One of the nice things about the
21 equipment with the technology that
22 we're using is that it can all be
23 sourced not only domestically, but
24 most, if not all of it, can be sourced
25 in Louisiana. And one of our goals is

1 to maximize Louisiana content in our
2 construction project.

3 This slide I don't want to go into
4 any great detail. It kind of walks
5 through a very basic gasification
6 process. Essentially, what we do is
7 we take petroleum coke, oxygen, and
8 water and in the gasifier under
9 temperature and pressure we spark a
10 chemical reaction that reconfigures
11 the molecules, and what comes out is
12 what we call SNG gas. So 97 percent
13 of the pet coke that goes in the front
14 end comes out -- is converted to SNG
15 gas that we then clean up to make to a
16 pipeline quality gas.

17 Only three percent of the pet coke
18 comes out a residual as a slag.
19 There's been quite a bit of headlines
20 recently. Tennessee Valley Authority
21 had a spill of its coal ash which has
22 created a big environmental issue for
23 them.

24 And I think we wanted to make the
25 point that our bottom end product

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1 comes out as a slag. It's a vitreous
2 class like material. It is
3 nonhazardous and can actually be sold
4 for beneficial use. It can be sold as
5 an adder to road bedding, for landfill
6 cover, and other beneficial uses. So
7 even the bad, bad stuff that comes out
8 of the bottom, it's a nonhazardous
9 material. It's a small amount of
10 product and it can be used for
11 beneficial use.

12 We then take that SNG gas and
13 again, because we're not combusting
14 it, we're putting it through chemical
15 reactions, we can pull out the sulfur,
16 we can pull out the CO2, we can pull
17 out the mercury, and we have to do
18 that in order to end up with a
19 pipeline quality natural gas. We have
20 to pull out all those bad actors,
21 recapture them chemically, and we
22 dispose of them in an environmentally
23 compliant manner.

24 This is just a picture of our plot
25 plan. We do have a very tight site.

24

1 We are relying very heavily on Turner
2 Industries to manage the construction
3 here, and they have a lot of very

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4 innovative ideas on ways to build this
5 facility on a very tight site. And we
6 appreciate all the work they're doing
7 to make that happen.

8 So why SNG? We think it's
9 important for the country from an
10 energy security point of view. Right
11 now a lot of the petroleum coke waste
12 product that's generated in the United
13 States is actually shipped overseas
14 and, again, is combusted in facilities
15 that have no environmental controls on
16 them.

17 We're going to keep that product
18 in here. We're going to minimize the
19 need for us to import oil and other
20 energy from other countries. And then
21 in the process of capturing our CO2
22 and compressing it and using it for
23 enhanced oil recovery, we're actually
24 then going to increase domestic oil
25 production significantly, and

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1 Louisiana oil production
2 significantly.

3 We think the environmental
4 performance of this technology
5 compared to the current technologies
6 that are being employed is

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7 dramatically and significantly better.
8 It's 99 percent reduction in the air
9 emissions from the other technologies
10 that are currently employed. Our slag
11 is a nonhazardous waste. We're
12 converting a dirty waste fuel into a
13 clean burning natural gas substitute.

14 I think we all know the climate
15 change is another issue that's a
16 forefront in the press today. This
17 project will be at the cutting edge of
18 dealing with that issue. In order to,
19 again, make a pipeline quality natural
20 gas we actually have to capture
21 greater than 85 percent of the CO2
22 that's produced at this facility, and
23 recapture it in pure form. We'll be
24 able to compress that and sell it to
25 oil and gas companies and pipeline

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1 companies for use in enhanced oil
2 recovery.

3 Why SNG? We see this as a big
4 economic stimulus for the Lake Charles
5 area. The economy is struggling right
6 now and an investment in this project
7 will create over 1,000 construction
8 jobs on average for the next three and
9 a half years.

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10 And then over that period we will
11 be building and training the long-term
12 employees for the project with 200
13 high paying jobs at the plant. There
14 will be an equal number of jobs from
15 the enhanced oil recovery opportunity
16 that will come out of our project, as
17 well.

18 So we think this is smart energy.
19 It's economic. It's ready today. One
20 of the things it does is it enables a
21 lot of the gas, fire, and electric
22 infrastructure in the United States
23 that's currently underutilized to use
24 a new, clean, diversification of its
25 product source. And we're

27

1 commercializing in advanced energy and
2 technology.

3 Again, just some high points on
4 our CO2 plan. We have signed an MOU
5 with a pipeline company and oil
6 company. They have found enhanced oil
7 development opportunities, a couple
8 within 15, 20 miles of our facility,
9 and many, many more times than what
10 could be available from what we
11 produce in terms of CO2 within a 50-
12 mile radius of the plant.

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13 So the CO2 from this facility will
14 be able to be used for enhanced oil
15 recovery in the Lake Charles area for
16 the economic life of our plant. That
17 work has been done and they are moving
18 forward in developing those
19 opportunities.

20 That CO2 development opportunity
21 in and of itself is a \$2 billion
22 investment opportunity, and that will
23 be over a ten-year period, but it's a
24 huge opportunity for the State of
25 Louisiana to increase its oil

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1 production and create more high paying
2 jobs.

3 The CO2 that will be produced from
4 our plant when it's fully operational
5 will create 30,000 barrels a day of
6 incremental oil production or almost
7 11 million barrels a day from
8 currently non-producing oil fields.

9 For the State of Louisiana, that
10 would amount to, at current oil prices
11 of 40 to \$50 a barrel, \$50 million a
12 year of severance tax income for the
13 State of Louisiana. We think the use
14 of the CO2 for enhanced oil recovery
15 is a big home run for everybody.

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16 The only other point I would make
17 on the enhanced oil recovery is that
18 in our discussions with the oil
19 companies and the pipeline companies,
20 that our contracts will require that
21 they have appropriate monitoring and
22 verification to ensure that the CO2
23 that we put in the ground is
24 permanently sequestered and will
25 comply with all future regulations.

29

1 One of the best ways to understand
2 the environmental benefits from our
3 project, I think -- the blue chart is
4 the emissions of the criteria
5 pollutants from the current sources,
6 the current utilization of pet coke.
7 So that's the hundred percent at the
8 top. So cement plants and power
9 plants, they emit those levels of
10 these criteria pollutants.

