

December 21, 2007

Nicole Pfannenstiel
Sunflower Electric Power Corporation
PO Box 1020
Hays, Kansas 67601

RE: Prairie Fire BioEnergy Cooperative, Inc. - Healy, KS
Rural Economic Development Loan

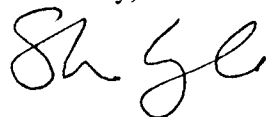
Dear Ms. Pfannenstiel

The Kansas Geological Survey (KGS) has received Sunflower Electric Power Corporation's November 14, 2007 request for intergovernmental comments. The comment request is part of the USDA's Rural Development loan application process for an Economic Development Loan. The loan will partially finance the applicant, Prairie Fire BioEnergy Cooperative, Inc. to construct a new biomass processing facility approximately 3 miles west of Healy, KS.

A review of regional geologic information along with the site map and aerial photography provided by Sunflower Electric indicates that the property is undeveloped agricultural land; therefore, there should be no unduly adverse geologic or environmental conditions that should affect this project. A completed request for environmental comments form is enclosed.

This letter is an assessment based on the regional geologic conditions available at the KGS at the time of writing and cannot be used in substitute of a detailed site characterization. Other geologic conditions, not discussed herein, or for which the KGS has no knowledge, may affect the viability or safe operation of this facility or property. It is the responsibility of the applicant to provide any necessary characterization, geotechnical or environmental testing, or design by a licensed professional geologist or engineer to complete the project.

Sincerely,



Shane Lyle, RG
Geology Extension Coordinator

Enclosures

cc: Dan Suchy, KGS Data Resources Library

AGENCY REVIEW TRANSMITTAL FORM

Comments by: Kansas Geological Survey

Transmittal Date: 11.14.07

PROJECT TITLE: Prairie Fire BioEnergy Cooperative

Notification of
Intent

☒

Pre-application

CONTACT PERSON: Nicole M. Pfannenstiel, Corporate/Member Services Admin.

Final Application

Direct
Development

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

RETURN TO:

Nicole Pfannenstiel
Corporate/Member Services Administrator
Sunflower Electric Power Corporation
PO Box 1020
Hays, KS 67601

PART I

REVIEW AGENCIES/COMMISSIONS

☒ Aging	☒ Education/Geological Survey, KS	State Forester
☐ Agriculture - DWR	☐ Health & Environment	Transportation
☐ Biological Survey, KS	☐ Historical Society	Water Office, KS
☐ Conservation Commission	☐ Social & Rehabilitation Services	Wildlife & Parks
☐ Corporation Commission	☐ Kansas Dept. of Commerce and Housing	City/County
☐ Commerce	☐ Certified Development Company	Human Resources

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

AGENCY REVIEW COMMENTS

COMMENTS:

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 (in the final application) address and clarify the questions or concerns indicated below.
☐ Clearance of the project should not be granted.	☐ Request the opportunity to review final application prior to submission to the federal funding agency.
☐ Clearance of the project should be delayed until the issues or question have been clarified.	
☐ Request a State Process Recommendation in concurrence with the above comments.	

DIVISIONS/AGENCY/COMMISSION

Reviewer's Name:

Sh J

Date:

12-21-07



SUNFLOWER ELECTRIC POWER CORPORATION

A Touchstone Energy[®] Cooperative 

November 14, 2007

William Harrison
Kansas Geological Survey
1930 Constant Ave
Lawrence, KS 66047

RE: Request for Intergovernmental and Environmental Comments on Application for Rural Economic Development Loan project for Prairie Fire BioEnergy Cooperative.

Pursuant to the above project, please be advised Lane-Scott Electric Cooperative, Inc. of Dighton, Kansas will be submitting a Rural Economic Development loan application for Prairie Fire BioEnergy Cooperative.

The purpose of the \$740,000 loan is to provide financing assistance to the company for a new biomass processing facility to be located outside of Healy in Lane County, Kansas. The total project cost is \$7,800,000. The company will provide the supplemental financing.

This project will comply with appropriate state laws concerning the application. The application will be sent to Brandon Prough, USDA Rural Development, 2715 Canterbury Drive, Hays, KS, 67601.

I request that you do the following:

1. Review the application information for program or environmental impacts.
2. Provide comments on attached Exhibit D form within 30 days.
3. Please mail or fax these responses to: Nikki Pfannenstiel
Sunflower Electric Power Corporation
PO Box 1020
Hays, KS 67601
VOICE (785) 623-3334
FAX (785) 623-3328

Please call me if you have any questions.

Sincerely,



Nicole M. Pfannenstiel
Corporate/Member Services Administrator

PROJECT OVERVIEW

Prairie Fire BioEnergy Cooperative, a Kansas cooperative, is requesting funding from USDA Rural Development in the amount of \$740,000 through the Rural Economic Development Loan Program. Prairie Fire is working with Lane-Scott Electric Cooperative to submit the application to USDA.

With the \$740,000 loan from RUS, Lane-Scott Electric will make a zero-interest loan to Prairie Fire BioEnergy Cooperative, a new business start-up venture. Prairie Fire BioEnergy is a renewable bioenergy development cooperative organized for the purpose of constructing a new biomass processing facility to process biomass material into products for the energy market. The facility will be located two miles west of Healy on Highway 4. This processing facility will process, store, transport, and market biomass energy products grown and provided by its members and other supply sources.

