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**steag**

**Power LLC**

Three Riverway, Suite 1100  
Houston, Texas 77056  
Phone 713-499-1155  
Fax 713-499-1167

September 10, 2004

US EPA - Region IX  
Air Division (AIR 3)  
75 Hawthorne St.  
San Francisco, CA 94806

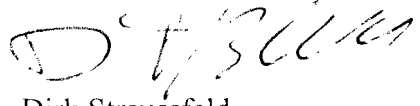
Dear Messrs. Baker and Rios,

STEAG Power LLC of Houston, Texas filed an application for a Prevention of Significant Deterioration Permit prepared by ENSR Corporation, Document Number 09417-360-250R1 in May 2004.

We inform you that STEAG Power LLC ("STEAG") has completed a transaction with Post Oak Power, LLC ("Post Oak Power"), an affiliate of Reservoir Capital, to sell to Post Oak Power substantially all of STEAG's assets, including STEAG's rights related to the proposed Desert Rock Project that is the subject of the PSD application. It is Post Oak Power's intent to continue development of the project as planned in the PSD application. Ownership transfer of the asset is effective as of today, September [#], 2004.

The Project team and office will stay in place in Houston. However, there will be future changes in email addresses after the team is integrated into Reservoir's IT structure. Correspondence with the Project team is best accomplished by telephone in the meantime at 713-499-1155.

Very truly yours,  
STEAG Power LLC



Dirk Straussfeld  
President