

Good neighbors work hard to bring FutureGen to West Texas

Midland Reporter-Telegram

07/29/2007

The long ordeal of competing to host the first-of-its-kind FutureGen electricity plant west of Odessa (near Penwell) is just about finished.

Our best and final offers have been sent to Austin and Railroad Commissioner Michael Williams and his Bureau of Economic Geology (UTBEG) team will be sending in both Texas bids this week. West Texas first heard officially about this billion dollar plus plant back in the summer of 2005 when Commissioner Williams was designated the FutureGen contact for all of Texas. His vision was that a partnership of coal and oil interests within the state needed to be nurtured for the good of FutureGen and the energy interests of the state and nation. He started his work with several meetings around the state, including one at the CEED facility in October of 2005. A lot of us felt a west Texas site was a natural winner and an effort to put a proposal together was brought forward and led by volunteers from a large number of organizations, including the Energy Technology Initiative (Stephanie Sparkman). The Odessa Chamber of Commerce, UTPB, Midland College and the Permian Basin Regional Planning Commission have all been extremely valuable contributors and each is owed a huge favor for stepping up to this task which became bigger than anyone realized in those early months. Governmental entities in Odessa and Ector County, as well as Midland, Monahans, Ft. Stockton and Hobbs have all shown great leadership, with most contributing funds to encourage the decision to come to the Permian Basin. The University Lands organization needs to be commended for its real estate contributions to the research requirements of FutureGen in spite of its conflict in accommodating subsurface carbon dioxide (CO₂) storage instead of encouraging its bread and butter, oil or gas production.

But the work was far from done. UTBEG submitted the Odessa (Penwell) site along with 14 others to the Department of Energy and the FutureGen Alliance for the national competition. The Odessa site was then selected by the Alliance along with a site near Jewett, Texas to be two finalists along with two others in Illinois. All four of the sites were put through a grueling environmental impact study with the work culminating in a public hearing just completed last month. A large number of west Texans helped with the environmental studies and many more volunteered their time to come out to the public hearing to voice their support for the project. The newspapers, such as this one, and the radio and television media were partners in every way. All of that volunteered time and support was critical and we owe all of those a great debt of gratitude for their contributions.

On the political fronts, Senator Kel Seliger and Congressman Buddy West have both provided unwavering support for us in Austin and for the innovative legislation needed to encourage either Texas site. Our U.S. Congressman, the Honorable Michael Conaway, and Ricky Wright on his staff, have been invaluable to date and are pitching for us every chance they get in Washington.

The most recent set of work tasks have involved finalizing what has been referred to as the "best and final" offers. A huge amount of work has been devoted to finding the best possible source of water needed by the plant and this effort has been lead by the Odessa folks and Mr. Gary Haner. Water in west Texas is pretty precious, so finding the best solution was critical. Electricity is the primary product from the FutureGen plant so we had to secure a good price for its generated electricity and we owe a debt of gratitude to TXU for stepping up and helping there.

Finally, one very unique feature of the plant in west Texas has to do with one of its by-products, CO₂. We all know that CO₂ is extremely valuable here for helping us get more oil

from our subsurface reservoirs. In fact, CO₂ is more valuable in the Permian Basin than anywhere else in the world. But saying that is not enough; the value had to be reflected in dollars back to the plant if it were to be sited here. That is where our oil company neighbors had to speak. And speak they did. Not only do we have a way for the FutureGen plant to make money from the CO₂ by-product, we have three ways to do it. Innovative minds within Trinity CO₂, Oxy Permian, Kinder Morgan, and PetroSource Energy have all worked to make the Odessa site stand out amongst its competitors. We don't often think of our oil companies as good neighbors these days but they truly are. And they have made great contributions to our FutureGen offer which should help distance us from the competing sites.

Only time will tell how this competition will end (probably November) but we do know that two individuals in particular, Jay Kipper of UTBEG and Neil McDonald of the Odessa Development Corporation, along with many others unnamed here, gave it their best shot. I can probably speak for all when I say it was a pleasure to be part of the team and associated with this visionary group of people.

Steve Melzer, an independent operator and CO₂ flood expert, is a member of the Permian Basin FutureGen Task Force.