

The Australian (In association with the Wall Street Journal)
White Energy cranks up plan for US coal upgrade plant
By Matt Chambers
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White Energy has secured land and a supply of coal for an \$80 million coal upgrading plant it plans to build in the US to produce briquettes for power stations.

In the Powder River Basin in Wyoming, the plant will be the third the Sydney-based company has started, after a pilot plant in Cessnock and one in Indonesia already under construction.

White Energy has agreed to lease land to build the plant at the Buckskin coal mine, owned by US mining and construction contractor Kiewit, and to buy coal from the mine.

The plant is due to start production in January next year, building up to annual maximum capacity of 1.1 million tonnes of coal briquettes in the second quarter.

White Energy's patented process upgrades low-quality, sub-bituminous, low-sulphur coal into briquettes that boost the coal's energy output by 35 per cent.

Chairman John McGuigan said the company had started seeking buyers for the briquettes.

"We've been in active discussions with a number of energy companies," Mr McGuigan said.

Offtake agreements are expected to be finalised this year. Mr McGuigan said the company was looking at other opportunities for its upgrading process in South Africa, where it recently signed a joint venture, as well as in Indonesia and the US.

The Indonesian plant is due to start production this quarter, he said.

White Energy's plants crush, dry and briquette high-moisture coals, boosting the energy content per weight and maintaining the low-sulphur, low-ash characteristics of the coal.

The company's shares rose 5c (2.5 per cent), to \$2.05 yesterday.

Meanwhile, shares in oil and gas producer Petsec Energy jumped on news it had sold its interest in the Humphreys gas field in the US for \$US400,000 (\$559,000).

Shares in Petsec closed up 2c, or 8.57 per cent, at 19c after news of the sale in onshore Louisiana.

The unnamed purchaser also assumed Petsec's plugging and abandonment obligations. The field consists of two producing wells, a saltwater disposal well, and production facilities.

Petsec said production from the gas wells was declining, with current combined flow rates of about 1.1 million cubic feet of gas daily.