11 The red bars are what will be
12 coming out of our plants. You can see
13 99 percent reduction from what is
14 currently the way these products are
15 disposed of today.

16 Another way of look at that, just
17 for an example, a cement plant or
18 power plant would emit 13,000 tons a

19 deq18.txt
20 year -- our permit has us in the 219
21 tons a year, 13,000 tons down to 200
22 tons, 2400 tons down to 33 tons --
23 46,000 tons down to 262 tons. These
24 are dramatic reductions from the way
25 pet coke is currently being treated.
 I'm not sure -- my engineers did

30

1 this and I'm not an engineer and I'm
2 not sure I can properly explain this.
3 But the point of this graph is if you
4 look at the project worst case in
5 terms as a percentage of the Ambient
6 Air Quality Standard, you see that we
7 are low, low percentage at the fence
8 line compared to the Ambient Air
9 Quality Standard. You know, one
10 percent, 1.85 percent, very small
11 numbers.

12 And then if you go a little over a
13 mile and a half from the fence line,
14 you have another 80 or 90 percent
15 reduction in the impacts at that
16 point. And then if you go out six
17 miles, you're almost down to where
18 there's really minimal, if any, impact
19 on the local community.

20 And the other important point here
21 is that the impacts of the project are

22 deq18.txt
sufficiently small as to exempt us
23 from refined modeling exercises
24 required of sources with greater
25 impacts.

31

1 I've talked a lot already about
2 the economic stimulus. The only point
3 I would make here is that the economic
4 life of this project is 30 years.
5 Over that 30-year period, we'll be
6 spending on operations and maintenance
7 about \$2 billion. That's going to be
8 going for our local workforce and for
9 the purchase of locally procured
10 materials and services. So this is a
11 long-term investment. It will have a
12 long-term impact on the local economy.

13 We're not really here tonight to
14 talk about SNG and the economics of
15 SNG and why we think that's a good
16 thing, but I did just want to take a
17 second to give you a flavor for why we
18 like this product for the U.S.
19 consumer, the Louisiana consumers, and
20 the consumers in the Gulf Coast
21 region.

22 The chart at the left is a back
23 cast. It's comparing the last five
24 years Henry Hub price, which is the

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blue price, to the price that we would

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have charged for our product had we been up and running under the formulas that we use in our contracts. And the key point there is that if you look back over the past five years, we would have saved the consumer nearly \$400 million in natural gas costs compared to just buying that gas at a Henry Hub price.

The chart at the right is taking forward projections of natural gas prices prepared by independent consultants. Wood McKenzie, a recognized expert in natural gas, provided us the projection of natural gas prices through 2020. That's the blue line. Jacobs Consultants, the leading expert in looking at the pet coke markets, gave us their projections of petroleum coke and we put that into our pricing formula.

When we price our product, only about 25 percent of the price is the fuel, the pet coke. Most of it -- about half of it is just the recovery

1 of our capital, and that's fixed over
2 time. Doesn't go up for 30 years.

3 In doing that comparison, over the
4 next 30 years this -- we just had room
5 to show you through 2020, but the
6 model goes all the way out for the 30-
7 year life of the facility. And that
8 projected a \$1.4 billion savings to
9 the consumer over that time. So not
10 only is it an environmentally sound
11 project, we think it's a good economic
12 project for the American consumer.

13 So where are we today? We're
14 ready for construction in 2009. The
15 project's been under development for
16 three years. Our technology vendors
17 have been selected. Our front-end
18 engineering design work is underway.
19 And Turner Industries is prepared to
20 manage the project and fabricate the
21 major components. We've got our site
22 under a long-term lease, and our fuel
23 procurement agreement has been signed.

24 As I mentioned before, we're
25 currently in negotiations with

34

1 multiple utilities along the Gulf
2 Coast to take the output of our

deq18.txt

3 project under a long-term agreement.
4 We expect to have those agreements
5 signed by the middle of this year.
6 And Leucadia's committed to provide
7 the equity required to make the
8 financing possible, along with the
9 billion dollar GO Zone financing that
10 we put together last year along with
11 the Port.

12 So we're very excited about our
13 project. We think it will be a great
14 economic development opportunity for
15 the Lake Charles community. We're
16 proud to be at the cutting edge of
17 technology and dealing with not only
18 criteria pollutants, but climate
19 change and advancing the ball on
20 technologies that will be able to
21 capture and sequester CO2 that will
22 address that big issue for the whole
23 world.

24 I appreciate your time and thank
25 you very much.

35

1 MS. WRIGHT:

2 I'll now begin by allowing all
3 persons who have signed up to speak
4 five minutes in which to present their
5 comments. Anyone who needs more than

deq18.txt

6 five minutes will be allowed to finish
7 his or her comments after the
8 registered speakers have had the
9 opportunity to speak.

10 The first to speak will be those
11 citizens who live within a two-mile
12 radius of the location of the
13 facility. Our first registered
14 speaker is Bill Reyes or Bill Reyes.
15 I'm sorry if I mispronounced the last
16 name.

17 MR. REYES:

18 Reyes was good.

19 MS. WRIGHT:

20 Okay.

21 MR. REYES:

22 Yes. I'm Bill Reyes. I live in
23 the Maplewood area of Sulphur, which -
24 - and I work at BT-1 on a daily basis.
25 And I've worked with the folks from

36

1 Leucadia on this project for quite
2 some time. And I see no negatives
3 that could come out of it. It
4 increases the business that would come
5 through the Port, which would lead,
6 you know, to direct impact, economic
7 impact for the community here. And so
8 I'm in total support of the project.

9 MS. WRIGHT:
10 Our next registered speaker is
11 Brad Credeur.
12 MR. CREDEUR:
13 Credeur.
14 MS. WRIGHT:
15 Credeur.
16 MR. CREDEUR:
17 Yes, ma'am. Can I speak from
18 here? I would need to go up there?
19 MS. WRIGHT:
20 It would be better so that we can
21 hear you better on the audio.
22 MR. CREDEUR:
23 Okay. My name's Brad Credeur. I
24 live at 940 Ardoin Drive here in
25 Westlake. I'm just more concerned

37

1 about the pollutants that we already
2 have in our area. We have a lot. We
3 have -- right here at Conoco, here was
4 a supposed -- something happened last
5 night. State troopers, Westlake cops,
6 sheriff's office showed up, but yet
7 they say nothing happened.
8 We've had problems here at --
9 Georgia Gulf, over at Citgo. And just
10 any more pollutants that we put in
11 this area is going to affect our

deq18.txt

12 children.

