

LATHAM & WATKINS LLP

July 20, 2010

650 Town Center Drive, 20th Floor  
Costa Mesa, California 92626-1925  
Tel: +1.714.540.1235 Fax: +1.714.755.8290  
www.lw.com

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**DOCKET**  
**08-AFC-8**

DATE JUL 20 2010

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File No. 045049-0001

VIA FEDEX

CALIFORNIA ENERGY COMMISSION

Attn: Docket No. 08-AFC-08

1516 Ninth Street, MS-4

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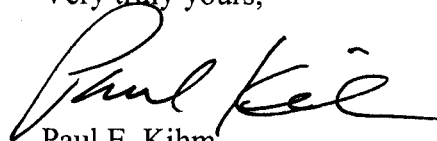
Re: Hydrogen Energy California Project: Docket No. 08-AFC-08

Dear Sir/Madam:

Pursuant to California Code of Regulations, title 20, sections 1209, 1209.5, and 1210, enclosed herewith for filing please find Applicant's Status Report No. 7.

Please note that the enclosed submittal was filed today via electronic mail to your attention and served on all parties to the above-referenced project.

Very truly yours,



Paul E. Kihm  
Senior Paralegal

Enclosure

cc: 08-AFC-08 Proof of Service List (w/encl., via e-mail and U.S. Mail)  
Michael J. Carroll, Esq. (w/encl.)  
Marc T. Campopiano, Esq. (w/encl.)

Michael J. Carroll  
Marc T. Campopiano  
LATHAM & WATKINS LLP  
650 Town Center Drive, Suite 2000  
Costa Mesa, CA 92626  
(714) 540-1235

STATE OF CALIFORNIA  
ENERGY RESOURCES  
CONSERVATION AND DEVELOPMENT COMMISSION

In the Matter of: ) Docket No. 08-AFC-8  
)  
REVISED APPLICATION FOR )  
CERTIFICATION ) APPLICANT'S STATUS REPORT 7  
)  
FOR THE HYDROGEN ENERGY )  
CALIFORNIA PROJECT )  
\_\_\_\_\_ )

Applicant Hydrogen Energy International LLC (Applicant) hereby files its Status Report 7 with respect to the Hydrogen Energy California Project (HECA).

**Coordination of HECA and Oxy CO<sub>2</sub> EOR Projects**

Occidental Petroleum Corporation, on behalf of its subsidiary, Occidental of Elk Hills, Inc. (OEHI), has submitted to the CEC documentation regarding its proposed CO<sub>2</sub> enhanced oil recovery (EOR) project (Oxy CO<sub>2</sub> EOR Project). OEHI is proposing to extend existing EOR operations at the Elk Hills Unit by using CO<sub>2</sub> captured and transported from the HECA Project to facilitate oil production, resulting in sequestration of the CO<sub>2</sub>. This data submission included OEHI's CO<sub>2</sub> EOR Preliminary Project Description (Pre-FEED Stage), responses to CEC Staff's subsurface-related questions raised in correspondence from CEC dated March 4, 2010, a sample Class II UIC Permit Application (non-confidential), and reports of technical studies and academic white papers analyzing the potential for CO<sub>2</sub> EOR as a form of sequestration. A proposed monitoring, reporting and verification (MRV) protocol is still under development by OEHI with input from third party environmental stakeholders. It is currently expected that the MRV protocol will be provided to the CEC by the end of July. These submissions, together with additional information that may be requested by CEC Staff, will allow Staff to complete its review of the Oxy CO<sub>2</sub> EOR Project.

**Discovery**

Applicant received Staff Data Request Set 1 on October 12, 2009. Certain objections and requests for additional time to respond were filed on November 2, 2009. Subject to the stated objections and requests for additional time, responses to the remainder of Data Request Set 1 were timely filed on November 12, 2009. On December 11, 2009, Applicant filed responses to Staff Data Requests 1, 2,

6 and 19, for which Applicant had requested additional time to respond. On February 1, 2010, Applicant filed responses to Staff Data Requests 17, 65, 77 and 85 through 90, for which Applicant had requested additional time to respond. Also on February 1, 2010, Applicant submitted timely responses to CEC Staff Data Requests Set 2 (Nos. 133 through 152).

CEC Staff conducted a Data Request/Issues Resolution Workshop on April 12, 2010 in Tupman. Based on discussions during the Workshop, Staff made a number of informal data requests. Applicant provided responses to these additional requests on June 10, 2010.

Subject to objections to certain data requests, the Applicant has now responded to all outstanding CEC Staff data requests, both written and informal.

Applicant has not received any additional data requests from interveners.

