



opportunityreturns

Creating more jobs for today and tomorrow

OFFICE OF THE GOVERNOR
Rod R. Blagojevich – Governor

news

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STATE FAIR AGRICULTURE DAY SPARKS OPTIMISM FOR NEW ENERGY SAVING-CLEAN COAL INITIATIVE SUPPORTED BY *OPPORTUNITY RETURNS* GRANT

SPRINGFIELD - State agriculture and business leaders convened today at the Illinois State Fairgrounds for a demonstration and discussion of a breakthrough project at a northwest Illinois fertilizer plant that can revitalize the farm, chemical and coal industries, both in Illinois and throughout the Midwest. The project, to convert the plant's feedstock from high-priced natural gas to Illinois coal, is being made possible in part by a **\$500,000** state grant that comes as a part of *Opportunity Returns*, Governor Rod Blagojevich's aggressive, regional economic development plan to spur growth and create jobs across the state.

"I congratulate Rentech and Royster-Clark for recognizing that its future is more secure with a stable, homegrown feedstock like Illinois coal. This *Opportunity Returns* grant is a critical investment in the health and well being of Illinois' rural economy. We're not only increasing the use of clean coal, but laying the foundation for a new cost-efficient means of fertilizer production that is vital to the continued competitiveness and sustainability of Illinois farmers," Governor Blagojevich said.

The *Opportunity Returns* grant, which comes from the Illinois Department of Commerce and Economic Opportunity's (DCEO) Office of Coal Development, allowed Royster-Clark Nitrogen, Inc. in East Dubuque 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, as well as stimulate the economic vitality of the Northwest region, greatly reducing the plant's cost of doing business and eventually creating more than a 100 new plant jobs, more than 100 coal mining jobs, and about 1000 construction jobs in all. The conversion should also mean more stable pricing and supply of the product for farmers, as well as new jobs for Illinois coal miners.

As with all U.S. nitrogen 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 1999, natural gas prices have escalated to historic highs, resulting in the permanent shut down of more than 15 U.S. nitrogen fertilizer plants and record level imports of fertilizer from low-cost production regions (the Middle East, China and the Caribbean). 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.

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“This goes beyond a win-win situation. It’s the triple crown,” said DCEO Director Jack Lavin at the Agriculture Day event. “It means jobs for the coal industry, new jobs and new technology for Jo Daviess County, and an increase in the productivity and competitiveness of an important Illinois company. Moreover, it creates a model, as the ‘Coal to Corn’ slogan suggests, in which one of our state’s most important economic resources is supporting another.”

Illinois Department of Agriculture Director Chuck Hartke and other state leaders at the event. “The cost of fertilizer production has reached an all-time high, posing a real danger to U.S fertilizer production plants, as well as to the farmers who depend on it for their livelihood. We need to do everything we can to ensure the continued domestic production of fertilizer along with stable prices and a stable supply. Funding this pilot project at Royster Clark demonstrates Governor Blagojevich’s deep commitment to being successful in this effort,” Director Hartke said.

To retain and increase the productivity of the East Dubuque fertilizer plant, Rentech is proposing to purchase the facility and convert from natural gas as a feedstock to Illinois coal using coal gasification, an advanced clean coal technology. By utilizing coal gasification, the plant 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.

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.

The DCEO grant started the development process. Phase one of the development study will be completed later this fall. A detailed development effort lasting 15 months will then start. The facility should be up and running within three years.

“We’re delighted that Governor Blagojevich is supporting this very important project. 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 John Diesch, the plant manager.

With completion of the project, the plant would be able to increase production 15% from the 500,000 tons of fertilizer it currently sells, primarily in the upper Corn Belt. In addition, it would generate 75 megawatts of electricity and produce about 2200 barrels of low-sulfur diesel fuel a day.

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, Governor Blagojevich 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. Each plan is tailored to deliver real results that local businesses will see, feel, and, hopefully, profit from.

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