13 And thank you' all very much.

14 MS. WRIGHT:

15 The next group of speakers will be
16 those who work within a two-mile
17 radius of the location of the
18 facility. And our first speaker in
19 that group is Mr. David Franks.

20 MR. FRANKS:

21 Good evening. My name's David
22 Franks. I work at -- for Turner
23 Industries employed as a senior vice
24 president. Also reside in rural
25 Calcasieu southwest of Dequincy.

38

1 As mentioned earlier, we've been
2 involved with this project for the
3 last three and a half to four years
4 and have seen a great development with
5 it. We believe that this is both a
6 substantial and positive impact to all
7 of Southwest Louisiana in keeping our
8 most valuable resource here and
9 incumbent -- workforce.

10 So we've been involved with this
11 for a while and fully support the
12 project, and are ready to move
13 forward. Thank you.

14 MS. WRIGHT:

deq18.txt

15 Our next speaker is Michael Dees.

16 MR. DEES:

17 My name's Mike Dees. I work for
18 the Port of Lake Charles. I'm 56
19 years old. I was born in this
20 community. I've lived here all my
21 life, except when I attended school.
22 Represented the Port of Lake Charles
23 as their attorney since 1976 and have
24 worked on probably 30 different
25 projects similar to this one.

39

1 Examples are like Trunkline LNG and
2 other similar projects.

3 This is the single greatest
4 project for our community, \$1.6
5 billion plus the jobs. And as Mr.
6 Malley has pointed out in his
7 comments, which I fully support, this
8 is a real home-run win both
9 economically for the development of
10 the community and environmentally. So
11 I support the project.

12 MS. WRIGHT:

13 Our next speaker is Casey Smith.

14 MR. SMITH:

15 Yes. I'd like to decline at this
16 time.

17 MS. WRIGHT:

deq18.txt

18 Next are those citizens who live
19 within the parish of the location of
20 the facility. Our first speaker is
21 Oliver Richard, III.

22 MR. RICHARD:

23 Hello. My name is Rick Richard.
24 I live at 1301 Shell Beach Drive in
25 Lake Charles. I'm currently the

40

1 chairman of Clean Fuel U. S. A. , which
2 produces propane engines for cleaner
3 burning engines. We do Bluebird
4 school buses, for instance, just to
5 give you an example of this.

6 On the long term, I was born in
7 Lake Charles in Calcasieu Parish,
8 along with my wife. We left in 1977.
9 We went across the country and I've
10 had roles of running interstate
11 natural gas pipeline, one from the
12 west Texas area to Minneapolis,
13 Minnesota, where we moved 1.8 trillion
14 cubic feet of gas a day. I moved on
15 to run a company called Columbia
16 Energy Group which has Columbia Gulf
17 which runs through the State of
18 Louisiana. We've moved over a
19 trillion cubic feet of gas there.

20 The prospective that I'd like to
 Page 36

deq18.txt

21 bring is that I came back after 30
22 years, gained the knowledge of our
23 national energy policy and what we
24 have to have and need, and what we
25 have done in a lot of different

41

1 things. Thirty years later we still
2 don't have a lot of supplies to back
3 out foreign oil. We haven't done a
4 lot of -- fuels.

5 Leucadia has come in with a
6 magnificent, in my opinion, project.
7 They're taking a dirty fuel that was a
8 lot of times shipped out of the United
9 States to other countries and instead
10 making it into a natural gas that you
11 can actually burn in your homes for
12 heating and industrial uses.

13 Along with the rest of what
14 Southwest Louisiana has done with the
15 LNG facilities that Mr. Dees mentioned
16 and the -- industry about building a
17 manufacturing facility plant,
18 Southwest Louisiana is becoming a
19 major clean energy area for the United
20 States. That brings thousands of jobs
21 to the county, millions of dollars per
22 year. This specific plan is like
23 finding a 40 billion cubic feet

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24 natural gas field that renews itself
25 every year. That's just the first

42

1 part of it.

2 The second part is the CO2
3 capabilities that come in the enhanced
4 oil recovery and gas in the State of
5 Louisiana, which could bring more jobs
6 -- with a clean energy and recovering
7 our natural resources, to me, is a
8 win-win opportunity for Southwest
9 Louisiana.

10 So when you put it in the context
11 of "aren't we glad and happy that we
12 have a company that comes in with all
13 these kinds of bright ideas to turn
14 what we used to ship out of the
15 country, to keep it here and make
16 something that Americans can use and
17 not rely on foreign oil" -- so I am a
18 hundred percent in favor of the
19 project. I live in the parish with my
20 wife. I see no problems with this
21 facility. All I see is good things
22 for Southwest Louisiana. Thank you.

23 MS. WRIGHT:

24 Our next speaker is Jarrett
25 Martin.

1 MR. MARTIN:

2 My name's Jarrett Martin. I live
3 at 1180 North Perkins Ferry Road in
4 Moss Bluff. I'm completely against
5 this because I'm a young man. You
6 know, I like to hunt and fish, and I'm
7 already looking at all the pollutants
8 that we have around here as it is. If
9 you drive around certain areas, you'll
10 see at boat launches they have "Do not
11 eat fish around here," you know.

12 There are so many contaminants
13 that are floating around in these
14 rivers. And I heard him make a
15 statement earlier that he's actually
16 going to use the river waters to make
17 this thing operate now. So I'm just -
18 - I'm completely against it.

19 MS. WRIGHT:

20 Our next speaker is Richard Faulk.

21 MR. FAULK:

22 Yes. I'm Richard Faulk from
23 Westlake. Live on Worth Street at
24 815. I'm totally against this
25 project. I support Citizens for Clean

deq18.txt

1 Air. I do not think pollutants know a
2 fence line. I'm tired of bringing my
3 kids fishing and reading signs that
4 says "Do not eat the fish." Thank
5 you.

