



Karlene Fine
Executive Director, North Dakota Industrial Commission
State Capitol
600 East Boulevard Ave Dept 405
Bismarck, ND 58505

Dear Ms. Fine,

This document is to inform the Lignite Research Council of an amendment to GreatPoint Energy's grant application titled "**Lignite Catalytic Hydromethanation Development Project**" submitted October 1st, 2009. Rather than one project composed of several phases, as described in the original application, the new proposal is composed of two distinct phases, each with a separate budget and schedule. While the tasks and objectives of the original proposal have not been modified, this reconfiguration allows for more streamlined management of technical and financial risks. For the purpose of the application to the Lignite Research Council, GreatPoint is submitting a request for funding for Phase I of the "**Lignite Catalytic Hydromethanation Development Project.**"

Under this new configuration, Phase I focuses on laboratory scale development, process model development, and pilot scale design engineering activities, all of which will demonstrate readiness for continuous and pilot-scale testing. Phase I will last for seven months and total project cost will be \$917,000. With a 50% cost share, both GreatPoint and the Lignite Research Council will contribute \$458,500. The second phase includes continuous and pilot scale demonstration of the process and an economic evaluation to demonstrate the state of readiness for commercial scale projects. Phase II will last for 12 months and total project cost will be \$6,978,158. With a 50% cost share, both GreatPoint and the Lignite Research Council will contribute \$3,489,079. GreatPoint is confident that the successful completion of Phase I will provide sufficient impetus for approval for Phase II of the program.

Phase I is designed to demonstrate and model the lignite based hydromethanation process as well as prepare for the pilot scale activities in Phase II. The laboratory scale process development will include optimization of the catalyst system with a lignite feedstock, optimization of hydromethanation process



conditions for lignite feeds, and identification of the operational envelope. The laboratory data and operational information will provide data for process model development and guidance for the detailed, lignite specific planning of the pilot scale test program. In conjunction with the laboratory efforts, GreatPoint will perform design and haz-op reviews of the Mayflower facility modifications. The facility modifications, to be made upon approval of Phase II, include upgrades to existing feed, hydromethanation reactor, and char systems to handle the increased moisture and ash content of lignites. The completion of the activities in phase I provide a natural evaluation and decision point for proceeding with the lignite-based hydromethanation development program.

Phase II is intended to demonstrate the commercial readiness of the lignite based hydromethanation process through pilot scale demonstration testing and detailed evaluation of the economics. Following the batch scale work at the laboratory, a continuous feed test will be performed at the EERC to more closely simulate pilot-scale activities and to generate adequate quantities of char to make preliminary assessment of catalyst recoverability. Detailed engineering and modifications to the Mayflower facility will be implemented based on the design and haz-op reviews in Phase I. The pilot plant test program, based on the process, modeling, and operational knowledge gained in Phase I, will provide data, validated pilot-scale models, and operational knowledge for commercial scale design and engineering. Following successful demonstration of the lignite based hydromethanation process and utilizing data from the pilot scale testing, the commercial scale economics will be evaluated.

GreatPoint's proposal offers a compelling opportunity to accelerate the technology to the point of commercial readiness in a short period of time. Successful completion of this project will provide a technology platform for optimizing lignite resources, reducing greenhouse gas emissions and providing long-term economic growth to the State. Additionally, GreatPoint has met with Westmoreland Coal, who is enthusiastic about the project, and has submitted a letter of support on our behalf.



I am confident that other key stakeholders in North Dakota and throughout the country will recognize GreatPoint's enormous potential as well.

