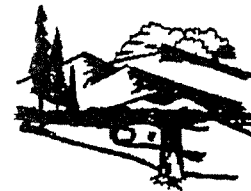


Department of Environmental Quality



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

Dave Freudenthal, Governor

John Corra, Director

August 15, 2008

Mr. Jude Rolfes
Senior Vice President of Operations
Medicine Bow Fuel & Power, LLC
2 Riverway, Suite 1780
Houston, TX 77056

Re: Permit Application AP-5873
Coal to Liquids Plant

Dear Mr. Rolfes:

The Wyoming Air Quality Division has reviewed comments submitted during the public notice and public hearing for the Medicine Bow IGL Plant and requests that Medicine Bow Fuel & Power, LLC address the following items:

- Public comments suggest that the applicability of Section 112(j) and 112(g) need to be addressed for the boilers and process heaters as this facility is shown to be a major source of hazardous air pollutants. Therefore, the Division requests that Medicine Bow Fuel & Power, LLC address Section 112 applicability for the facility.
- A public comment suggested that leak detection and repair (LDAR) levels need to be lowered, based on levels set for petroleum refineries in California. The Division requests that Medicine Bow Fuel & Power, LLC address the feasibility of lowering LDAR levels for the plant.
- A public comment suggested that the Medicine Bow IGL Plant is subject to the refinery NSPS and NESHAP regulations based on an applicability determination by EPA in 1980. The Division requests that Medicine Bow Fuel & Power, LLC address the applicability of the refinery NSPS/NESHAP standards for the Medicine Bow IGL Plant.
- The Division requests that Medicine Bow Fuel & Power, LLC provide clarification on whether power generated at the facility will be exported to the electrical grid. The application states that it is not expected to be exported (page 1-1). If power is to be exported to the electrical grid Medicine Bow Fuel & Power, LLC will need to address the applicability of standards for electric generating units (EGUs).
- A public comments suggested BACT needed to be applied to the sour water stripper at the facility during startup. The Division requests that Medicine Bow Fuel & Power, LLC clarify operation of the sour water stripper during startup and normal operations. If this source is vented during startup or normal operations an evaluation of control measures and/or work practices must be conducted to minimize emissions from this source during operations.

MEDICINE BOW EXHIBIT QQ PRE-HRG MEMO

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

ADMIN/OUTREACH
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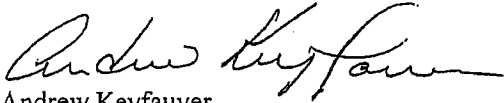
WATER QUALITY
(307) 777-7752
FAX 777-5973



Mr. Rolfes
August 15, 2008
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If you should have any questions, please feel free to contact this office.

Sincerely,



Andrew Keyfauber
NSR Permit Engineer
Air Quality Division

cc: Chris Hanify
File AP-5873