6 MS. WRIGHT:

7 Our next speaker is Jason
8 Fontenot.

9 MR. FONTENOT:

10 My name's Jason Fontenot. I live
11 at 1424 Sue Ann Drive in Moss Bluff.
12 I'd like to thank you'all for taking
13 our comments on this and valuing our
14 opinion.

15 The economic benefits are obvious.
16 I'd have to agree with the last two
17 guys that just spoke, though. The
18 mercury is the problem for me. I know
19 that's why there's the sign at the 210
20 boat launch that has the number for
21 DEQ on it and Department of Health and
22 hospitals.

23 I'd like to know why there's so
24 much here. If the plants that are
25 already here are being monitored and

45

1 that you all are going to watch these
2 guys and make sure they're not putting
3 too much in there.

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4 I'm totally for the facility.
5 It's going to bring a lot of jobs
6 here, a lot of new money. And we need
7 that in these economic times. But
8 just make sure they do it
9 environmentally safe. Thank you.

10 MS. WRIGHT:

11 Our next speaker is Jason Elliott.

12 MR. ELLIOTT:

13 My name's Jason Elliott. I live
14 at 2126 Green Forest Road here in
15 Westlake, as well. I work at a small
16 construction company. We are working
17 on the opportunity to work with
18 Leucadia to perform the site work for
19 the job. If we are given the
20 opportunity -- we currently employ
21 about 70 employees, we could see that
22 grow to 200 to 250 employees during
23 the duration of this project.

24 So the first thing is, as an
25 employer, I'd like to see it just to

46

1 provide additional jobs to the area.

2 Second would be the tax base that
3 we get. I know, you know, we've had
4 two Westlake citizens talk already
5 about the negatives of the industry,
6 but I like to see the positives. I

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7 heard earlier somebody talk about the
8 beautiful mural we have here. And all
9 this is afforded from the tax base
10 we've gained from all the industries
11 we have in the area. And if we didn't
12 have these, we wouldn't have the
13 facilities that we're provided now.

14 I've seen our recreation
15 department just here in Westlake -- I
16 know Sulphur's as well, and Lake
17 Charles is growing steadily -- we've
18 put in a new recreation center in the
19 last three years. We've seen the
20 football fields get new turf with
21 money that's basically derived just
22 from these industries' tax base.

23 And as a citizen of the United
24 States with the energy crisis that we
25 face, I don't see giving away free

47

1 BTUs of energy for what we've already
2 purchased. We purchased this oil, why
3 don't we get 100 percent of the energy
4 out of it. So I'm 100 percent for
5 this project. Thank you.

6 MS. WRIGHT:

7 Our next speaker is Dalton
8 Langford.

9 MR. LANGFORD:

deq18.txt

10 I'm Dalton Langford. I reside at
11 806 Innwood (spelled phonetically)
12 Forest Boulevard. This project is --
13 this parish cannot do without this
14 project. This project needs to go
15 ahead so we can work. The workers in
16 this area -- I get calls every day,
17 "Mr. Dalton, do you have any work for
18 me," "What's going on," cement
19 finishers, bricklayers, carpenters.
20 So we need this. We need this to
21 feed our families and we need it for
22 the tax base. Thank you.

23 MS. WRIGHT:

24 Our next speaker is Adam McBride.

25 MR. MCBRIDE:

48

1 Thank you. My name is Adam
2 McBride. I reside at 4880 Pine Valley
3 in Lake Charles. I'm the port
4 director at the Port of Lake Charles,
5 and I would like to speak in support
6 of the permit.

7 The Port of Lake Charles has been
8 working on this project with Leucadia
9 and Lake Charles Cogeneration for a
10 number of years. We have reviewed the
11 project and its various components at
12 a number of board meetings over the

deq18.txt

13 last several years and have
14 consistently and unanimously approved
15 the advancement of the project,
16 including the long-term lease
17 agreement and the issuance of \$1
18 billion in GO Zone bonds on behalf of
19 the project and the various other
20 development activities that have been
21 necessary to move this project along
22 to this phase.

23 We are very supportive of the work
24 that Lake Charles Cogeneration has
25 done in developing CO2 sequestering

49

1 processes, which will enable enhanced
2 oil recovery.

3 But the bottom line on this
4 project is that we're going to take --
5 or they're going to take a waste
6 product, one that we have shipped
7 overseas for many, many years at the
8 end of the refining process, and turn
9 it into a valuable productive product
10 that will save money for Louisiana and
11 U.S. consumers for many, many years to
12 come.

13 And so the Port of Lake Charles,
14 through its board of commissioners and
15 management, fully supports this

16 deq18.txt
project and the issuance of the
17 permit. And we encourage DEQ to move
18 promptly to do that.

19 I would also like to say, on
20 behalf of members of our local state
21 delegation in a letter that was
22 forwarded today, in part, Lake Charles
23 Cogeneration has designed the state of
24 the art gasification project to
25 enhance our state and country's energy

50

1 independence program. Petroleum coke
2 that is to be used as its feed stock
3 is produced from refineries on the
4 Gulf Coast where more than 60 percent
5 is presently exported over to a
6 country where limited, if any,
7 environmental standards exist.

8 During the construction and
9 operation phases skilled technical
10 jobs are being created by the project,
11 and significant sales tax revenues are
12 to be generated for Calcasieu Parish
13 and Louisiana.

14 In addition, Lake Charles
15 Cogeneration is capturing most of the
16 CO2 produced by the plant so that it
17 can be sold and used for enhanced oil
18 recovery operations in our region,

19 deq18.txt
20 thereby creating more jobs and
21 enhancing the state's tax base with
22 royalty and severance payments.

23 We strongly support Lake Charles
24 Cogeneration substitute natural gas
25 project and its application before the
 LDEQ. All of us look forward to the

51

1 day when the plant is operational so
2 that others from around the country
3 can see how Louisiana has the
4 foresight to add to its energy
5 infrastructure using clean, advanced
6 gasification technology to produce
7 SNG.

8 This letter is signed, "Yours
9 Truly, Willie Mount, State Senator,
10 Dan Morris, State Senator, A. B.
11 Franklin, State Representative, John
12 Guinn (spelled phonetically), State
13 Representative, Michael Danahay
14 (spelled phonetically), State
15 Representative, Brett Gyven, State
16 Representative, and -- State
17 Representative. Thank you very much
18 for your time.

