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Chesapeake Energy Corporation

Comments to Regional Haze Implementation Plan
December 16, 2009

Chesapeake Energy Corporation ("Chesapeake") has reviewed the "Regional Haze Implementation Plan Revision" dated November 13, 2009 ("Plan"). Such Plan was prepared by the Oklahoma Department of Environmental Quality ("DEQ").

It is clear from DEQ's extensive study of the regional haze issue that emissions of sulfur compounds are primarily responsible for impacts to the Wichita Mountain Class I Area. Specifically, coal fired generation units account for the bulk of the impact. As a result, rather than requiring huge capital investment to Oklahoma coal-fired units that are more than 30 years old, such units should either convert to natural gas firing systems or be replaced with new natural gas fired generation units.

An immediate option is available to Oklahoma. A significant percentage of baseload generation can be supplied by existing underutilized natural gas generation facilities. For example, capacity utilization from combined cycle generation facilities in Oklahoma is typically less than fifty percent. Increased utilization of natural gas fired generation by the owners of the coal fired units would improve visibility at the Class I Area.

Oklahoma must begin to effectively address emissions from coal-fired electric generation plants in Texas. There are 17 coal-fired electric generation plants operating today in Texas and another 13 are currently in the permitting process or under construction. These facilities are culpable not only for visibility impacts but also for contributing pollutants that impair Oklahoma's ability to comply with National Ambient Air Quality Standards.

Chesapeake submits the following comments specific to the Plan:

1. The Plan states: "Inside Oklahoma, Texas alone contributes more to visibility impairment at the Wichita Mountains than Oklahoma does. Considering these results, any effective strategy for managing visibility impairment at the Wichita Mountains must address outside sources including regional and international transport." The document further concludes that "[s]ources in Oklahoma contribute less than one-seventh of the visibility impairment at the Wichita Mountains; **emissions from Texas alone account for almost twice the impairment as those from Oklahoma**" (emphasis added) See Also, Tables V-1, V-2, V-3, V-4 and V-5.

Comment: The Plan fails to adequately address out-of-state sources that contribute to visibility impairment at the Wichita Mountains. DEQ should evaluate culpable out-of-state sources

(in conjunction with an applicable state agency) with the same level of scrutiny as sources inside Oklahoma.

2. The Plan states: "Table V-8 indicates sulfureous emissions clearly most importantly impair visibility at the Wichita Mountains." The report continues by stating "... Texas sources bear culpability for the largest proportion of visibility impairment. In every category except course particulate matter, sources in Texas (and other states) notably contribute more than those in Oklahoma do.

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Comment: Most sulfureous emissions that impact visibility at the Wichita Mountains may be attributed to coal-fired sources (particularly coal-fired electric generation units). While the Plan acknowledges impact from out-of-state sources and to some extent, attempts to address this matter via consultation with Texas and agreement to allow Oklahoma opportunity to comment on pending Texas air permit applications (for sources within 300 km of the Oklahoma/Texas border), such approach is inadequate. This is particularly the case given DEQ is requiring excessively expensive "sulfur emission" controls on coal-fired electric generation units located within the state. (see comment below)

3. The Plan states: "In her letter dated 25 March 2008, Susanna Hildebrand, director of air quality division of Texas Commission on Environmental Quality, requested concurrence of Oklahoma that DEQ did not rely on any additional reductions from Texas sources in meeting reasonable progress goal at the Wichita Mountains. DEQ responded in a letter dated 25 April 2008, confirming that DEQ accounted for all expected reductions."

and rate payers

Comment: In light of overwhelming evidence that Texas sources impact visibility at the Wichita Mountains, and given the potentially large financial impact on Oklahoma electric generation facilities, DEQ should have requested additional reduction from Texas sources to meet the reasonable progress goal.

4. As referenced in Table V1-6, DEQ specifies that Dry Flue Gas Desulfurization ("DFGD") be installed on the following coal-fired units:

OG&E Muskogee	Units 4 & 5
OG&E Sooner	Units 1 & 2
PSO Northeastern	Units 3 & 4

Comment: While Chesapeake acknowledges that DFGD technology would result in significant reductions of sulfur emissions, such will be accomplished only after extraordinary and unwarranted investment by ratepayers.

Chesapeake is aware of OG&E's estimation that scrubber capital cost on its affected coal units would total \$1.527 billion. Further OG&E claims that it expects to incur annual operating and maintenance costs of \$150 million. Finally, OG&E claims that Oklahoma ratepayers will be required to endure a \$365 million rate increase. While DEQ may dispute OG&E's calculations, one fact is clear; the capital and annual O & M costs for DFGD are extremely high and would represent one of the largest capital investments undertaken in state history. Chesapeake believes that the expenditure of funds for this emission control equipment is imprudent. While it would undoubtedly be acceptable to DEQ, culpable coal-fired generation should focus on the development and utilization of more environmentally friendly electric generation units and fuel sources.

Thank you for allowing Chesapeake to provide comments to this important matter.