



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 6
1445 ROSS AVENUE, SUITE 1200
DALLAS, TX 75202-2733

April 2, 2012

CERTIFIED MAIL – RETURN RECEIPT REQUESTED: 7010 2780 0002 4357 3940

Mr. Randy Bird
Chief Operating Officer
White Stallion Energy Center, LLC
1302 Waugh Dr., Ste. 896
Houston, TX 77019-3908

Re: White Stallion Energy Center, Permit Nos. 86088/PSD-TX-1160/PAL 26/HAP 28
Matagorda County, Texas

Dear Mr. Bird:

On May 2, 2011, the U.S. Environmental Protection Agency (EPA), Region 6 Compliance Assurance and Enforcement Division issued a Finding of Violation and Opportunity to Confer to White Stallion Energy Center, LLC (WSEC) regarding the inclusion of a Plant-Wide Applicability Limit in Permit Nos. 86088/PSD-TX-1160/PAL 26/HAP 28 (the Permit) for the planned WSEC in Matagorda County, Texas. Further, at our meeting on June 7, 2011, we expressed our concerns regarding the PAL provision of your Permit and you expressed a willingness to consider the removal of the PAL provisions from your permit. Given the recent decision by the Texas Commission on Environmental Quality (TCEQ) Commissioners to accept new evidence as part of a judicial remand of your Permit, we believe that now is a good opportunity to request from TCEQ that the PAL permit be withdrawn, and the PAL provisions be removed from the Permit. We appreciate your efforts to address this violation and take the necessary steps to achieve a SIP compliant New Source Review permit.

While this letter is specific to the White Stallion PAL permit, we look forward to resolution of remaining concerns expressed in EPA letters dated April 14, 2009, April 20, 2009, February 10, 2010, September 29, 2010, and January 31, 2012.

If you have any questions regarding this letter, please contact David F. Garcia of my staff at (214) 665-7593.

Sincerely,

A handwritten signature in black ink, appearing to read "John Blevins".

John Blevins
Director
Compliance Assurance and
Enforcement Division

Re: White Stallion Energy Center

cc: Michael De La Cruz
Texas Commission on Environmental Quality
12100 Park 35 Circle
Austin, TX 78753

Marc H. Schneider
White Stallion Energy Center
1302 Waugh Dr. #896
Houston, TX 77019

Eric Groten (*electronically*)
Vinson & Elkins LLP
2801 Via Fortuna, Suite 100
Austin, TX 78746-7568