19 MS. WRIGHT:

20 Our next speaker is Stuart
21 Weatherford.

22

MR. WEATHERFORD:

23

I'm Stuart Weatherford, 1508 West

24

Salle Road, Lake Charles. I also am

25

currently the president of Lake

52

1

Charles City Counsel, and we also are

2

in support of this project. On a

3

couple of occasions we have sent

4

resolutions in support of their GO

5

Zone bonding request.

6

I think it's going to be a great

7

job generator for us. It's taking --

8

like others have said, it's taking

9

relatively an undesirable byproduct or

10

waste product from their refining

11

process and turning it into a clean

12

fuel. It just further diversifies.

13

And we're starting to become an energy

14

center. Of course, we have the

15

refineries already, the petrochem

16

industry. We have this. We're going

17

to have a manufacturing facility to

18

provide the components of nuclear

19

plants. No nuclear materials will be

20

on that site.

21

But it's going to make us a center

22

for that. And it's going to help keep

23

some of our folks here in the

24

community and they won't have to move

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deq18.txt
away to get good high paying jobs.

53

1 These are going to be high-skill jobs,
2 great salaries and benefits.

3 And our mayor is also -- he's not
4 here tonight, but he is in support of
5 this and will be sending a letter
6 stating that. Thank you'all.

7 MS. WRIGHT:

8 At this time I would like to call
9 on all those citizens who are in
10 support of the Proposed Part 70 Air
11 Operating Permit, PSD Permit, and the
12 Associated Environmental Assessment
13 Statement, followed by those citizens
14 who are opposed.

15 Are there any citizens who are for
16 the proposed permit who have not
17 already spoken?

18 (No response.)

19 If there are none, I would like to
20 move on to those citizens who are
21 opposed to the permit. Our first
22 speaker is Gilbert Buras.

23 MR. BURAS:

24 Buras.

25 MS. WRIGHT:

54

1 Buras. Excuse me.

2 MR. BURAS:

3 Like that little town in South
4 Louisiana. My name is Gilbert Buras.
5 I'm the attorney for Citizens for
6 Clean Air, which is a Louisiana
7 nonprofit corporation. In connection
8 with our appearance tonight, we have
9 prepared a set of written comments
10 prepared by Mr. Alexander Sani ty
11 (spelled phonetically), our
12 environmental consultant, and we'd
13 like to submit this to the Louisiana
14 DEQ for inclusion in the record.

15 Citizens for Clean Air was
16 incorporated several months ago to
17 address precisely what the Louisiana
18 DEQ has said its concerns are tonight,
19 which is a balancing of social and
20 economic benefits against potential
21 environmental harms.

22 Consistent with that, Citizens for
23 Clean Air has retained experts to look
24 at a couple -- or three projects in
25 Louisiana, one of which was the

55

1 Newcorps facility, which was proposed
2 in St. John the Baptist Parish. We

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3 appeared there and made comments on
4 the public record essentially in
5 support of that project, given
6 Newcorps' representations concerning
7 its compliance with Louisiana DEQ's
8 regulations.

9 Our appearance here tonight is in
10 opposition to Leucadia National's
11 application for this air quality
12 permit.

13 Before addressing the specific
14 concern on the environmental score, I
15 need to address one statement that was
16 made by Mr. Malley in his comments.
17 Mr. Malley, in 2007, appeared before
18 the House Subcommittee on Energy and
19 Air Quality in connection with
20 Leucadia's presentation of its
21 position on its coal gasification
22 plants and its coal-to-liquid plants
23 that it operates around the nation,
24 essentially representing to the
25 Congress its position on tax policy

56

1 and price support policy for the
2 products it intended to produce.

3 One of the comments he made in
4 those written statements was that the
5 biggest issue for the financial

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6 community with respect to CTL --
7 that's coal-to-liquid -- projects is
8 long-term price certainty for the
9 product off takes. What I take that
10 to mean is that they want to make sure
11 that the product that they're going to
12 sell has a market.

13 There was a -- there is a Leucadia
14 National coal gasification plant in
15 Indiana. And just as an aside, it
16 should be noted that public opposition
17 was voiced at that coal gasification
18 project because the way in which to
19 assure the price stability of the
20 output of those plants was to enter
21 into long-term contracts with
22 electricity providers.

23 And there was citizen opposition
24 to what Leucadia National was
25 proposing because of the impact on the

57

1 electric rates as a consequence of the
2 contracts that Leucadia National was
3 entering into or proposing to enter
4 into with the electric generation
5 facilities.

6 We've heard tonight from Mr.
7 Malley that the product produced by
8 this plant will smooth out the rate

9 structure of the electricity providers
10 in Louisiana, but we haven't actually
11 heard any numbers and seen anything.
12 These are proposed contracts. No
13 one's actually seen any contracts
14 entered into with Entergy or Cleco or
15 anyone else producing electricity in
16 Louisiana.

17 That, however, is an economic
18 aside, not specifically addressed to
19 Louisiana DEQ. Louisiana DEQ's
20 purview is the environmental impact of
21 the facility. The written comments of
22 our environmental aspect essentially
23 go to whether in the permit
24 application Leucadia National is
25 actually employing the best accepted

58

1 control technologies with respect to
2 this plant.

3 But unstated in the permit
4 application, because it's not
5 regulated by Louisiana DEQ, is the CO2
6 production. What's going to happen to
7 the carbon dioxide? Mr. Malley stood
8 up here tonight and he told everyone
9 that the CO2 is going to be used by
10 oil producers, and from what I
11 understand from reading the permit

deq18.txt

12 application on Leucadia National's
13 press releases, the CO2 is intended to
14 be shipped -- I think at one point I
15 read that they were going to ship to
16 Canada to use it to take and
17 pressurize wells to extract more oil
18 product from wells that are at the end
19 of their life span.

20 Well, that may be, but Louisiana
21 DEQ has not put that in the permit
22 process because you don't regulate
23 CO2. So all you hear tonight is a
24 promise, "We're going to do this."
25 And if they decide not to do it, the

59

1 CO2 goes into the atmosphere. If it's
2 not economically viable to pump it
3 into old wells or stripper wells,
4 where does the CO2 go? Nothing
5 controls Leucadia National's
6 disposition of that CO2.