Sincerely,

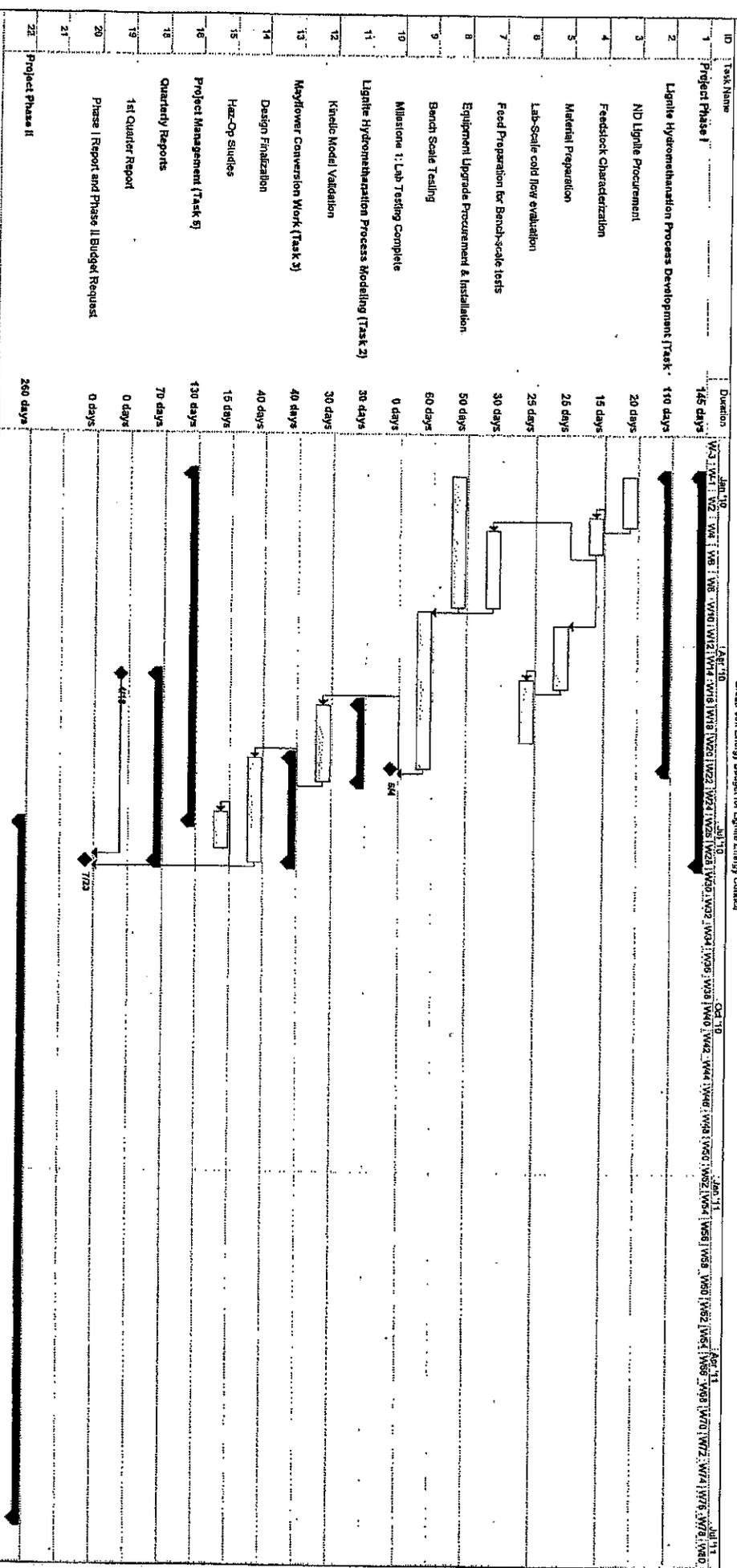
A handwritten signature in black ink, appearing to read "DP Goldman".

Daniel P. Goldman
Executive Vice President & Chief Financial Officer
GreatPoint Energy, Inc.

GreatPoint Energy, Inc.
 Proposal Budget to North Dakota Lignite Research Council

