

MEMORANDUM

TO: Oil and Gas Research Council
FR: Karlene Fine, Industrial Commission Executive Director
DT: January 19, 2010
RE: Special Grant Round

During the 2009 legislative session the following provision was included in the Department of Commerce appropriation bill -- Senate Bill 2018:

SECTION 3. USE OF FEDERAL FISCAL STIMULUS FUNDS – ELECTRICAL GENERATORS.

The department of commerce shall use \$2,000,000 of the funding appropriated in section 2 of this Act for the purpose of establishing a grant program to assist in the purchase and installation of electrical generators that consume at least seventy-five percent of the gas from oil and gas well sites which would otherwise be flared or wasted, for the period beginning with the effective date of this Act and ending June 30, 2011. The funding is contingent upon approval from the United States department of energy of use of the funding for the grant program. Before making a grant from the program established by this section, the department of commerce shall obtain the recommendation of the oil and gas research program administered by the industrial commission regarding the application's technical accuracy and consistency with the oil and gas research program.

Blaise Energy is the company that is seeking this funding. The Department of Commerce informed me in December that after a considerable amount of work they have received approval from the U.S. Department of Energy and EPA that federal funds could be used for this project. In order to obtain that approval a specific site was given to the Department of Energy. The funding that is being considered by the Council at their meeting on January 20, 2010 would fit the profile of what is referred to as a Project A well site in their application.

Blaise Energy has indicated that they would like to submit their application for the "federal" site in the near future. Therefore, in order for the Council to consider this application a special grant round should be established. **I suggest that the Council recommend to the Commission that a special grant round be established with a deadline of February 15 for submission of proposals.** Blaise Energy indicated that they should be able to have an application ready by that date. Because we have just gone through this process I believe we could be ready for the Council to consider their application by mid-April. (It may depend if other applications come in when an additional grant round is established.) I present this for your consideration.

Karlene