7 Now, why is this a concern for
8 citizens of Louisiana? Well, it's a
9 concern primarily because Louisiana
10 DEQ has chosen not to enforce
11 regulations or adopt regulations
12 concerning CO2 emissions.

13 Now, even Mr. Malley admits that
14 CO2 emissions are a real issue,

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15 because when he wrote his comments to
16 the House Subcommittee, this was what
17 he said in 2007. "It will be
18 necessary to address the issue of CO2
19 emissions from coal-to-liquids
20 plants."

21 Underscore this, "The science
22 appears compelling and where Leucadia
23 is engaged in a number of
24 gasification, we are mindful of the
25 need to address this important

60

1 concern. We are now currently
2 reviewing mechanisms to capture
3 various amounts of CO2 emitted and to
4 determine how best to use that CO2 or
5 enable long-term storage."

6 "We support broad-based public
7 policy programs that promote the
8 development of carbon capture
9 sequestration technology, encourage
10 market-based solutions to the issue,
11 and spread the initial cost of
12 development across the entire economy
13 so that we can advance the technology
14 needed to address those most urgent
15 concerns."

16 Now, in 2006 the State of
17 Massachusetts sued the United State

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18 Environmental Protection Agency
19 claiming that the EPA was acting
20 arbitrarily and capriciously by
21 failing to regulate CO2 emissions --
22 in this case it was tailpipe
23 emissions.

24 The first challenge to its suit
25 came in the form of a challenge

61

1 against Massachusetts to even bring
2 the lawsuit. They said, "Well, you
3 don't have any standing to sue. Who
4 are you to tell the EPA what to do."

5 The issue winds up in the Supreme
6 Court of the United States of America.
7 And the Supreme Court, in a five to
8 four decision, determined that
9 Massachusetts did, in fact, have the
10 standing to sue because this is what
11 the EPA was charged to do, to regulate
12 things that could adversely affect the
13 air quality of the United States.

14 This is what the court syllabus
15 says, "The harms associated with
16 climate change are serious and well
17 recognized. The government's own
18 objective assessment of the relevant
19 science and strong consensus among
20 qualified experts indicate that global

21 warming threatens, inter alia, a
22 precipitous rise in sea levels, severe
23 and irreversible changes to natural
24 ecosystems, a significant reduction in
25 winter snow pack, and direct and

62

1 important economic consequences, and
2 increases the spread of disease and
3 the ferocity of weather events." Any
4 of this ring a bell with anyone in
5 Louisiana.

6 "Remediation costs alone could
7 reach hundreds of millions of dollars.
8 Given EPA's failure to dispute the
9 existence of a causal connection
10 between manmade greenhouse gas
11 emissions and global warming, its
12 refusal to regulate such emissions, at
13 a minimum, contributes to
14 Massachusetts' injuries."

15 So our position to the Louisiana
16 DEQ tonight is this. This plant is
17 going to throw off CO2, significant
18 CO2. Mr. Malley admits that. He's
19 admitted it before Congress.
20 Louisiana DEQ is charged by law with
21 the regulation of environmental harms,
22 particularly to our air quality.

23 Our position is that this permit
Page 56

deq18.txt

24 needs to be reviewed in light of the
25 CO2 emissions and the unenforceability

63

1 of Mr. Malley and Leucadia National's
2 promise that they're going to somehow
3 recapture or reuse this CO2. It's
4 nice to hear that, but what would be
5 even better would be to have an
6 enforcement mechanism in place in the
7 State of Louisiana so that if they
8 don't live up to the promise, there is
9 a consequence for the failure to do
10 that.

11 That's our position, and that's
12 why essentially we're in opposition to
13 the issuance of this permit. Thank
14 you.

15 MS. WRIGHT:

16 Let the record reflect that a
17 compilation of comments from the
18 Concerned Citizens for Clean Air on
19 the -- DEQ prevention of significant
20 deterioration permit, Title V,
21 operating permit and environmental
22 assessment statement for the proposed
23 Lake Charles Cogeneration, LLC,
24 facility was received and has been
25 marked as "Exhibit 1" and will become

1 attached to the record.

2 Our next speaker is John Williams.

3 MR. WILLIAMS:

4 Good evening. My name's John Paul
5 Williams. I'm an industrial
6 researcher here tonight on behalf of
7 Concerned Citizens for Clean Air,
8 folks living in and near the vicinity
9 of the proposed facility.

10 I've been reviewing air pollution
11 permits for industrial facilities for
12 the last 20 years. The first concern
13 I have with this proposed permit is
14 their refusal to put a catalytic
15 reduction to reduce air pollution on
16 the super heater device at the
17 facility. Selective catalytic
18 reduction is the most technologically
19 advanced pollution control device
20 available for that heater.

21 They argue in their application,
22 their permit application, that SCR and
23 low nox burners are comparable
24 technology, so let's use low nox
25 burners. That's completely

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1 inaccurate. Selective catalytic
2 reduction is much more efficient.
3 What they're doing is they're saving
4 themselves a million bucks by
5 rejecting the use of a catalytic
6 reduction.

7 The Federal EPA's in pollution
8 control clearinghouse, they claim that
9 they reviewed it and didn't find use
10 of selective catalytic reduction at
11 high efficiencies. Once again, that's
12 completely inaccurate. I reviewed
13 that clearinghouse myself and I found
14 use of selective catalytic reduction
15 on a refinery heater in Santa Fe
16 Springs, California, that controlled
17 nitrogen oxides to a level that would
18 only be 50 percent as high as the
19 nitrogen oxides they want to put out
20 the super heater at this facility.

21 I talked to an air pollution
22 officer in that area in Bakersfield,
23 California. That's where all the
24 Okies settled when they fled Oklahoma
25 after the Great Depression. And he

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1 said, "Yep, we use SCR out here in
2 Buck Owens Country." I don't see why
3 they can't use it down there in Cajun

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4 Country. And certainly the people of
5 this area deserve the best pollution
6 control technology that is available.
7 The air pollution control review
8 for this application did not include
9 review of foreign air pollution
10 sources and discussions of information
11 from pollution control vendors, even
12 though Federal EPA guidance
13 memorandums on pollution control
14 suggest consulting both those sources
15 of information.
16 For other portions of the facility
17 the developers rejected the use of
18 selective catalytic reduction claiming
19 that it had side effects. Well, you
20 go look at the Columbia Gas
21 transmission decision before the
22 Federal Environmental Appeals Board,
23 PSD 88-1, and you'll find that that
24 kind of approach has been rejected in
25 the past by the -- that those very

67

1 minor side effects completely pale
2 against the advantage of much larger
3 reduction in nitrogen oxides.

