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September 20, 2010

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DOCKET
08-AFC-8

DATE SEP 20 2010

RECD. SEP 20 2010

File No. 045049-0001

VIA FEDEX

CALIFORNIA ENERGY COMMISSION
Attn: Docket No. 08-AFC-08
1516 Ninth Street, MS-4
Sacramento, California 95814-5512

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. 8.

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.)

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STATE OF CALIFORNIA
ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION

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

Applicant Hydrogen Energy International LLC (Applicant) hereby files its Status Report 8 with respect to the Hydrogen Energy California Project (HECA).

Coordination of HECA and Oxy CO₂ EOR Projects

As previously reported, Occidental Petroleum Corporation, on behalf of its subsidiary, Occidental of Elk Hills, Inc. (OEHI), has submitted to the CEC documentation regarding its proposed CO₂ enhanced oil recovery (EOR) project (Oxy CO₂ EOR Project). OEHI is proposing to extend existing EOR operations at the Elk Hills Unit by using CO₂ captured and transported from the HECA Project to facilitate oil production, resulting in sequestration of the CO₂. This data submission included OEHI's CO₂ 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 CO₂ EOR as a form of sequestration.

On July 23, 2010, OEHI submitted a discussion draft of its proposed monitoring, reporting and verification plan (MRV Plan) for the Oxy CO₂ EOR Project. As indicated in the submittal, the draft MRV Plan continues to undergo peer review by several environmental NGOs which have been involved with OEHI in preparing the MRV Plan. On August 17, 2010, the CEC Staff conducted a public workshop on the draft MRV Plan.

Project Modifications

During the April 12, 2010 workshop, CEC staff identified potential issues associated with segments of the natural gas and potable water pipelines that transected portions of the Coles Levee Ecosystem

Preserve. To fully address these potential issues, Applicant has made the following modifications to the Project linears: elimination of the potable water linear; installation of a water well to be used for construction water and potable water during operations; and relocation of the natural gas linear. On August 27, 2010, Applicant submitted a detailed discussion of the linear modifications and revisions to associated descriptions and assessments that were previously presented in the Revised AFC and subsequent documents.

Discovery

Subject to objections to certain data requests, the Applicant has now responded to all outstanding CEC Staff and intervener data requests, both written and informal. Additional data requests, pertaining to recently submitted information, are expected.

San Joaquin Valley Air Pollution Control District Review

The San Joaquin Valley Air Pollution Control District issued the Preliminary Determination of Compliance for HECA on June 21, 2010.

U.S. Environmental Protection Agency Prevention of Significant Deterioration (PSD) Review

HECA has been informed that the U.S. Environmental Protection Agency, Region IX permitting staff is in the process of preparing the Draft PSD permit. HECA is in the process of preparing supplemental information necessary to complete the PSD permitting process. HECA met with representatives of U.S. EPA, Region IX, and conducted a site tour, on September 2, 2010. In addition, the U.S. Fish & Wildlife Service has provided comments on the Biological Assessment prepared for the project as required by the federal Endangered Species Act. HECA is in the process of preparing responses to those comments.

Public Outreach

- Participated in conference call with U.S. Environmental Protection Agency, Region IX permitting staff to discuss HECA management and experience in stakeholder engagement, communications and community outreach.
- Sponsored, exhibited and spoke at the CAPCOA Climate Conference in San Francisco where HECA staff reached out to State Air Pollution Control regulators about the benefits of the HECA project.
- Continued outreach with local stakeholders: briefed the Buttonwillow Chamber of Commerce on the HECA Project at their quarterly board meeting; met with leaders in Tupman and Buttonwillow; and key-note spoke at the Visalia Rotary Club membership meeting.
- HECA spoke to a group of 400 parents and students at the Buttonwillow School Back to School Night in the town of Buttonwillow (~10 miles from proposed Project site). Company representatives gave an overview of the Project and an update on its advancement. The group was reminded of the HECA Information Center (which is open 5 days a week during business hours), and were invited to visit the HECA Information Center in order to learn more about the Project. The Superintendent of

Buttonwillow School (Dr. James Murphy) thanked HECA for its continued sponsorship of science, athletic and social programs at the school.

Other Important Developments


- On June 29, 2010, Kern County approved cancellation of Williamson Act contracts applicable to the HECA project site.
- On August 19, 2010, the San Joaquin Valley Air Pollution Control District Governing Board approved the voluntary Air Quality Improvement Agreement between HECA and the SJVAPCD.

Schedule

PSA Part 1 was issued by CEC Staff on August 31. Part 2 is expected in November. Applicant is working diligently to ensure that staff has all information necessary to publish the PSA Part 2 on schedule.

DATED: September 20, 2010

Respectfully submitted,


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)	PROOF OF SERVICE
)	(August 18, 2010)
)	
)	
)	

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

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

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CEC Docket No. 08-AFC-08

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DECLARATION OF SERVICE

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

APPLICANT'S STATUS REPORT 8

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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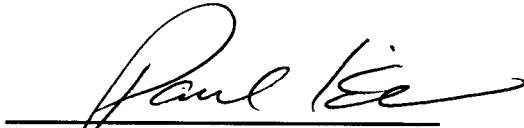
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For Service to All Other Parties

- 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 September 20, 2010, at Costa Mesa, California.



Paul Kihm