Prairie Fire BioEnergy is working with Earth Care Products, Inc., of Independence, Kansas to design the biomass processing facility. The facility will be capable of producing 13-15 dry tons of fuel per day. The facility will also be capable of producing a pellet for residential use.

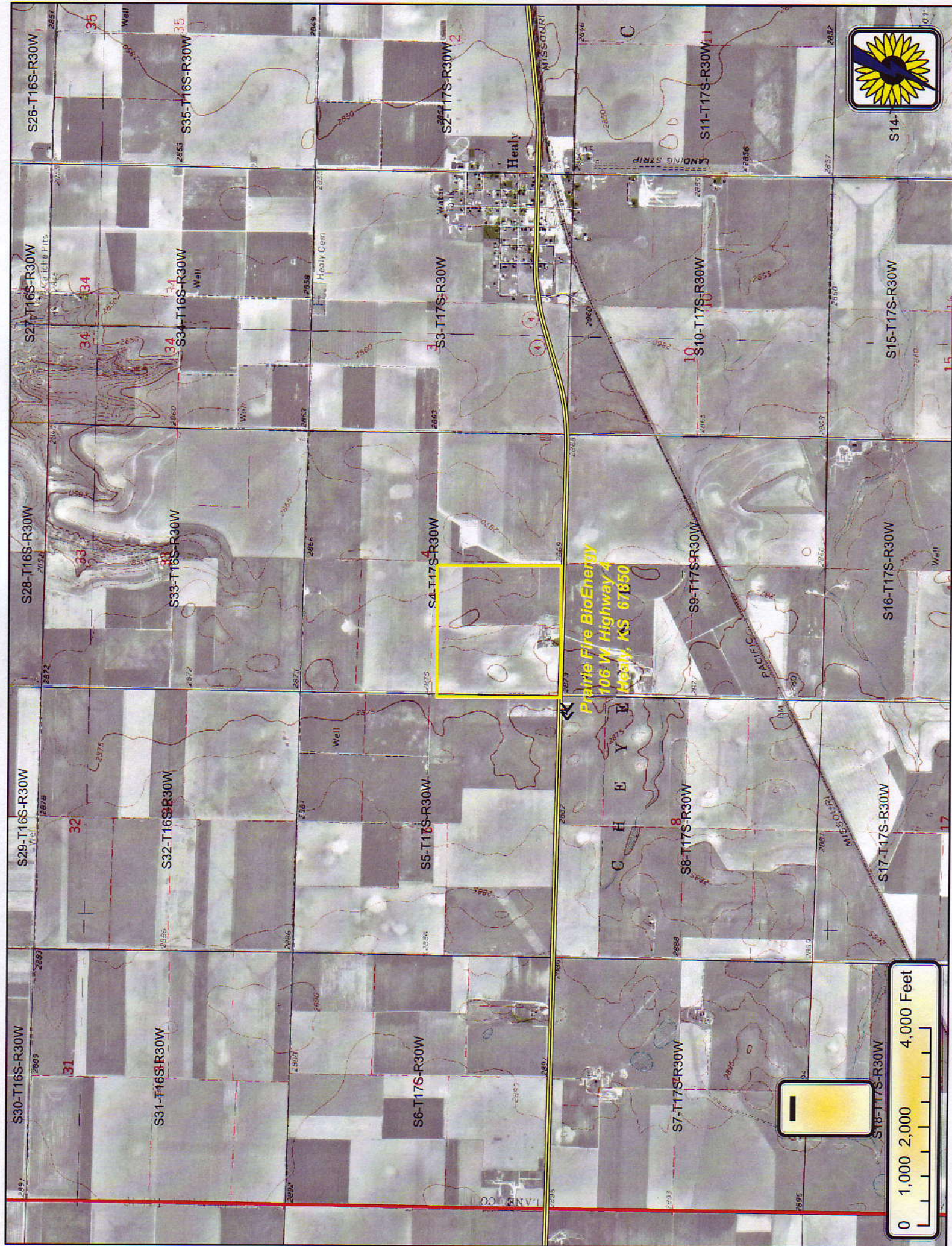
This project will create 20-25 new jobs for Lane County. The total cost of the project is estimated to be \$7,800,000. The company will provide the additional funding for the project, which will include debt financing and equity.

The site for Prairie Fire BioEnergy Cooperative is located at 106 West Highway 4, a few miles West of Healy, in Lane County, Kansas. The 80 acre tract of land is located within the Southwest Quarter of Section 4, Township 17 South, Range 30 West in Lane County, Kansas. The land is currently unoccupied with no improvements at this time. An aerial photo and photos of the site are included for reference.

Lane County does not participate with the Federal Emergency Management Agency without a flood hazard identified.

For more detailed information regarding this project, please contact:

Lance Sherwood
General Manager
Prairie Fire BioEnergy Cooperative
106 West Highway 4
Healy, KS 67850
620.398.2370
lsherwood@prairiefirecoop.com



**Prairie Fire Bioenergy Cooperative
106 West Highway 4
Healy, Kansas 67850**



View of Site looking North from Hwy 4



View Northeast of the Site



View Northwest of the Site



View South of Site – Hwy 4



View East of the Site