4 The project developer says he's
5 going to help the Port with \$40
6 million of improvements. Well, what

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7 are those improvements going to
8 include? It looks like the
9 application -- from the application
10 that the Port is going to be crushing
11 the coke. Where in this air permit
12 application is there a permit for the
13 crushing of the coke on the Port
14 property or a conveyor leading from
15 the Port property to this particular
16 facility? These are important
17 portions of the facility, sources of
18 emissions that appear at this point to
19 have been left out of the permit
20 application.

21 The environmental assessment
22 review did not adequately discuss many
23 topics, most importantly the plant is
24 going to use 12 million gallons a day
25 and they're going to discharge

68

1 wastewater that's going to contain
2 pollutants from the coke because
3 they're going to turn the coke into a
4 slurry and that slurry is eventually
5 going to be discharged.

6 This is an extraordinarily high
7 water use. There's the potential
8 discharge of heavy metals. And this
9 kind of impact should have triggered a

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10 contemporaneous review of the MPDS
11 permit, along with the air permit so
12 the public could be aware of the
13 facility's total impacts. And those
14 impacts should have been discussed in
15 the EAS. And as far as I know, they
16 have not even applied for an MPDS
17 permit yet.

18 They're talking about shipping the
19 CO2 offsite in a pipeline. You ship
20 materials through a pipeline, usually
21 you have compressors and pumps, and
22 those are air pollution sources. We
23 don't see those air pollution sources
24 discussed in this permit application.

25 Now, another speaker said it was

69

1 his understanding that they already
2 had a -- this same developer had a
3 coal gasification plant in Indiana.
4 Well, that plant just blew up and
5 killed two people. Is that their
6 plant? It's also disturbing if that's
7 their plant because their application,
8 there's a space they're supposed to
9 check that they're operating similar
10 plants, and that space was not checked
11 indicating that they didn't have
12 similar plants that they were

13 deq18.txt
operating.

14 I'm concerned that the pollution
15 from the sulfuric acid plant, I look
16 at that EPA pollution control clearing
17 house and the acid plants at DuPont
18 and General Chemical on the East
19 Coast, both have lower levels of air
20 pollution.

21 The company says there's no waste
22 from this project, but there is waste.
23 There will be the slag that's left
24 over from processing that coke. There
25 will be massive, millions and millions

70

1 of gallons of highly tainted
2 wastewater. That's a waste product.

3 And then you saw on the slide show
4 a little box about mercury removal.
5 They're going to remove the mercury.
6 Well, where does it go? That's
7 mercury waste, highly toxic mercury
8 waste. And I was very surprised to
9 see that box in that presentation
10 because I'm looking at the flowchart
11 that was in their air permit
12 application and there's no box here
13 for mercury removal.

14 This is the first opportunity that
15 I had to see that very important

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16 critical part of the application.
17 Because if they're emitting mercury
18 into the air, that's going to fall in
19 the water in this vicinity that's
20 already polluted with mercury, as
21 those folks already said. If there's
22 mercury discharged in that wastewater,
23 that's going to add to an existing
24 problem. And the EAS did not discuss
25 these potential mercury impacts.

71

1 Now, they're saying that they're
2 going to recover 85 percent of the
3 carbon dioxide. I hope that's true,
4 but it's not stated in the application
5 and there's no requirements in the
6 permit that they do that.

7 And in fact, there's two arrows
8 going out of the CO2 compressor in
9 this application. One arrow goes to
10 the pipeline, but another arrow goes
11 to the thermal oxidation.

12 Their stack gas is coming out of
13 the super heater. There's no
14 denotation that the CO2 from that
15 pollution source will be recovered at
16 all.

17 Now, one of the prior speakers
18 spoke about the Supreme Court decision

19 deq18.txt
and the failure of this particular
20 permit to address the carbon dioxide
21 emissions. And I know it's
22 controversial and you might think the
23 company, and the state might think,
24 that they're doing everyone a favor by
25 not looking at the carbon dioxide

72

1 emissions at this point, but they're
2 not doing anybody a favor. They're
3 not doing themselves a favor.

4 An air permit was recently tossed
5 out, tossed out, remanded, the Deseret
6 air permit in Utah, because it failed
7 to address carbon dioxide emissions.
8 This issue has come to a head. The
9 Supreme Court said it can be
10 regulated. The Environmental Appeals
11 Board said a permit is no good unless
12 it addresses it. It's time to deal
13 squarely with this carbon dioxide
14 situation.

15 Thank you very much for the
16 opportunity to present these comments.
17 Thank you.

18 MS. WRIGHT:

19 Our next speaker is Gilbert Buras.

20 MR. BURAS:

21 I already proposed it.

22

MS. WRIGHT:

23

We have you here twice. Our next

24

speaker is Paul Jurillis (spelled

25

phonetically). I need some help with

73

1

this one. I'm from North Louisiana.

2

MR. JURILLIS (spelled phonetically):

3

My name's Paul Jurillis (spelled

4

phonetically). I live in Moss Bluff.

5

I've been gone for 25 years. I moved

6

back because of my parents. My dad

7

has been sick. He can't hardly go

8

outside anymore because of the air.

9

His lungs are so bad. My wife's

10

grandmother just died in October from

11

asthma.

12

I'm just concerned about the air

13

quality that we're going to have in

14

the area with me moved back and having

15

a family to take care of again and

16

everything.

17

I don't oppose the project, but I

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believe we need to look more into it

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for the emissions of the stacks and

20

everything. I don't believe we need

21

another pollution-causing company out

22

there. I believe we need to look into

23

it a little more. Thank you.

24

MS. WRIGHT:

1 this evening is Hal McMillan -- or
2 McMillan.

