



**United States Department of Agriculture  
Rural Development**

October 8, 2010

**SUBJECT:** Finding of No Significant Impact (FONSI)  
Enerkem Corporation, Cellulosic Ethanol Facility  
Pontotoc, Mississippi

DESCRIPTION OF ACTION

The U.S. Department of Agriculture, Rural Business-Cooperative Service (RBS) has received an application from Enerkem Corporation to guarantee a loan under the Biorefinery Assistance Program. The purpose of the loan would be to construct and operate a heterogeneous feedstock cellulosic ethanol production facility which would produce up to 10 million gallons of fuel grade ethanol per year at its peak capacity, displacing the use of over 7 million gallons per year of petroleum-based gasoline production. The facility would be located in rural Pontotoc, Mississippi. The environmental analysis of this proposed action is contained in an Environmental Assessment (EA) prepared by the Department of Energy (DOE) for a similar loan guarantee to Enerkem Corporation; RBS has adopted that EA for this proposed action.

The Applicant proposes to construct a biorefinery at an existing landfill and use post-sorted and dried municipal solid waste (MSW) as the primary biomass feedstock for ethanol production. The site located in Pontotoc, Mississippi was selected for the proposal because the existing landfill site could easily accommodate an additional industrial facility and because the MSW source is projected to be consistent and provide the needed biomass for the refinery.

BASIS FOR FINDINGS

All discussion, analysis and findings related to the potential impacts of construction and operation of the Applicant's proposal (including required mitigation) are contained in the EA, prepared by DOE. Further, this finding is based on site investigation, data collection and research, and contact with agencies with special environmental expertise or jurisdictional responsibilities mandated by law. In reviewing the indicators of significance in the attached assessment as outlined in Rural Development Instruction, 7 CFR Part 1940, Subpart G, it has been determined that the Applicant's proposal to construct and operate a heterogeneous feedstock cellulosic ethanol facility and the Agency's financial support of it does not constitute a major Federal Action which will significantly affect the quality of the human environment.

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All of the environmental impacts identified in the EA are anticipated to be short-term and minor. However, adherence to local, State, and Federal requirements pertaining to standard construction design and operation practices would mitigate any potential negative impact identified in the EA and associated with this proposal. Beyond those negative impacts that would normally occur with activities of this type, no additional impacts are anticipated to occur with the operation of the action alternative.

The Applicant must obtain and comply with all appropriate Federal, State, and local permits and approvals required for construction and operation of the biorefinery, and this requirement shall be incorporated and enforceable through the Agency's Conditional Commitment for Guarantee.

FINDINGS

The attached environmental assessment for the subject proposal has been prepared and reviewed by the appropriate Rural Business-Cooperative Service officials. After reviewing the assessment and the supporting materials attached to it, I find that the subject proposal will not significantly affect the quality of the human environment. Therefore, the preparation of an environmental impact statement is not necessary.

I also find that the assessment properly documents the proposal's status of compliance with the environmental laws and requirements listed therein.

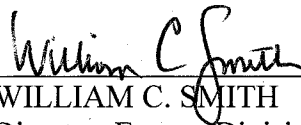
Prepared by:



ANNIE EBERHART GOODE  
Environmental Protection Specialist  
Program Support Staff

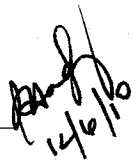
11/10/2010  
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Recommended:

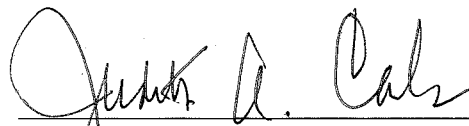


WILLIAM C. SMITH  
Director, Energy Division  
Rural Business-Cooperative Service

11/22/10  
Date



Approved:



JUDITH A. CANALES  
Administrator  
Rural Business-Cooperative Service

12/7/10  
Date