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White Energy, Peabody Coal Venture Seeks Expansion in China

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By Jesse Riseborough

White Energy Co., the Australian coal processing company in a venture with Peabody Energy Corp., is seeking expansion with the largest U.S. coal producer in China, which burns the fuel to produce 80 percent of its electricity.

“White Energy does have an office in China and we have done a lot of work in investigating the opportunities in the Chinese market,” Chairman John McGuigan said today by phone from Sydney. “We know there is a significant interest in the Chinese market with respect to our technology.”

Peabody and White Energy yesterday agreed to develop a coal processing plant in the Powder River Basin, the largest U.S.

coal-producing region. The venture will use White Energy’s technology of drying high-moisture coal into bricks that generate 35 percent more energy. China is the world’s second- largest energy consuming nation and the biggest user of coal.

“We view this technology as a way to unlock further value in our reserves,” Richard A. Navarre, Peabody’s president, said today in a statement to the Australian stock exchange. “Coal has been the fastest-growing fuel for each of the past five years and will continue to be the world’s primary source of electricity.”

White Energy, which has dropped 17 percent in the past six months, rose 2.2 percent to A\$1.635 at 2:20 p.m. in Sydney.

Peabody has the right to acquire a 15 percent stake in White Energy under the accord and the first right to participate in new coal ventures with White Energy in China and North America, the companies said in today’s statement.