

## *Welcome to the Navajo Nation Fair and Rodeo*

This edition of the Desert Rock Energy Project newsletter is presented in conjunction with the 60<sup>th</sup> Annual, 2007 Navajo Nation Fair and Rodeo in Window Rock, Arizona. At the Fair, the Honorable Joe Shirley, Jr., President of the Navajo Nation, announces the signing of a program management agreement with Fluor Corporation for the management of design, procurement and construction efforts for the two 750 MW units at Desert Rock in northwestern New Mexico, on the Navajo Nation. The signing of the program management agreement is an important step in kicking off the project construction effort. Described in this edition, on page 3, are the opportunities that will exist as the project is constructed and when it is operating. The Desert Rock Energy Project brings jobs and taxes to the Navajo Nation and will provide training in numerous trades associated with the construction and operation of a high-tech, modern power generation facility. With an average of 1,000 construction jobs over four years, Desert Rock will also bring 400 permanent, operating jobs with an average yearly salary of \$60,000. This edition also describes Desert Rock's efforts to minimize pollutant emissions from the coal fired plant. A detailed description of some of the best technologies to be used at Desert Rock to accomplish this can be found on page 4. ❖



## Desert Rock Chooses Fluor

*Fluor Corporation will be Desert Rock's program manager.*

The Honorable Joe Shirley, Jr., President of the Navajo Nation, announced at the Navajo Nation Fair and Rodeo that Fluor Corporation had been awarded the contract to perform program management services for the design, procurement, and construction of the Desert Rock Energy Project. Fluor, who has been working with Desert Rock to finalize the details of the work, will begin to develop the scope of the components of the project and request proposals from major equipment suppliers before the end of 2007. The project is expected to cost \$3 billion and will take 4 years to build after construction starts in 2008. For almost a century, Fluor has provided the experienced program and project leadership that has successfully delivered many of the



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# The Most Stringent Air Permit in the United States

*“The emission limits required by the EPA’s proposed permit for the Desert Rock power plant, planned by Sithe Global, Inc. and the Navajo Nation, are some of the most stringent in the country and would set a new level of performance for coal-fired plants in the United States.” US EPA, July 19, 2006*

The proposed air permit for the Desert Rock Energy Project will be the most **stringent** of any permit issued in the U.S. The Project must receive its air permit (Prevention of Significant Deterioration permit) from the United States Environmental Protection Agency (the “EPA”) in order to begin construction and operations. As part of the process to issue such a permit, Desert Rock had to demonstrate that it will be built and will operate with the best available emissions control technology as well as meet all federally mandated levels of pollutant emissions. The EPA prepared studies that examined the capabilities of existing technology for the control of pollutant emissions including those of Sodium Dioxide (“SO<sub>2</sub>”), Nitrous Oxides (“NO<sub>x</sub>”), Carbon Monoxide (“CO”), Volatile Organic Chemicals (“VOC”), Fine Particulates (“PM”), Fluorides (“HF”), and Sulfuric Acid (“H<sub>2</sub>SO<sub>4</sub>”). In every pollutant category, Desert Rock’s proposed air permit will allow smaller amounts of a pollutant to be emitted than what will be allowed by other air permits of three similar power plant facilities in the U.S, but one

category in one of the permit. In some categories, other recent air permits will allow new coal facilities to emit **4 times** more pollutants than the Desert Rock proposed air permit will allow. The chart below demonstrates how clean Desert Rock will be compared to other coal fired projects that have received their air permit and have begun construction.

The Prairie State power facility in Illinois has ordered equipment and is starting site work. The Springerville Unit #4 is currently under construction by Salt River Project (SRP) in Arizona. The Elm Road power facility is an expansion of an existing We Energies facility in Wisconsin and is being constructed on Lake Michigan. All of these facilities will have pulverized coal boilers; have successfully received their air permits; have withstood scrutiny (and sometimes law suits) from various regulatory arms, environmental groups and the US EPA; and are being constructed to meet start-up schedules in the next 4 years.

	Desert Rock	Prairie State	Springerville #4	Elm Road
SO <sub>2</sub>	0.06 lb/mmbtu	0.182 lb/mmbtu	0.155 lb/mmbtu	0.15 lb/mmbtu
NO <sub>x</sub>	0.06 lb/mmbtu	0.07 lb/mmbtu	0.111 lb/mmbtu	0.07 lb/mmbtu
CO	0.10 lb/mmbtu	0.12 lb/mmbtu	0.15 lb/mmbtu	0.12 lb/mmbtu
VOC	0.003 lb/mmbtu	0.004 lb/mmbtu	.0475 lb/mmbtu	0.0035 lb/mmbtu
PM	0.01 lb/mmbtu	0.015 lb/mmbtu	.015 lb/mmbtu	0.018 lb/mmbtu
PM <sub>10</sub>	0.02 lb/mmbtu	0.035 lb/mmbtu	.055 lb/mmbtu	0.018 lb/mmbtu
Fluorides	0.00024 lb/mmbtu	0.00026 lb/mmbtu	.00044 lb/mmbtu	0.00088 lb/mmbtu
Sulfuric Acid Mist	0.004 lb/mmbtu	0.005 lb/mmbtu	established at start-up	0.01 lb/mmbtu

Comparison of air permits for coal power projects currently being constructed in the United States to Desert Rock’s proposed air permit.

