

**Texas Commission on Environmental Quality  
New Technology Implementation Grant (NTIG) Program  
Quarterly Project Status Report**

**Contract**

**Number:** 582-11-13126-3225

**Grantee:** General Compression

**Report for the  
Monthly period:** Q2 2012

**Date  
Submitted:** July 2, 2012

**Section I. Accomplishments**

*Provide a bulleted list of project accomplishments as well as a description of their importance to the project.*

General Compression (“GC”) and project partner ConocoPhillips (“COP”) have established the necessary goals, legal and financial framework, operational responsibilities and staffed a respective team of design engineers, construction managers, consultants and energy executives to plan and successfully complete the scope of work for this grant.

TCEQ issued a contract amendment on June 7, 2012 indicating that all deliverables for Tasks 1-5 must be submitted and approved on or before January 14, 2013, in order to receive this written approval from TCEQ.

**Task 1**

- Submitted Site License Extension Agreement on June 14, 2012

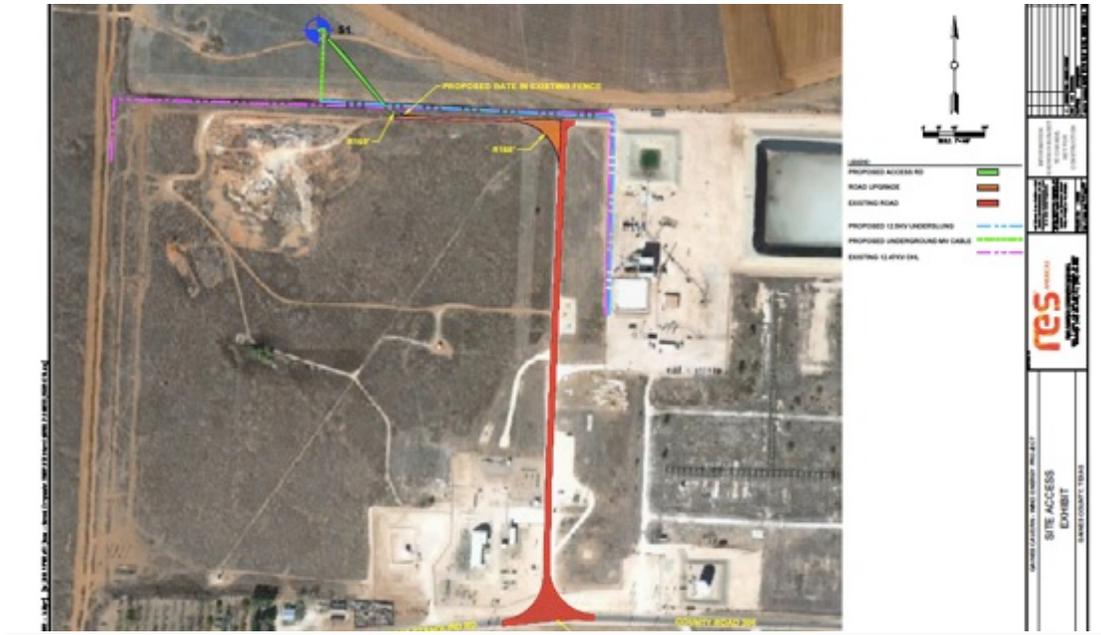
**Task 2 Updates**

RES Americas (Wind Turbine EPC) has executed the following activities related to the site preparation on behalf of General Compression:

- Negotiated and executed land lease for the wind turbine site submitted to TCEQ on June 14, 2012
- Received US Department of Commerce (FCC) letter providing clearance to the Gaines Wind Project. Submitted to TCEQ on April 26, 2012
- Received Task 2 Approval issued by TCEQ on June 12, 2012

**Task 2 Deliverables:**

- Submitted Texas Parks & Wild Life Department Recommendations letter (March 28, 2012)
- Received US Department of Commerce (FCC) letter providing clearance to the Gaines Wind Project. Submitted to TCEQ on April 26, 2012
- Secured Wind Turbine Land Lease. Submitted on June 14, 2012
- Attached illustration of site layout for Wind Turbine.



### Task 3 Updates:

- The Wind Turbine Engineering Procurement and Construction (EPC) contract with RES has been negotiated and executed.
- Electrical Interconnect design has been completed.
- The wind turbine specs have been chosen; Wind Turbine SCADA control systems and wind turbine foundations have been designed. As well, the civil and electrical designs have been completed. We will be submitting site pictures such upon completion, as part of Task 3 deliverables for *Site Prep (this will complete Task 3 deliverables)*.
- Finalized Wind Turbine EPC Agreement with RES and confidentially submitted to TCEQ on June 19, 2012.

### Task 3 Deliverables:

- Submitted the Wind Turbine EPC Agreement with RES as “*Confidential/Proprietary*” on June 19, 2012.

### Task 4 Updates:

- The POC Watertown commercial demonstrator endurance testing has achieved 800 operational hours thus far. The Proof of Concept (“POC”) unit testing hours experienced a delay because of implementing a new hydraulic pump design and system upgrade. The testing will commence in July 2012 and will continue until the remaining 150 hours are achieved. POC Testing is schedule to be complete by August 24, 2012.

### Task 5

- GCAES ASP Unit 2 “Kelvin” design is complete and was submitted as *Confidential/Proprietary: inform applicant & seek AG opinion before releasing* on March 28, 2012.
- GCAES ASP Unit 2 “Kelvin” assembly and installation plan is under development.
- TCEQ granted Task 5 approval on May 15, 2012.

### **Task 6**

- GC has purchased a Gamesa G97 Wind Turbine (~\$5M) and has activated RES to execute the procurement, assembly, and commissioning plan.
- GC Supply Chain team has initiated procurement of ASP Unit 2 “Kelvin” components.

### **Section II: Problems/Solutions**

Problem(s) Identified: Report anticipated or unanticipated problem(s) encountered and its effect on the progress of the project.

1. The Proof of Concept (“POC”) unit **testing** hours experienced a delay because of a required upgrade and installation of a new large vessel seal design.

**Proposed Solution(s):** Continue to report any possible solution(s) to the problems that were considered/encountered

### **GC Solutions:**

1. The POC Watertown commercial demonstrator endurance testing is more than 85% completed; the unit has achieved 800 of operating hours thus far. The testing on the GCAES design is on-going and will continue until the remaining 150 hours are met.

GC will continue to present a best and worst case timeline based on the project development milestones to TCEQ as new information is made available.

### **Section III. Goals and Issues for Succeeding Period:**

Provide a brief description of the goal(s) you hope to realize in the coming period and identify any notable challenges that can be foreseen:

- a) Actively working toward Task 3 (Wind Site Prep) and Task 4 (testing hours) before receiving the Notice to Proceed to pursue Tasks 6 and Task 7.
- b) GC will continue to host conference calls with the TCEQ Grant Management Team in order to provide updates on the project timeline and plan regarding the Wind Turbine integration, 1000hr of endurance testing, timing on ASP Unit 2; and the “Kelvin” (TCEQ Funded Unit) project completion date.

*David Marcus* – President

*Date:* July 2, 2012

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*Authorized Project Representative's Signature*