### **Public Outreach**

- HECA recently donated \$15,000 to programs aimed at western Kern County youths. HECA's charitable donation will be used for Elk Hills Elementary School's field trip to the California Science Center in Los Angeles, Buttonwillow Elementary School's annual science camp, a college scholarship through the Buttonwillow Chamber of Commerce, the Alpha House Women's Shelter and a grant to Cal State Bakersfield's Department of Geology to fund a student research project on carbon capture and storage.
- HECA was a sponsor of the 2010 Energy & Clean Air Expo in Bakersfield, organized by the Greater Bakersfield Chamber of Commerce, which provided a unique opportunity for local business leaders to interact with key state and regional regulators, learn about pending regulations and offer feedback.
- HECA was a sponsor at the 10th annual Kern County Economic Summit held March 24 in Bakersfield. The event, presented by Kern Economic Development Corporation, Greater Bakersfield Chamber of Commerce and Cal State Bakersfield, was dedicated to the issues impacting the county's economy, growth and diversification.
- In May, the Greater Bakersfield Chamber of Commerce board adopted a resolution on CCS and enhanced oil recovery (EOR). The board said new investments in low-emission power plants and integrated EOR could benefit California and Kern County through new energy projects, new jobs, reliable low emissions in-state electricity, increased local oil production and new local taxes.
- On May 4-6, 2010, HECA participated at DOE Wye Center Workshop on "Strategic Initiatives on CCS Deployment" and presented on HECA Project development experience.
- On May 9, 2010, HECA participated in U.S.-Canada Energy Dialogue with a focus on CCS.
- On May 10-13, 2010, HECA participated and presented at the annual NETL CCS Conference in Pittsburgh.
- On May 13-14, 2010, HECA participated and presented at the Global CCS Institute Members meeting.
- On May 12, 2010, HECA representatives were invited and met with the Obama Administration's Federal Interagency CCS Taskforce in Washington DC.
- On June 2, 2010, HECA participated and presented to the California Carbon Capture and Storage Review Panel in Sacramento, California.

- On June 9, 2010, HECA participated in the California CCS Coalition Board of Directors meeting.
- On June 10, 2010, HECA attended NRDC-EDF CCS Educational Workshop in Sacramento, CA, which was well attended by CPUC and CEC staff and other stakeholders.

### **Other Important Developments**

- The SJVAPCD issued the PDOC for HECA on June 21, 2010.
- OEHI and HECA participated in a subsurface-focused CEC Workshop in Sacramento on May 21<sup>st</sup>. OEHI presented information related to their proposed CO<sub>2</sub> EOR project at the Elk Hills Field where the captured CO<sub>2</sub> from HECA will be used for EOR and sequestered, and answered questions from CEC staff, intervenors (Environmental Defense Fund, National Resource Defense Council) and the Department of Energy.
- On June 3, 2010, CPUC Board of Commissioners approved a Modification to the SCE application to provide clear direction for IOUs to jointly negotiate with HECA for power off-take.
- On June 29, 2010, Kern County approved cancellation of Williamson Act contracts applicable to the HECA project site.

### **Schedule**

As indicated in Staff's Status Report 7, PSA Part 1 is expected in late July with PSA Part 2 to follow in August/September. Applicant is working diligently to ensure that staff has all information necessary to publish the PSA on schedule.

DATED: July 19, 2010

Respectfully submitted,

*/S/ MICHAEL J. CARROLL*

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Michael J. Carroll  
LATHAM & WATKINS LLP  
Counsel to Applicant

**STATE OF CALIFORNIA  
ENERGY RESOURCES  
CONSERVATION AND DEVELOPMENT COMMISSION**

In the Matter of:	)	Docket No. 08-AFC-08
	)	
APPLICATION FOR CERTIFICATION, FOR THE HYDROGEN ENERGY CALIFORNIA PROJECT BY HYDROGEN ENERGY INTERNATIONAL, LLC	)	<b>PROOF OF SERVICE</b>
	)	(June 22, 2010)
	)	
	)	
	)	

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APPLICANT

**Gregory D. Skannal**  
**Tiffany Rau**  
**Rick Harrison**  
Hydrogen Energy International LLC  
One World Trade Center, Suite 1600  
Long Beach, CA 90831  
[gregory.skannal@hydrogenenergy.com](mailto:gregory.skannal@hydrogenenergy.com)  
[tiffany.rau@hydrogenenergy.com](mailto:tiffany.rau@hydrogenenergy.com)  
[rick.harrison@hydrogenenergy.com](mailto:rick.harrison@hydrogenenergy.com)

**Asteghik Khajetoorians**  
Senior BP Legal Attorney  
BP America, Inc.  
6 Centerpointe Drive, LPR 6-550  
La Palma, CA 90623  
[Asteghik.Khajetoorians@bp.com](mailto:Asteghik.Khajetoorians@bp.com)

