

Project's financing awaits state approval

Wyoming county OKs \$545M in bonds for DKRW coal-to-gasoline plant

By JEREMY FUGLEBERG Star-Tribune energy reporter | Posted: Thursday, January 19, 2012 7:00 am

Carbon County commissioners on Tuesday signed off on state issuance of \$545 million in bonds to help pay for a proposed coal-to-gasoline plant in southeast Wyoming.

The commissioners voted to support the issue of \$245 million in tax-exempt bonds, as well as \$300 million in state industrial development bonds, to fund the plant.

The project calls for a site near Medicine Bow by a subsidiary of Houston-based DKRW Advanced Fuels.

The commissioners unanimously approved both issues, said commission Chairman Terry Weickum.

"We believe this company is real, we believe it's great for Carbon County and great for Wyoming, and we're very enthusiastic that they chose to build this coal-to-liquids plant here," he said.

Bob Kelly is executive chairman of DRKW. He said the bonds are "very helpful" in assembling the \$1.7 billion to \$2 billion needed to finance the plant's construction. Kelly said the company is seeking bank financing to cover the rest of the plant's cost.

"We appreciate the commission moving forward," Kelly said. "We're going to meet and discuss this with the governor and move on with getting this package together."

The commission's approval is only a first step for the bonds. Gov. Matt Mead must sign off on the issuance of the tax-exempt bonds, which DKRW would sell on the bond market and for which the state and county are not liable.

However, the Wyoming Business Council, State Treasurer Joe Meyer, Mead and the state Legislature must sign off on the industrial development bonds, which are backed by the state's permanent minerals trust fund.

"That is state money," Kelly said. "That is essentially a loan by the state to the project that would be repaid at a competitive rate over time."

The Wyoming Business Council has said it wants to refer the project for review by the Idaho National Laboratory. DKRW had previously committed to paying the \$130,000 cost of the review, but the company decided to hold off pending the county commission's decision. The review will now likely take place.

"We'll talk to the Wyoming Business Council with getting that started," Kelly said.

The Carbon County Commission took about an hour to allow DRKW to answer questions from letters and members of the public at Tuesday's meeting about plant financing, the county's liability and other issues. Weickum, the commission chairman, said he felt all of the questions were answered satisfactorily.

"We were put very much in the comfort zone that we're doing the right thing," Weickum said.