



# INDUSTRIAL COMMISSION OF NORTH DAKOTA

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FOR IMMEDIATE RELEASE

## **Great Northern Power Development and Industrial Commission Announce Coal Gasification Project at South Heart**

BISMARCK, N.D. - The North Dakota Industrial Commission and representatives from Great Northern Power Development, L.P. (GNPD) and Allied Syngas Corporation (Allied Syngas) today announced a \$1.4 billion coal gasification project at South Heart to produce pipeline quality natural gas. This project has the potential to provide more than 200 skilled jobs to the area.

The project was announced in conjunction with the Industrial Commission's approval of the final installment of a \$10 million grant to GNPD through the Lignite Vision 21 (LV21) program. Administered by the Industrial Commission, LV21 is designed to meet the region's growing energy needs and to revitalize the lignite industry by providing matching funds to lignite based projects.

The South Heart project is being developed through a joint venture between GNPD and Allied Syngas. Both GNPD and Allied Syngas have affiliated companies that bring additional strategic value to the project. Great Northern Properties Limited Partnership is an affiliate of GNPD that owns a substantial amount of the coal reserves to be used to fuel the project. Envirotherm GmbH (Envirotherm) is an affiliate of Allied Syngas and is a co-owner of the advanced gasification technology that will be applied to the project.

"This project is about the future and will bring an important economic boost to southwestern North Dakota," said Gov. John Hoeven. "When you look at the Beulah or Underwood areas, you see how energy projects benefit our small communities and rural areas. Further, this project will be designed to capture and sequester carbon dioxide produced in the gasification process. That means more energy for the nation, with good environmental stewardship and quality jobs in North Dakota."

"The LV21 Program is a partnership between the State and the private sector in promoting the development of North Dakota's valuable natural resources," said Attorney General Wayne Stenehjem. "Working together North Dakota, GNPD and Allied Syngas can reduce the nation's reliance on foreign imports."

"This is the kind of coal development that North Dakota should be promoting," said Agriculture Commissioner Roger Johnson. "Gasification is proven technology and provides a great opportunity to strip the CO2 stream off of the gas as it is cleaned up for transport via pipeline. Furthermore, this location is strategically located right on top of oil fields that can use the CO2 for enhanced oil recovery."

The South Heart project will use state-of-the-art technology that has been developed and proven over the last 25 years. The BGL technology is owned jointly by Advantica Limited (Advantica) and Allied

Syngas's affiliate, Envirotherm. Advantica and Envirotherm will provide the technology license, process design and related technical support for the gasification process.

"We're looking to produce a much needed domestic source of clean burning natural gas, utilizing the vast energy resources of North Dakota in an environmentally responsible manner," said Chuck Kerr, president and CEO of GNPD. "The project will have a small environmental footprint, with minimal air emissions and very little impact on local water usage. In addition, the project is designed to capture and store carbon dioxide. We are very excited to be applying this latest technology in North Dakota."

"The South Heart project will be a showcase for the BGL technology, which originally was developed for the primary purpose of producing substitute natural gas as an alternative to expensive and potentially unreliable imports," said Rhem Wooten, president of Allied Syngas. "There could be no more fitting place to start than North Dakota, which pioneered the Great Plains Synfuels effort in Beulah nearly 25 years ago."

The development of the gasification plant evolved out of research GNPD conducted for a potential lignite fueled electricity generating plant for the same area. "As we did due diligence on the electricity generating project, it became clear that a coal gasification project making substitute natural gas made more sense for North Dakota and us," added Kerr.

#### **Project Facts:**

- The project will use North Dakota lignite and seven BGL gasifiers to produce up to 100 MMCF/day of pipeline quality natural gas that potentially will be used in-state and can also be sold nationwide.
- The South Heart project is expected to use existing infrastructure to transport its natural gas to market.
- The South Heart project will have a small environmental footprint. The project will be able to capture and use many of the chemical byproducts to manufacture fertilizers and provide chemical feedstocks to manufacturing facilities in the region. This project is also being designed to capture and sequester CO<sub>2</sub> in depleted oil fields, brine and/or shale formations in North Dakota and adjacent areas.
- Because the South Heart project will be designed for low water use and will take advantage of water available from the mine and other on-site resources, it is expected there will be very little impact, if any, on local water supplies.
- Construction is targeted to begin in late 2009/early 2010, with completion in 2012.
- The peak construction phase will employ more than 1,000 people.
- The South Heart project will yield, over its life, millions of dollars in additional state coal severance, sales and income taxes.
- Compared to standard power plants, the South Heart project will have a much lower visual profile.

The Industrial Commission of North Dakota, consisting of Governor John Hoeven, as chairman, Attorney General Wayne Stenehjem and Agriculture Commissioner Roger Johnson, administers the Lignite Research, Marketing and Development/Lignite Vision 21 Program.

#### **About Great Northern Power Development L.P. (GNPD) and Allied Syngas Corporation (Allied Syngas)**

GNPD was created to develop projects incorporating the coal and lignite reserves owned by its affiliated partnership: Great Northern Properties Limited Partnership (GNP), the nation's largest private owner of coal reserves. While GNP was formed solely for the leasing and management of its mineral land interests,

GNPD was formed to assume the responsibility for all aspects of project development, including project management, financing, feasibility studies, permitting, land control, business development, contracts and mine development. Both GNP and GNPD are headquartered in Houston, Texas.

Allied Syngas and its affiliate Envirotherm GmbH, a co-owner of the BGL gasification technology, are part of Allied Resource Corporation (“Allied Resource”). Formed in 1994, Allied Resource is a global technology-based industrial services company based on a growing number of technology innovations focused on environmental services, industrial processing and recycling. Headquartered in Wayne, Pennsylvania, Allied Resource also has substantial operations in Western Europe and China.

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