3 MR. McMILLAN:

4 Thank you. My name's Hal
5 McMillan. I'm a Calcasieu Parish
6 resident, 1423 North Beach here in
7 Westlake area. I can tell you I'm a
8 District 14 police juror and newly-
9 elected president of Calcasieu Parish
10 Police Jury as of tonight.

11 This is a tremendous project for
12 Calcasieu Parish. We're here in
13 support. We've sent resolutions of
14 support on behalf of the entire parish
15 and all of our jurors that we want to
16 see this built in Calcasieu Parish.

17 It's about jobs. It's about benefits.
18 And it's about good paying
19 opportunities for the people of our
20 area to have a place to come and work.

21 We believe in the DEQ. We believe
22 in the EPA. We know you will protect
23 us here in Calcasieu Parish. And I as
24 a police juror am charged to protect
25 our people here in Calcasieu Parish.

1 This is a project that means a
2 tremendous amount to the civil and
3 structural folks of the parish, to the
4 engineering companies of the parish,
5 to all the different entities that
6 will be employed by this parish, from
7 the construction folks to the
8 permanent jobs that will be here.

9 This project needs to be built in
10 Calcasieu Parish. Working in
11 conjunction with the parish and the
12 Port is a tremendous opportunity for
13 us to do the right thing for our
14 people in Calcasieu Parish.

15 I'm here as one and representing
16 the Calcasieu Parish Police Jury with
17 our resolution -- support for this
18 project. Thank you.

19 MS. WRIGHT:

20 Are there any other speakers at
21 this time? Oh, I see we have one more
22 speaker who is registering.

23 MR. JAGGER:

24 My name is Robert Jagger. I am
25 not from Calcasieu Parish, but as a

1 citizen of the State of Louisiana, I
2 have a couple concerns.

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3 One is this. The gentleman that
4 spoke before me said, "We need these
5 jobs in this parish" and wherever.
6 But I beg to differ with him that
7 every contractor and every group of
8 people looking for skilled tradesmen
9 now have guest work or visas in place
10 trying to bring people in from out of
11 this country. They don't have enough
12 people here now. We don't need those
13 jobs.

14 I mean, I'm telling you what is --
15 we don't need the jobs if they say we
16 don't need the jobs. And they're the
17 ones saying we don't need the jobs
18 because people here don't want them,
19 is what they're saying. Or they have
20 exhausted the workforce in the area.

21 If you look in the guest worker
22 program, you will find that most of
23 these people in the area are reaching
24 out for foreign workers, Philippines,
25 China, everywhere.

77

1 I don't think the citizens of
2 Calcasieu Parish are going to suffer
3 for jobs. I disagree with him there.

4 But the other thing that I wanted
5 to talk about -- till he said that, I

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6 didn't want to talk about that -- is
7 with the recent natural disasters that
8 we're having, which are the
9 hurricanes, we damn near -- darn near
10 have the Gulf of Mexico right against
11 Lake Charles. Pipelines and other
12 distribution systems that come to
13 these plants, in addition to the
14 pollution they do, have withered away
15 all of the marshland surrounding
16 Calcasieu Parish.

17 But as a resident of Louisiana, it
18 affects me because the whole state is
19 affected by the conglomerate of
20 industrial usage down here and the
21 pillaging of our wetlands. Here we
22 are asking people in Congress, like
23 Mary Landrieu and others, to get from
24 the government billions of dollars to
25 replace our wetlands.

78

1 Our wetlands are eroded by the
2 distribution lines that we probably
3 haven't talked about here that are
4 going to come to and from this plant.
5 It's just another plant.

6 But the people that need jobs,
7 they have jobs here. They're not
8 telling us they're bringing a nice

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9 little box of jobs to us. We already
10 have them. And they're going to bring
11 the jobs and then they're going to go
12 apply for work visas to man the jobs.
13 That's what they're doing.

14 And that's all I have to comment
15 about. Thank you.

16 MS. WRIGHT:

17 Our next speaker is Shirley
18 Johnson.

19 MS. JOHNSON:

20 Thank you. My name is Shirley
21 Johnson. I live at 2217 Evergreen
22 Road. I am not against -- and I'm
23 with Mossville Environmental Action
24 Now Organization, Inc.

25 I am not against development, but

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1 I am against development where it has
2 a negative impact on our citizens.
3 Now, we are struggling as it is.

4 And what I want to say is, why
5 don't these refineries, these plants
6 put the safety equipment on these
7 facilities so the citizens will not
8 become so sick and so ill? The
9 citizens were here first and it was a
10 beautiful community. They could grow
11 their own foods. They could depend on

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12 the land and the water. But they
13 can't do that anymore.

14 So I feel that these things should
15 be taken into consideration, the
16 community members. Dollars are good,
17 but what good is dollars when you
18 don't have any community? Thank you.

19 MS. WRIGHT:

20 Are there any other speakers?

21 (No response.)

22 If not, I would like to remind you
23 that the comment period for the
24 Proposed Part 70 Air Operating Permit,
25 PSD Permit, and the Associated

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1 Environmental Assessment Statement for
2 Lake Charles Cogeneration, LLC, Lake
3 Charles Gasification Facility ends at
4 12:30 p.m. on Monday, January 12,
5 2009.

6 All comments received, requests
7 for notification of the final
8 decision, and the transcript from the
9 hearing are processed by the Public
10 Participation Group and are available
11 on EDMS.

12 The permit writer reviews all
13 comments and uses any additional
14 information that is appropriate to

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15 update the permitting information.

16 The names and addresses of all of
17 the commentors, speakers, and those
18 requesting to be notified of the final
19 decision are added to the public
20 comment database.

21 A final draft of the permit and
22 the response to the public comments
23 are prepared and forwarded to the
24 Office of Environmental Services
25 assistant secretary for final

81

1 decision.

2 Upon issuance or denial of the
3 permit, a letter is mailed to all the
4 commentors, speakers, and those who
5 requested to be notified of the final
6 decision. The final decision includes
7 the appeal process, the basis of the
8 decision, and the response to all the
9 public comments received.

10 I received a total of one exhibit
11 during this hearing.

12 If there are no other comments, I
13 want to thank you for your attention
14 and participation in this hearing.

15 Let the record reflect that the
16 time is 7:22 p.m. and this hearing is
17 now closed. Good night.

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(PROCEEDINGS CONCLUDED AT 7: 22 P. M.)

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