## Navajo Employment Opportunities

### *Navajo Employment Preference and Navajo Business Preference*

The Desert Rock Energy Project will create new employment opportunities for the Navajo Nation. The agreements structured with the Navajo Nation require that Desert Rock and its contractors implement Navajo Employment Preference and Navajo Business Preference. The project can generate an average of 1,000 jobs during the 4-year construction period. Long-term employment at the facility will employ up to 200 people at the power plant and an additional 200 people associated with employment at the mine expansion.

Working closely with organized labor councils, including the Southwest Regional Council of Carpenters and the New Mexico Building and Construction Trades Council, the project will provide hands-on, detailed technical training for all of its workers. The skills will be used to better the opportunity for employment by hundreds of local people. Desert Rock will train operators, electricians, instrumentation technicians, mechanics, welders, and others.



A project of this scale needs numerous local businesses to provide products and services that go to support its operation and the people working there. Jobs will be created indirectly from the creation of these businesses. With an average salary of more than twice the present average salary of Navajo workers, wages that do not exist now will be spent at local businesses creating a secondary economic boost to the Nation. ❖

## Fluor Corporation

world's most complex projects in a variety of industries across six continents. The diverse expertise of Fluor's project managers allows them to build the Desert Rock Energy Project on schedule and within budget.

The preliminary engineering and procurement efforts are already underway in Fluor's Greenville, South Carolina project execution office. Fluor estimates that the Desert Rock Energy Project will create, on average, approximately 1,000 per year construction jobs for the region.

"We are excited about the opportunity to work with the Navajo Nation to add quality jobs and utilize local businesses to make a positive economic impact in the community." says David Constable, Group President of Fluor Power. "We look forward to delivering a world-class, clean-coal facility at Desert Rock."

Now headquartered in Irving, Texas, Fluor is a FORTUNE 500 company with revenues of \$13.2 billion in 2005. ❖

## Desert Rock's Recent Accomplishments

*The Project is progressing successfully.*

Over the last three months the Desert Rock Energy Project has seen good progress.

- On July 25, hearings concluded for the Environmental Impact Statement by the Bureau of Indian Affairs ("BIA"). The comment period continues as the BIA considers comments from interested parties.
- On August 15, the San Juan County Commissioners unanimously approved a resolution allowing for the issuance of Industrial Revenue Bonds for the project.
- As, mentioned in this newsletter, Desert Rock has chosen Fluor Corporation as its program manager to lead the efforts to design, procure equipment and construct the 1,500 MW project. ❖

## Project Schedule

*Construction will begin in early 2008 with the first unit on line in 2012.*

With the signing of the program management agreement with Fluor Corporation, the Desert Rock Energy Project is on its way to starting the design and procurement process. Site work will begin in early 2008 to prepare the site for construction activities.

Desert Rock and its project contractors will inform the public of when hiring will take place. A Project Labor Agreement is being negotiated with local labor unions to set the ground rules for employing skilled workers to help build the power plant. In 2008 a contract will be executed with a reputable construction company who will be required to adhere to the guidelines of the negotiated Project Labor Agreement.



Steam turbine shipment from overseas

March 2008 – Begin Site Work

May 2008 – Begin Foundation Construction

June 2009 – Start Receiving Major Plant Components

February 2010 – Begin Boiler Construction

October 2010 – Begin Turbine Generator Construction

Late 2012 – Unit 1 Starts Operating

Early 2013 – Unit 2 Starts Operating ❖

## Modern Technology Enables the Cleanest Coal Plant

*Below is a partial list of pollutants, and the technologies utilized to remove them, which will make Desert Rock the cleanest coal power plant to date in the US.*

### CO<sub>2</sub>

Carbon Dioxide is suspected to be a greenhouse gas causing global warming. The Desert Rock Energy project will utilize the most advanced super-critical, pulverized coal boiler available today. It will produce steam at very high pressures making the power plant very efficient. A high efficiency plant means the plant will burn up to 20% less coal than most coal power plants to make the same amount of electricity. Less coal means less CO<sub>2</sub>.

### Mercury

Mercury in our lakes and water ways gets into the fish and other marine animals we eat. Mercury, like CO<sub>2</sub>, is a global issue. The mercury that is in our water comes from forest fires and power plants as far away as China. Desert Rock recognizes the problem and is installing bag house filters and wet flue gas desulfurizers to help remove the mercury. Carbon injection will be used if these other technologies fall short of removing between 80 and 90% of the mercury in the exhaust gas.

### SO<sub>2</sub>

Sulfur dioxide has been known to cause acid rain. It is formed by the combustion of sulfur contained in coal. To reduce the emission of SO<sub>2</sub>, Desert Rock will employ low oxidation Selective Catalytic Reduction (“SCR”), a wet flue gas desulfurizer and a wet flue stack to remove 98% of SO<sub>2</sub>.

### NO<sub>x</sub>

Nitrogen oxides are believed to aggravate asthma conditions, produce ozone and help cause acid rain. Desert Rock will employ low NO<sub>x</sub> burners and SCR technologies. With the SCR, ammonia is injected in the boiler. As ammonia and exhaust gas flow through a catalyst, NO<sub>x</sub> is converted into water and nitrogen. Nitrogen makes up most of the air we breathe, and is harmless. The SCR will remove 98% of the NO<sub>x</sub> produced from the plant. ❖