

## **BAARD ANNOUNCES OHIO RIVER CLEAN FUELS, LLC PULLS OUT OF DEPARTMENT OF ENERGY LOAN GUARANTEE PROGRAM**

### **NRDC AND SIERRA CLUB LAWSUITS AND INTERVENTION CREATE UNCERTAINTIES FOR BAARD CLEAN COAL PROJECT IN DOE PROGRAM**

**Vancouver, WA** – Baard Energy CEO John Baardson announced today that company directors have decided they will no longer pursue an application with the U.S. Department of Energy's (DOE) Loan Guarantee Program for the Ohio River Clean Fuels project (ORCF).

According to Mr. Baardson, the company learned that recent NRDC and Sierra Club legal challenges against permits issued by the Ohio Environmental Protection Agency (EPA) and the U.S. Army Corps of Engineers will likely delay for years any funding from a DOE guarantee.

The DOE has recently made it known to Baard that lawsuits challenging environmental permits will be considered part of the risk evaluation of a project and may have an impact on various cost penalties and when the project would receive funding. Therefore, what should have been an advantage, having the necessary permits which demonstrate the project is shovel-ready, ended up jeopardizing the project because of these lawsuits.

"In our judgment, we did not think it was worthwhile to put at risk over a million dollars of non-refundable submission fees and associated costs to participate in any federal program that has this much uncertainty," said Mr. Baardson.

"The people of Ohio should know special interests groups are suing the State of Ohio's EPA claiming that permits were issued to our project unreasonably and unlawfully. These disruptive activities only serve to delay the creation of thousands of jobs and hundreds of millions of dollars of investment in Ohio. The Ohio EPA spent more than a year scrutinizing these permits and even incorporated many of the comments received from the NRDC into the final permit terms and conditions. Although we are confident the Ohio EPA acted within the bounds of the law, we have decided not to pursue this financial guarantee path and are moving on toward a more reasonable strategy."

The Appropriations Act of fiscal year 2008 authorized the DOE to make loan guarantees of \$ 6 billion for industrial gasification that incorporate carbon capture and sequestration, and \$2 billion dollars in loan guarantee authority available for advanced coal gasification projects as was authorized by Congress in the Energy Policy Act of 2007. The ORCF project qualifies for both sections and responded to the DOE's September 2008 solicitation.

"This is upside down," Mr. Baardson explained, "Under the DOE guidelines, lawsuits will likely have to be settled before we can be assured that the loan guarantee funds would be made available. The DOE will also require a full environmental impact statement and this would give groups such as the NRDC and Sierra Club even more opportunities to challenge

and delay the issuance of any loan guarantee.”

“All of these additional steps will likely take years to resolve and turn out to be a punishing process,” said Mr. Baardson. He revealed that the NRDC has already submitted Freedom of Information requests to the DOE that seek to review Baard’s loan application just as was done in the State of Ohio before NRDC filed the lawsuits challenging the project’s permits.”

Mr. Baardson explained that last fall, the NRDC and Sierra Club filed lawsuits against the Ohio EPA and the U.S. Army Corps of Engineers, claiming that that the Ohio EPA Director and the U.S. Army Corps District Engineers acted unreasonably and unlawfully in granting permits to the project company.

“While NRDC and the Sierra Club rarely succeed in proving these cases, they will skillfully play this out and effectively delay any resolution with the DOE for quite a few years” said Mr. Baardson. “Even under normal circumstances, delays at the DOE program are expected but with the lawsuits by the NRDC and Sierra Club, we expect their activities will create even greater uncertainty.”

As an example, Mr. Baardson mentioned that just last week, the Department of Energy announced their first tentative loan guarantee for a project that makes solar panels. He pointed out that the guarantee program that led to this funding was authorized by Congress over four years ago.”

Several weeks ago, newly appointed U.S. Secretary of Energy Steven Chu announced that the DOE had implemented changes aimed at reducing the length of time DOE requires before approving direct loans and loan guarantees for energy projects.

Mr. Baardson stated that the changes announced by Secretary Chu did not address interference of interveners such as the NRDC and Sierra Club. “Listening to Secretary Chu, it sounds like progress is being made and that they really want to get this money into the hands of shovel-ready projects. Privately, we learn the real gauntlet has been created by the NRDC and Sierra Club lawsuits.” commented Mr. Baardson.

The Ohio River Clean Fuels plant, when fully constructed, will blend coal and biomass and gasify this feedstock to produce a pure stream of carbon monoxide and hydrogen. This stream, called synthesis gas, or “syngas” will next be converted in a Fischer-Tropsch (FT) section and produce 53,000 barrels per day of ultra-clean, renewable diesel and jet fuel as well as naphtha, a low-octane gasoline that will be used as a feedstock in the chemical industry. The plant will employ thousands of skilled contractors to build the facility over the course of five years and is expected to directly employ over 400 highly paid operators and crafts to operate the plant.

More information can be found at the Company’s website: [www.baardenergy.com](http://www.baardenergy.com)

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