

By email (The.Secretary@hq.doe.gov)

*Secretary Jennifer Granholm
Office of the Secretary
U.S. Department of Energy
1000 Independence Ave. SW
Washington, D.C. 20585*

By email (brian.anderson@netl.doe.gov)

*Dr. Brian Anderson, Director
National Energy Technology Laboratory
U.S. Department of Energy
1000 Independence Ave. SW
Washington, D.C. 20585*

By email (FECommunications@hq.doe.gov)

*Dr. Jennifer Wilcox, Acting Director
Office of Fossil Energy
U.S. Department of Energy
1000 Independence Ave. SW
Washington, D.C. 20585*

By email (Tom.Vilsack@usda.gov)

*Secretary Thomas Vilsack
Office of the Secretary
U.S. Department of Agriculture
1400 Independence Ave., S.W.
Washington, D.C. 20250*

By email (Christopher.Mclean@usda.gov)

*Chris McLean, Acting Administrator
Rural Utilities Service
U.S. Dept. of Agriculture Rural Utilities Service
STOP 1510, Rm 5135
1400 Independence Ave., SW
Washington, DC 20250*

May 21, 2021

Re: Request to Initiate Comprehensive National Environmental Policy Act (NEPA) Environmental Impact Statement Process for Federal Grants and Loans Related to Proposed Carbon Capture and Storage/Sequestration at the San Juan Generating Station, New Mexico.

Dear Secretary Granholm, Secretary Vilsack, Director Anderson, Acting Director Wilcox and Acting Administrator McClean:

The undersigned nine (9) national, regional, and local organizations are writing to request that U.S. Department of Energy (DOE) immediately implement the Environmental Impact Statement (EIS) requirements of the National Environmental Policy Act (NEPA) in connection with several monetary grants and other possible federal funding related to the carbon capture and storage/sequestration project proposed by Enchant Energy Corporation (Enchant) at the San Juan Generating Station in New Mexico.

Pursuant to Funding Opportunity Announcement (FOA)-0002058, the Office of Fossil Energy has issued an amended \$10.2 million grant to Enchant for the large-scale commercial carbon-capture retrofit of the San Juan Generating Station. More specifically, the DOE issued the grant for the purpose of performing a site-specific Front-End Engineering Design (FEED) study to determine the technical and economic viability of extending the life of the coal plant by utilizing proposed carbon-capture, utilization and storage technology.

In addition, pursuant to FOA-1999, the Office of Fossil Energy has issued a \$22 million grant to New Mexico Institute of Mining and Technology (San Juan Basin CarbonSAFE Phase III: Ensuring Safe Subsurface Storage of CO₂ in Saline Reservoirs) to perform comprehensive commercial-scale site characterization of an underground carbon storage complex located in northwest New Mexico to accelerate the deployment of integrated carbon capture and storage at San Juan Generating Station (FOA-0002058). The data obtained from this characterization will be used to prepare, submit and obtain a Class VI permit for construction of CO₂ injection wells whereby 6-7 million metric tons of CO₂ would be captured per year and stored in an underground reservoir. Test wells have been scheduled for construction in April 2021, but it appears that prospective sites have just been identified. The CarbonSAFE (Carbon Storage Assurance Facility Enterprise) requirements for Phase III projects are described by DOE and the National Energy Technology Laboratory (NETL) as a three-year initiative that includes: detailed site characterization, Underground Injection Control (UIC) Class VI Permitting, and NEPA approvals. (DOE and NETL September 2019).

None of these criteria have been met. As an alternative, the Enchant project also proposes sending CO₂ to the Kinder Morgan Cortez pipeline for enhanced oil recovery (EOR) usage in the Permian Basin. Both potential scenarios for CO₂ would emanate

from the retrofitted San Juan Generating Station and would require approximately 28 miles of separate pipeline right of ways for EOR and sequestration. Enchant has purportedly applied for right-of-way applications with the Department of the Interior but no scoping has occurred to date and this project is segmented, as part of a larger, comprehensive project that has yet to be defined technically and/or economically.