	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 5	Qtr 6	Total
Phase I: Lab Testing, Modeling, and Pilot Engineering							
Task 1: Hydromethanation Process Development	199,035	285,550	65,897	-	-	-	550,483
Task 2: Process Modelling	159,783	156,799	-	-	-	-	316,582
Task 3: Mayflower Conversion and Retrofit	-	18,233	-	-	-	-	18,233
Task 6: Project Management	-	60,897	65,897	-	-	-	126,795
	39,253	49,621	-	-	-	-	88,874
Phase II: Pilot scale demonstration and economic evaluation							
Task 1: Hydromethanation Process Development	-	-	522,345	1,280,949	1,684,480	1,901,536	5,389,310
Task 2: Process Modelling	-	-	288,313	18,094	-	-	306,407
Task 3: Mayflower Conversion and Retrofit	-	-	-	69,293	-	-	69,293
Task 4: Mayflower Pilot Scale Testing	-	-	194,780	1,153,846	1,207,692	-	2,556,317
Task 5: Economic and Risk Evaluation	-	-	-	-	430,112	1,720,448	2,150,560
Task 6: Project Management	-	-	39,253	39,716	46,676	46,676	172,320
Total Direct Costs	199,035	285,550	588,242	1,280,949	1,684,480	1,901,536	5,939,793
Indirect Costs	103,923	216,615	202,377	171,466	381,522	879,463	1,955,366
TOTAL COSTS	302,958	502,165	790,619	1,452,416	2,066,002	2,780,999	7,895,158
Total Phase 1 Cost (including Indirect Costs)	302,958	502,165	111,877	-	-	-	917,000
GreatPoint Cost Share @ 50%	151,479	251,083	55,938	-	-	-	458,500
Lignite Research Council Funding	151,479	251,083	55,938	-	-	-	458,500
Total Phase 2 Cost (including Indirect Costs)	-	-	678,742	1,452,416	2,066,002	2,780,999	6,978,158
GreatPoint Cost Share @ 50%	-	-	339,371	726,208	1,033,001	1,390,499	3,489,079
Lignite Research Council Funding	-	-	339,371	726,208	1,033,001	1,390,499	3,489,079
Total GreatPoint Cost Share @ 50%	-	-	339,371	726,208	1,033,001	1,390,499	3,947,579
Total Lignite Research Council Funding	-	-	339,371	726,208	1,033,001	1,390,499	3,947,579

CharPoint Energy Budget for Lignite Energy Council



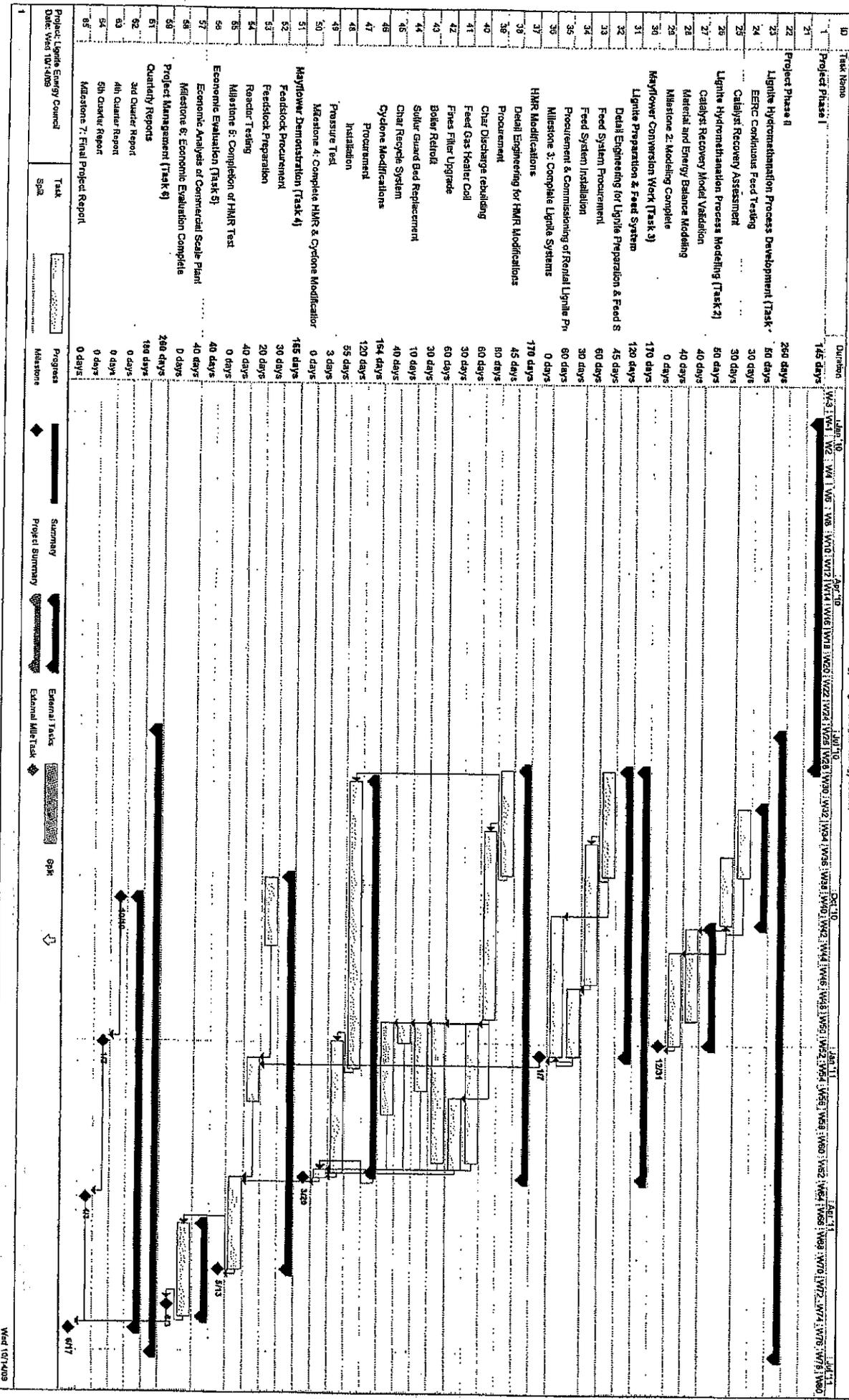
Project Lignite Energy Council
 Date: Wed 10/14/09

