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FOR MORE INFORMATION CONTACT:

Peter Mandelstam, Chief Operating Officer
Enchant Energy
(917) 327-2273

Georgette Allen, Public Affairs Administrator
City of Farmington
gmallen@fmtn.org
(505) 320-9757

Wally Drangmeister, Media Contact
Enchant Energy
mediacontact@enchantenergy.com
(505) 379-8274

Enchant Energy and City of Farmington React to Los Alamos National Laboratory Independent Assessment of Carbon Capture Retrofit Study of San Juan Generating Station

Farmington, New Mexico, December 13, 2019 –Enchant Energy Corporation (Enchant Energy) and the City of Farmington today reacted to the release by Los Alamos National Laboratory of a recent report titled “Preliminary Assessment of Post-Combustion Capture of Carbon Dioxide at the San Juan Generating Station-An Independent Assessment of a Pre-feasibility Study Conducted by Sargent & Lundy for Enchant Energy.”

At the request of the U.S. Department of Energy, a team of Los Alamos scientists and engineers conducted an independent assessment of a carbon-capture technology study performed for Enchant Energy by Sargent & Lundy on the San Juan Generating Station, a coal-fired power plant in the Four Corners region of New Mexico.

“This report’s conclusions are very positive for the project in key areas that are so important to this project’s success: the technology to be used to capture carbon dioxide at the plant, the use of carbon

dioxide for enhanced oil recovery, and the regional opportunities for ‘green’ handling of carbon dioxide including capture, use and storage,” said Farmington Mayor, Nate Duckett. “The Los Alamos Laboratory team has the world class technical knowledge and experience needed to conduct this assessment.”

“The independent assessment by Los Alamos Laboratories is supportive of many of the important conclusions of the Sargent & Lundy study,” said Peter Mandelstam, Chief Operating Officer of Enchant Energy. “This report positively addresses many of the concerns that have been raised by those critical of the project.”

Key findings as noted in the report’s executive summary and in the body of the report include:

- “With respect to CO₂ capture, the assessment found that the proposed plan to use an amine based capture system is a technically viable option that is commercially available and that has been demonstrated to reliably provide $\geq 90\%$ CO₂ capture out of a continuous flue gas stream.”
- “There appear to be no significant technical issues at the pre-feasibility stage in the context of space, access pipeline, water, or system integration.”
- “Although amine-based capture facilities can operate at $\geq 90\%$ capture, the amount of flue gas processed can be varied in response to CO₂ demand. When this occurs, the net CO₂ captured can be less than 90%. In order to meet requirements associated with the NM Energy Transition Act, the net CO₂ captured would need to be roughly $\geq 54\%$.”
- “The assessment found that the proposed use of CO₂ for EOR operations in the Permian Basin would have sufficient capacity to store the emissions associated with the projected volumes of captured CO₂ from the power plant. Further, the assessment found that replacement of natural CO₂ sources (which are currently being used) with CO₂ captured from the power plant could result in a net reduction in life-cycle CO₂ relative to conventionally produced oil.”
- Economic Use of Existing Facilities: Sargent & Lundy assessed opportunities to utilize components from the decommissioned units 2 & 3 at SJGS, resulting in potential cost savings. Specifically, the pre-feasibility considered repurposing of an existing cooling tower at unit 3, auxiliary power systems at units 2 & 3, and a circulating water pump at unit 3. These would help to lower capital costs relative to what has been experienced at other projects (e.g., Petra Nova).

The assessment relies on publicly available information, including a prefeasibility study developed by Enchant Energy in partnership with Sargent & Lundy. The assessment was conducted for and supported by the U.S. Department of Energy Office of Fossil Energy. It was independent from Enchant Energy and Sargent & Lundy, although information was shared by these entities with the team at Los Alamos.

You can find a link to the assessment here: <https://www.lanl.gov/discover/news-stories-archive/2019/December/12-13-san-juan-generating-station.php>

About City of Farmington:

Farmington is a city located in the northwest corner of New Mexico. It is a subset of the overall MSA: Aztec, Kirtland, Bloomfield, Shiprock, unincorporated areas of San Juan County and parts of the Navajo Nation. The MSA is named after Farmington as it has the largest population of the MSA territory - nearly 46,000 people. Farmington is structured under the council-manager form of government consisting of a city manager, mayor and four city councilors who represent each district in the city. The City of Farmington has been a minority owner of San Juan Generating Station for over 37 years. Learn more at <http://www.fmtn.org/>

About Enchant Energy:

Enchant Energy is a New Mexico company that seeks to capture CO₂ for sequestration purposes and de-carbonize electricity production by investing in state-of-the-art environmental technology at San Juan Generating Station. These activities are intentionally designed to further New Mexico's dual goals of substantially reducing its statewide CO₂ output, and supporting New Mexico's economy by employing hundreds of people in San Juan County and on the Navajo Nation by providing reliable, low-cost wholesale electricity. Learn more at: <https://www.enchantenergy.com/>