

KANSAS GEOLOGICAL SURVEY

The University of Kansas
1930 Constant Ave
Lawrence KS 66047-3726
phone 785-864-3965
fax 785-864-5317
www.kgs.ku.edu

May 15, 2006

Mr. Jeff Schminke
USDA, Rural Development
2615 Farm Bureau Road
Manhattan, Kansas 66502

RE: Agency Review Transmittal Form for NEK-SEN Energy LLC of Sebetha, KS

Dear Mr. Schminke:

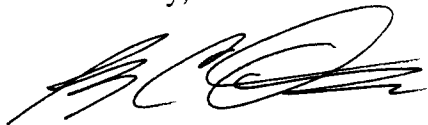
I have received your request for comment by the Kansas Geological Survey (KGS) on an application to USDA Rural Development for a Value-Added Producer Grant from NEK-SEN Energy LLC of Sebetha, Kansas. The grant is to be used for working capital in the development of a 50 million gallon ethanol plant project. The site location has not been determined.

Since a site for the ethanol plant has not been determined, the KGS can only make general comments on geological and environmental issues related to this grant proposal as opposed to comments regarding a proposed plant location. Geologic issues related to ethanol plants include water usage and water pollution. Ethanol plants require high quantities of high quality water. Are there sufficient quantities of water available? If water softening is required, how will the waste-water be disposed? Water pollution has occurred due to spills of stillage and mash. If leaked, some chemicals used in the process may present water contamination issues. Water contamination from these facilities has affected both surface and ground water. However, proper design, construction, and maintenance of the facility can minimize the potential for pollution. The KGS recommends following all regulations and recommendations of the Kansas Department of Health and Environment. While this letter provides general comments on geologic issues related to ethanol plants, other geologic issues may be important at the site that is yet to be chosen. If a site for the ethanol plant is selected prior to submission of the final application, the KGS requests the opportunity to review and comment on the proposed site. I have signed and enclosed the Agency Review Transmittal Form.

The above discussion represents our best assessment based on the information that the Kansas Geological Survey has about this locality and/or proposed project at the time of this writing. Other geologic conditions, not discussed herein, or for which the Kansas Geological Survey has no knowledge, may affect the viability or safe operation of this facility or property. The information provided in this letter is from regional or countywide studies and should not be used as a substitute for detailed site characterization by a licensed geologist or engineer. It is the responsibility of the applicant to provide any required site characterizations.

If you have any questions, please contact me at (785) 864-2194 or ohlmac@kgs.ku.edu.

Sincerely,

A handwritten signature in black ink, appearing to read 'G. Ohlmacher', with a stylized, cursive script.

Gregory Ohlmacher, P.G.
Associate Scientist

Enc: Agency Review Transmittal Form

Comments by: Dr. Lee Allison, Director
Ks. Geological Survey
1930 Constant Avenue
Lawrence, Ks. 66047

Transmittal Date: April 27, 2006

PROJECT TITLE: NEK-SEN Energy LLC of Sabetha, Ks.

CONTACT PERSON:

☐ Notification of Intent
☐ Preapplication
☐ Final Application
☐ Direct Development

This form provides notification and the opportunity for your agency to review and comment on this proposed project required by executive Order 12372. Please complete Parts II & III as appropriate. Your prompt response will be appreciated.

RETURN TO: **USDA RURAL
DEVELOPMENT,
1303 SW First American Place
Suite 100, Topeka, Ks. 66604-4040
Attn: Martin Fee**

PART I

REVIEW AGENCIES/COMMISSIONS

☐ Aging	☐ Education	☐ State Forester
☐ Agriculture-DWR	☒ Geological Survey, KS	☐ Transportation
☐ Biological Survey, KS	☐ Health & Environment	☐ Water Office, Kansas
☐ Conservation Commission	☐ Historical Society	☐ Wildlife & Parks
☐ Corporation Commission	☐ Human Resources	☐
☐ Commerce	☐ Social & Rehab. Services	☐

PART II

(To be completed by review agency and returned to contact person)

AGENCY REVIEW COMMENTS

COMMENTS: *See cover letter.*

PART III

(To be completed by review agency and returned to contact person)

RECOMMENDED ACTION COMMENTS

☐ Clearance of the project should be granted.	☐ Clearance of the project should not be delayed but the Applicant should be (in the final application) address and clarify the questions or concerns indicated above.
☐ Clearance of the project should not be granted.	
☐ Clearance of the project should be delayed until the issues or questions have been clarified.	☒ Request the opportunity to review final application prior to submission to the federal funding agency. <i>- See cover letter for details</i>
☐ Request a State Process Recommendation in concurrence with above comments.	

DIVISION/AGENCY/COMMISSION

Reviewer's Name Gregory Ohlmacher

Date: 5/12/06

PLEASE FAX THIS FORM TO 785-271-2708 As Soon As Possible.



**United States Department of Agriculture
Rural Development**

April 27, 2006

Dr. Lee Allison, Director
Ks. Geological Survey
1930 Constant Avenue
Lawrence, Ks. 66047

RE: Agency Review Transmittal Form

Gary Edelman President of NEK-SEN Energy LLC of Sabetha, KS, has submitted an application to USDA-Rural Development for a Value-Added Producer Grant to be used for working capital in the development of a 50 million gallon ethanol plant project. Site location has yet to be determined. The contact address and number for further information is 785-284-3099, 205 S. 8th, Suite #2, Sabetha, KS 66534. (Virginia Dienstbier)

This letter is providing notification of the above-proposed project, as well as the opportunity for your agency to review and comment on the proposed project as required by Executive order 12372.

I have enclosed an "Agency Review Transmittal Form" for your response back to the Topeka office. You may also contact Martin Fee at the Topeka office (785-271-2744) if you have any questions regarding the proposed project.

Please provide your comments to **USDA Rural Development, 1303 SW First American Place, Suite 100, Topeka, KS, 66604-4040, attention Martin Fee, Business and Community Programs Specialist**, no later than 05-30-06. Faxed responses are acceptable.

Rural Development will not obligate funds for this project until we have completed an Environmental Assessment of the project.

Sincerely,

JEFF J SCHMINKE
Area Specialist

Attachment

2615 Farm Bureau Road • Manhattan, KS 66502
(785) 776-7582 • Fax (785) 539-2733 • www.rurdev.usda.gov/ks

Committed to the future of rural communities

Rural Development is an Equal Opportunity Lender, Provider, and Employer. Complaints of discrimination should be sent to USDA, Director, Office of Civil Rights, Washington, D. C. 20250-9410