Task: Milestone: Summary: External Tasks: Split:

Project Summary External MileTask

Year: 10/1/2009

GrandPoint Energy Budget for Lignite Energy Council



Project: Lignite Energy Council
 Date: 1/21/10

Task: Scale

Milestones: Progress Milestones

Summary: Project Summary

External Mile Task

SPK

Wtd 10/14/09

WESTMORELAND COAL COMPANY

2 North Cascade Avenue, 2nd Floor, Colorado Springs, CO 80903
Phone: (719) 442-2600

October 12, 2009

Karlene Fine
Executive Director, North Dakota Industrial Commission
State Capitol
600 East Boulevard Ave Dept 405
Bismarck, ND 58505

Dear Mrs. Fine:

I am writing in support of GreatPoint Energy's application for its "North Dakota Lignite Hydromethanation" research program under the Lignite Research Council grant. Collaborating with GreatPoint represents an opportunity for North Dakota to help bring a transformational clean energy technology to market. Successful completion of this feedstock testing program would provide a technology platform for optimizing lignite resources, reducing greenhouse gas emissions and providing long-term economic growth to the State

I understand that, in this late-stage R&D project GreatPoint will seek to demonstrate that lignite can be converted to natural gas and hydrogen using catalytic hydromethanation at significantly greater efficiencies and economics than any alternative technology. While I understand that GreatPoint's hydromethanation technology has already been demonstrated to effectively process lignite samples from North Dakota in a series of bench-scale tests, a Lignite Research Council grant will enable GreatPoint to advance its key development and commercialization goals. In addition, with its integrated carbon capture and sequestration capability, hydromethanation is potentially one of the few renewable options available that can economically capture and sequester nearly all of the carbon dioxide generated in the process.

GreatPoint reports that it has successfully completed pilot testing at the Gas Technology Institute's flex-fuel test facility in Des Plaines, Illinois. In June 2009, GreatPoint began operating its \$40 million Mayflower Clean Energy Center in Somerset, Massachusetts – a dedicated Hydromethanation demonstration facility. GreatPoint has raised \$140 million in private equity investment to date and is backed by leading strategic and financial investors including Kleiner Perkins, Khosla Ventures, The Dow Chemical Company, Peabody Coal, and Suncor Energy. GreatPoint's lignite hydromethanation proposal offers an opportunity to accelerate the technology to the point of commercial readiness in a short period of time.

Westmoreland views development of the GreatPoint hydromethanation technology as a potential avenue to the commercial development of lignite reserves in North Dakota, potentially including reserves at Gascoyne, Bowman County, in which we have an interest. We therefore respectfully request your support for the GreatPoint grant application.

Thank you for your consideration.

Sincerely,

Todd A. Myers

Todd A. Myers

Vice President - Westmoreland Coal Company

President - Westmoreland Coal Sales Company
