



opportunityreturns

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OFFICE OF THE GOVERNOR

Rod R. Blagojevich – Governor

news

FOR IMMEDIATE RELEASE:

June 9, 2004

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GOVERNOR BLAGOJEVICH ANNOUNCES \$500,000 *OPPORTUNITY RETURNS* GRANT TO EAST DUBUQUE FERTILIZER PRODUCER TO STRENGTHEN COMPANY AND CREATE HUNDREDS OF JOBS

SPRINGFIELD – In an aggressive effort to promote clean burning coal as a cost-efficient alternative to the escalating natural gas prices, Governor Rod Blagojevich today announced the awarding of a **\$500,000** grant to an Illinois fertilizer producer to start the process of using advanced clean coal technology as a replacement for natural gas to operate its East Dubuque facility. The *Opportunity Returns* grant, which comes from the Illinois Department of Commerce and Economic Opportunity's Office of Coal Development, will allow Royster-Clark Nitrogen, Inc. to begin the development process that will ultimately supplant natural gas with coal gasification as its source of energy for fertilizer production. The shift will pay huge dividends for Royster-Clark, as well as the economic vitality of the Northwest region, greatly reducing the company's cost of doing business and eventually creating more than a 100 new plant jobs, more than 200 coal mining jobs, and about 1500 construction jobs in all.

"The cost of fertilizer production has reached an all-time high forcing many U.S. plants to shut down. Jobs are being exported to China, the Middle East and the Caribbean, as we are becoming increasingly dependent on foreign fertilizer. Even worse perhaps, the high costs of production are being passed on to Illinois farmers, who must rely on nitrogen fertilizer to maintain a high yield of crops each year. We simply can't allow this trend to continue. That's why this *Opportunity Returns* grant to Royster-Clark is a critical investment in the health and well being of Illinois' rural economy. The company's conversion to clean coal will pave the way for an expansion that will keep this plant in Illinois, ensure the company continues to provide our farmers with U.S. fertilizer, and increase the use of clean coal in Illinois," Governor Blagojevich said.

As with all U.S. fertilizer producers, the economic viability of Royster-Clark's plant is directly tied to a stable feedstock price. With high-priced natural gas, fertilizer producers are in a constant struggle to survive. Since 2000, natural gas prices have escalated to historic highs, resulting in the shut down of more than 19 U.S. nitrogen fertilizer plants and record level imports of fertilizer from low-cost production regions (the Middle East, China and the Caribbean). The high cost of production also gives rise to concerns that the nation's farmers will face much higher nitrogen fertilizer prices.

To retain and increase the productivity of the East Dubuque fertilizer plant, Royster-Clark is working with Rentech, Inc. to convert from natural gas feedstock to Illinois coal using coal gasification, an advanced clean coal technology. By utilizing coal gasification, Royster-Clark will not only eliminate its dependence on the volatile natural gas market and reduce its operating expenses, but also be able to produce multiple products: ammonia for fertilizer, Fischer-Tropsch Diesel (an ultra-clean, low sulfur diesel fuel), and electric power.

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The combined production of fertilizer and Fischer-Tropsch Diesel is a Rentech patented process. Amazingly, the electric power generated in the production process is actually substantial enough to operate the entire facility and have surplus remaining to sell on the market.

"Royster-Clark is working with Governor Blagojevich to pro-actively develop this nationally significant project -- the first plant of its kind to produce ammonia fertilizer together with clean diesel and electricity using ultra-clean coal technology and Illinois coal. It will help reduce America's dependence on price volatile petroleum products by converting the East Dubuque plant feedstock to price stable, abundant coal and demonstrate American creativity and spirit. This will help our workers, our agricultural customers, our community and our country," said Ken Moshenek, President of Royster-Clark.

By being able to produce multiple products for diverse markets, the company greatly reduces its business risks and vastly increases its competitiveness. The company's revamped operation will allow it to provide competitively priced fertilizer to Midwest farmers and supply ultra-clean domestic diesel fuel to a variety of customers, including the City of Chicago's transit fleets.

"This grant to Royster-Clark is a great example of how *Opportunity Returns* is thinking outside the box to spur business activity and job creation in the Northwest region and throughout the state. Governor Blagojevich is always looking to decrease our dependence on conventional and costly fuels, but this grant supporting the conversion from gas to coal strikes at the very core of our economic development mission. It will directly help create and retain hundreds of jobs and strengthen the very foundation of the regional economy," DCEO Director Jack Lavin said.

The DCEO grant will start the development process. Phase one of the development study will be completed by this August. A detailed development effort lasting 15 months will then start in September 2004. The facility should be up and running within 3 years.

"Rentech is pleased to be a part of this exciting, forwarding-thinking project. We appreciate the innovative grant program by Governor Blagojevich to revitalize industry, protect farmers and add good-paying jobs. The conversion of the existing facility at East Dubuque to a coal feedstock, combined with the Rentech FT process technology, is our patented approach for producing two economically critical products in a very efficient process. When converted, the East Dubuque plant will produce fertilizer and ultra clean diesel at very competitive costs using environmentally sound, advanced clean coal technology. The diesel fuel will exceed all existing and future EPA standards, while the fertilizer will help keep America's farmers competitive and world leaders in agricultural production," said Dennis Yacobson, CEO and President of Rentech, Inc.

Royster-Clark is Illinois' only remaining fertilizer producer. Its East Dubuque nitrogen fertilizer plant produces 830 tons per day of ammonia, along with urea and UAN solution, for sale to Midwest farmers. It employs 109 people in full-time, well-paying positions.

The *Opportunity Returns* regional economic development plan is the most aggressive, comprehensive approach to creating jobs in Illinois' history. Since a one-size-fits-all approach to economic development just doesn't work, the Governor has divided the state into 10 regions – finding areas with common economic strengths and needs, and developing a plan with specific actions for each region. This grassroots effort for the Northwest region was the product of significant outreach over several months with business, civic and labor leaders, and elected officials. This plan is tailored to deliver real results that local businesses will see, feel, and, hopefully, profit from.

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