APPLICANT'S CONSULTANT

**Dale Shileikis**  
Vice President  
Energy Services Manager  
Major Environmental Programs  
URS Corporation  
One Montgomery Street, Suite 900  
San Francisco, CA 94104-4538  
[dale\\_shileikis@urscorp.com](mailto:dale_shileikis@urscorp.com)

HYDROGEN ENERGY CALIFORNIA PROJECT  
CEC Docket No. 08-AFC-08

INTERESTED AGENCIES

**California ISO**  
[e-recipient@caiso.com](mailto:e-recipient@caiso.com)  
e-mail preferred

INTERVENORS

**Tom Frantz**  
Association of Irrigated Residents  
30100 Orange Street  
Shafter, CA 93263  
[tfrantz@bak.rr.com](mailto:tfrantz@bak.rr.com)

**Babak Naficy**  
Law Offices of Babak Naficy  
Kern-Kaweah Chapter of the Sierra Club  
1504 Marsh Street  
San Luis Obispo, California 93401  
[babaknaficy@sbcglobal.net](mailto:babaknaficy@sbcglobal.net)

**Timothy O'Connor, Esq.**  
Environmental Defense Fund (EDF)  
1107 Ninth St., Suite 540  
Sacramento, CA 95814  
[toconnor@edf.org](mailto:toconnor@edf.org)

**George Peridas**  
Natural Resources Defense Council  
111 Sutter Street, 20th Fl.  
San Francisco, CA 94104  
[gperidas@nrdc.org](mailto:gperidas@nrdc.org)

ENERGY COMMISSION

**James D. Boyd, Commissioner**  
Vice Chairman and Presiding Member  
CALIFORNIA ENERGY COMMISSION  
1516 Ninth Street  
Sacramento, CA 95814-5512  
[jboyd@energy.state.ca.us](mailto:jboyd@energy.state.ca.us)

HYDROGEN ENERGY CALIFORNIA PROJECT  
CEC Docket No. 08-AFC-08

**Jeffrey D. Byron**

Commissioner and Associate Member  
CALIFORNIA ENERGY COMMISSION  
1516 Ninth Street  
Sacramento, CA 95814-5512  
[jbyron@energy.state.ca.us](mailto:jbyron@energy.state.ca.us)

**Raoul Renaud**

Hearing Officer  
CALIFORNIA ENERGY COMMISSION  
1516 Ninth Street  
Sacramento, California 95814-5512  
[rrenaud@energy.state.ca.us](mailto:rrenaud@energy.state.ca.us)

**Kristy Chew**

Advisor to Commissioner Boyd  
CALIFORNIA ENERGY COMMISSION  
1516 Ninth Street  
Sacramento, California 95814-5512  
[kchew@energy.state.ca.us](mailto:kchew@energy.state.ca.us)

**Rod Jones**

Project Manager  
CALIFORNIA ENERGY COMMISSION  
1516 Ninth Street  
Sacramento, California 95814-5512  
[RJones@energy.state.ca.us](mailto:RJones@energy.state.ca.us)

**Lisa De Carlo**

Staff Counsel  
CALIFORNIA ENERGY COMMISSION  
1516 Ninth Street  
Sacramento, California 95814-5512  
[ldecarlo@energy.state.ca.us](mailto:ldecarlo@energy.state.ca.us)

**Jennifer Jennings**

Public Adviser's Office  
CALIFORNIA ENERGY COMMISSION  
1516 Ninth Street  
Sacramento, California 95814-5512  
[Publicadviser@energy.state.ca.us](mailto:Publicadviser@energy.state.ca.us)

**DECLARATION OF SERVICE**

I, Paul Kihm, declare that on July 20, 2010, I served and filed copies of the attached:

**APPLICANT'S STATUS REPORT 7**

to all parties identified on the Proof of Service List above in the following manner:

**California Energy Commission Docket Unit**

- Transmission via electronic mail and by depositing one copy with FedEx overnight mail delivery service at Costa Mesa, California, with delivery fees thereon fully prepaid and addressed to the following:

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1516 Ninth Street, MS-4  
Sacramento, California 95814-5512  
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**For Service to All Other Parties**

- Transmission via electronic mail to all email addresses on the Proof of Service list; and
- by depositing one paper copy with the United States Postal Service via first-class mail at Costa Mesa, California, with postage fees thereon fully prepaid and addressed as provided on the Proof of Service list to those addresses **NOT** marked "email preferred."

I further declare that transmission via electronic mail and U.S. Mail was consistent with the requirements of California Code of Regulations, title 20, sections 1209, 1209.5, and 1210.

I declare under penalty of perjury that the foregoing is true and correct. Executed on July 20, 2010, at Costa Mesa, California.

  
\_\_\_\_\_  
Paul Kihm