

# Wyo coal about to get hotter

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CHEYENNE -- Coal giant Peabody Energy Corp. is partnering with an Australian firm to build a plant in Wyoming that will boost the heat value of coal mined in the Powder River Basin.

St. Louis-based Peabody and White Energy Co. of Sidney will form a company that will build the plant and process coal supplied from one of Peabody's several coal mines in the basin.

The plant is expected to be in operation in 2012 and will initially produce about 1 million metric tons of upgraded coal a year. The estimated cost of the plant has not been determined, officials with the two companies said.

White Energy announced earlier this year that it was building a similar plant at another mine in northeast Wyoming that would cost about \$80 million.

Marion Loomis, executive director of the Wyoming Mining Association, said investing in coal remains worthwhile despite talk about coal-fired plants contributing to global warming.

"It's still our biggest source of energy, and we need to continue to develop it and address the issues that are associated with it, but I don't think we're going to get away from our reliance on coal for the majority of our electricity," Loomis said.

Peabody is one of the world's largest coal producers, and Wyoming is the nation's leading coal producer.

Wyoming coal burns cleaner than coal found in the eastern United States. But most of the Wyoming coal has more moisture and is considered a low grade coal because it doesn't produce as much heat when burned.

White Energy says it has developed a process to remove the moisture and still retain the clean qualities of the low grade coal found in Wyoming and elsewhere. It has just finished building its first commercial scale coal upgrading plant in Indonesia and hopes to have it operating later this summer, said Judy Tanselle, president of White Energy Coal North America, the U.S. subsidiary of White Energy.

Peabody spokesman Dic Svec said the upgraded coal plant in Wyoming is the only such facility Peabody is planning.

Svec said Peabody believes coal will remain a viable fuel source even in a "carbon constrained world."

"If you look at the latest International Energy Agency data, it says that the growth in coal use will be greater than natural gas, nuclear, hydro, wind and solar combined over the next 15 years," he said.

In addition, studies show carbon capture and storage technology under research now will keep coal affordable, compared to other types of energy resources, he said.