Coal Plant Backers Want Extension

JAMES MacPHERSON, Associated Press

BISMARCK, N.D. (AP) — Backers of a proposed coal-to-liquid fuel plant in western North Dakota will ask for a fifth extension of state aid to study the project, a spokesman said Monday.

Dallas-based North American Coal Corp. spokesman David Straley told The Associated Press that developers will ask for another extension before year's end. Developers still need favorable coal legislation and a clear U.S. energy policy for the $4 billion project to move forward, he said.

"We still believe this project holds value and has potential," Straley said.

North American Coal and Headwaters Inc. of South Jordan, Utah, formed American Lignite Energy LLC in 2007 to oversee construction and operation of the plant. A site for the factory has not been announced.

The state Industrial Commission in 2007 committed up to $10 million in state aid from coal tax collections to determine the project's potential.

More than $1.35 million has been used to study the project to date, said Karlene Fine, the Industrial Commission's director.

The commission originally gave American Lignite Energy until the end of 2008 to decide if the project was feasible. It has extended the deadline annually since then. Gov. Jack Dalrymple, Agriculture Commissioner Doug Goehring and Attorney General Wayne Stenehjem — all Republicans — make up the commission.

Wayde Schafer, a North Dakota spokesman for the Sierra Club, said the company appears to have had plenty of time to study the project's potential."

The state money would be better spent on alternative or renewable energy sources, Schafer said.

"To grant another extension effectively ties up the state's money, which could be put anywhere," he said.

The factory would use lignite coal from North Dakota to produce 460 million gallons of gasoline a year, the company has said. The plant also would generate electricity that developers plan to sell to out-of-state markets. Developers say the coal-to-liquid fuel plant would capture at least 70 percent of its carbon emissions, inject them underground, for storage or to force more oil and natural gas to the surface for processing.

Backers say the project would create about 700 jobs in western North Dakota, with

an average salary of about $70,000 a year.

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