Finally, Enchant also has signaled that it intends to seek low-cost government loans through both the DOE and the Rural Utilities Service (RUS) within the U.S. Department of Agriculture (USDA) to finance a major share of project costs. In an October 2020 presentation, Enchant's CEO said the company would seek debt financing of up to \$906 million through DOE's Loan Program Office and \$90.3 million from the RUS for three phases of its carbon-capture project: developing a carbon-capture island; covering costs for deferred maintenance at San Juan Generating Station; and construction of the CO₂ pipelines noted above. Enchant's presentation put the timeline for closing on these loans at the end of 2021, which we assume means applications with the appropriate agencies have already been filed or will be soon. Enchant also acknowledged in its presentation that NEPA reviews would be required and that the company already "is formally engaged with DOE and RUS and has begun NEPA consultations." To date, we can find no Federal Register notifications indicating an announcement of intent (Notice of Intent) to prepare an EIS as defined in Council on Environmental Quality (CEQ) NEPA regulations (40 CFR 1508.22). This timeline is troubling if, indeed, Enchant anticipates securing federal loan financing by the end of this year. In addition, the latest Quarterly Research Performance Progress Report of January 31, 2021 describing the period covered by the report of October 15, 2020- December 31, 2020 has "nothing to report" on Project Outcomes and claims that due to development and fundraising delays, "our project and construction schedules are estimated to push out by approximately six (6) to ten (10) months," purportedly on the FEED study alone.

The potential environmental impacts resulting from the existing federal grants and potential loans is enormous and currently unvetted. The proposed projects would involve a complete redesign of a large coal-fired power plant, a life extension of the power plant and related air pollution emissions, the construction and development of CO₂ injection wells and an underground sequestration site, pipeline(s) construction, and development of existing oil resources using EOR. It is our understanding that neither of the existing grants was issued following a NEPA review, and as noted, there is as yet no NEPA consultation underway for related federal loans/nexuses.

We ask that DOE, USDA and NETL halt any further funding and segmentation of these projects and instead immediately commence a full and complete multi-agency EIS review process under NEPA whereby the environmental impacts of the work completed via federal grants, potential loans and reasonably foreseeable future actions for the entire complex proposed by Enchant are fully evaluated. Our organizations expect to be apprised of any and all public involvement opportunities as required by NEPA and associated regulations including Environmental Justice analyses and consultation under the National Historic Preservation Act. Please respond in writing or via email to San

Juan Citizens Alliance, on behalf of all groups submitting this letter. Please contact us if there are any questions.

Sincerely,

s/Mike Eisenfeld

Mike Eisenfeld
Energy and Climate Program Manager
San Juan Citizens Alliance
665 West Main
Farmington, NM 87401
(505) 360.8994
mike@sanjuancitizens.org
www.sanjuancitizens.org

s/Robyn Jackson

Robyn Jackson
Climate & Energy Outreach Coordinator
Diné C.A.R.E.
(505) 862-4433
robyn.jackson@dine-care.org
<https://www.dine-care.org>

s/Nicole Horseherder

Nicole Horseherder
Tó Nizhóní Ání
(505) 228-7085
tonizhoniani@gmail.com
<http://tonizhoniani.org>

s/Ahtza Dawn Chavez

Ahtza Dawn Chavez
Executive Director
NAVA Education Project
(505) 246-1819
ahtza@navaeducationproject.org
<https://www.navaeducationproject.org>

s/Emily Wolf

Emily Wolf
New Mexico Program Coordinator
National Parks Conservation Association
(505) 423-3550
ewolf@npca.org
www.npca.org

s/Thomas Singer

Thomas Singer, PhD
Senior Policy Advisor
Western Environmental Law Center
(505) 231-1070
singer@westernlaw.org
www.westernlaw.org

s/Tom Solomon

Tom Solomon
Co-Coordinator
350 New Mexico
(505) 328-0619
tasolomon@gmail.com
<https://350newmexico.org>

s/Camilla Feibelman

Camilla Feibelman
Director
Sierra Club Rio Grande Chapter
(505) 243-7767
camilla.feibelman@sierraclub.org
<https://www.riograndesierraclub.org>

s/Michael Saul

Michael Saul
Attorney
Center for Biological Diversity
(303) 915-8308
msaul@biologicaldiversity.org
<https://www.biologicaldiversity.org>

cc: John Barth, Attorney at Law