



INDUSTRIAL COMMISSION OF NORTH DAKOTA

John Hoeven
Governor

Wayne Stenehjem
Attorney General

Roger Johnson
Agriculture Commissioner

News Release

May 22, 2006

For Immediate Release

North Dakota Industrial Commission approves funding for front-end engineering and design study for proposed McLean County coal-to-liquids facility

BISMARCK – The North Dakota Industrial Commission today approved the Lignite Research Council’s recommendation that up to \$10 million be available from the state’s Lignite Research, Development and Marketing Program to assist with a front-end engineering and design (FEED) process study as part of a plan to construct and operate a coal-to-liquids (CTL) plant in McLean County, North Dakota.

The funding application was submitted by Great River Energy, Headwaters Inc., North American Coal Corporation and Falkirk Mining Co., who are exploring a CTL project near Underwood, North Dakota. The proposed plant would gasify lignite and convert it into ultra-clean diesel along with other fuels and petrochemicals.

The NDIC approved the proposal in two steps. The NDIC will initially release \$1.2 million of the \$10 million with the remainder contingent upon the four partners raising an additional \$30 million.

In a joint statement, Industrial Commission members – Governor John Hoeven, Attorney General Wayne Stenehjem and Agriculture Commissioner Roger Johnson – said, “We recognize this effort as a first-of-its-kind project not only in North Dakota, but in the United States and believe that the financial help provided by the state of North Dakota can help turn this idea into reality. The partners are currently in the preliminary stages, but the result could be a state-of-the-art facility that provides several hundred, good-paying jobs for North Dakotans along with making our country less dependent on foreign energy.”

According to John W. Dwyer, President of the Lignite Energy Council and Chairman of the Lignite Research Council, "I applaud the Industrial Commission for its foresight and willingness to pledge \$10 million to fund a FEED process study for a CTL plant. In the long-term, this plant has potential to turn lignite into 10,000 to 50,000 barrels of liquid fuels per day."

North Dakota's Lignite Research, Development and Marketing Program is a multi-million dollar state/industry partnership that concentrates on near term, practical R&D projects that provide the opportunity to preserve and enhance the development of North Dakota's abundant lignite resources. Over 24,000 jobs, \$2.0 billion in business volume and \$80 million in state tax revenue are generated annually by the lignite industry for the State of North Dakota each year.

The Industrial Commission of North Dakota, consisting of Gov. John Hoeven as chairman, Attorney General Wayne Stenehjem, and Agriculture Commissioner Roger Johnson, oversees the Lignite R&D Program, which has provided more than \$46 million in state funds for over 165 lignite-related R&D projects since 1987. The program receives about \$3 million from a 10-cent-per-ton R&D allocation from the coal severance tax. The state dollars are matched with funding from other sources.

-30-

FURTHER INFORMATION: Karlene Fine (701) 328-3722