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President

WMPI Pty. LLC

Testimony

Before the Committee on Resources

Subcommittee on Energy and Mineral Resources

United States House of Representatives

Hearing on ***“The Future of Federal Coal: Status, Availability and Impact Technological Advances in Using Coal to Create Alternative Energy Resources***

May 4, 2006

Introduction

Thank you, Mr. Chairman, Members of the Subcommittee and Congressman Holden. I commend you for holding this hearing this morning. Coal-to-liquids is the most important resources topic and technology you could focus on and, over the next decade, the most important technology to insure U.S. energy and economic security.

My name is John Rich, Jr., the President of WMPI Pty., LLC., a privately held, Gilberton, Pennsylvania based company engaged in developing and subsequently operating the Gilberton Waste Coal to Ultraclean Transportation Fuels plant.

We first started investigating coal to liquid fuels in the late 80s and initiated development in the mid 90s.

The Gilberton Coal to Liquids plant will convert abundant anthracite coal waste into zero sulfur, high Cetane, ultraclean transportation fuels and electric power. Simultaneously, WMPI will reclaim large areas of abandoned mine lands. The plant will gasify the coal wastes to produce a gas which will then be converted into liquid fuels via Fischer-Tropsch (“FT”) synthesis. Part of the gas will also be used to provide up to 41MW of electric power and steam.

To Date:

- The Pennsylvania Department of Environmental Protection has issued the air permit; the Susquehanna River Basin Commission has issued the water withdrawal permit; the Environmental Impact Statement is in the final stages of review.
- The site, feedstock and infrastructure is available to WMPI.
- Among the project participants are:
 - Nexant, Inc., an affiliate of Bechtel Corporation;
 - Shell Global Solutions U.S., who will be providing the front end gasification technology;
 - SASOL Technology Ltd., the world leader in FT Synthesis will provide the essential technology that converts the gas into a wax;
 - ChevronLummus Global, will provide the technology which converts the wax into zero sulfur transportation fuel;
 - WMPI has engaged Uhde and Black & Veatch, both global engineering companies, to design, build and startup the Gilberton Plant;
 - WMPI has engaged Morgan Stanley and UBS as financial advisors and underwriters to guide us in securing the financing.
- WMPI is in the final stages of concluding an offtake agreement offered by Pennsylvania Governor Rendell for the diesel fuel produced.
- The Commonwealth of Pennsylvania has provided a Transferable Investment Tax Credit which will fund approximately 7% of the project cost.
- Two competitively awarded Department of Energy programs, the Early Entrance Co-Production solicitation and Clean Coal Power Initiative solicitation have been awarded to WMPI and have been essential to the success of the project.

Benefits are Many

- The United States will be taking meaningful steps toward reducing its dependence on foreign oil. Our plant feedstock is not subject to foreign manipulation as is today's situation with OPEC oil.
- The Gilberton Plant will provide 1000 construction jobs and during operation approximately 600 primary and secondary jobs.
- Successful commercialization of the technology throughout the US will bring substantial socioeconomic benefits to the nation's coal regions by trapping a portion of the dollars currently being exported to purchase foreign oil.
- Moreover, the Gilberton Plant will cause the cleanup of millions of tons of waste coal and reclamation of abandoned mine land.
- The facility will provide superior transportation fuels - the naphtha, kerosene and diesel fuels which are virtually free of sulfur, low in particulates and aromatics.
 - The FT naphtha can be upgraded to a high-Octane, clean reformulated gasoline.
 - FT kerosene is low in smoke point and has special application as military jet fuel. WMPI has had material similar, to what will be produced in Gilberton, shipped from South Africa to Wright-Paterson Air Force Base which was tested by the DOD for its Single Battlefield Fuel of the Future Program with positive results.
 - The FT diesel can be incorporated and distributed through the existing infrastructure and exceeds all government fuel specifications.

What Can Congress Do?

These plants are very complex. The individual components are developed and commercial, but no one has integrated the Shell entrained flow gasifier with the Sasol FT technology. Investors are reluctant to invest in first-of-kind approaches. Furthermore, China is moving ahead with an aggressive coal to liquids effort and, daily, we are competing for limited resources such as shop space, engineering expertise, etc. Time is against us. With that in mind, Senator Santorum and Specter included a provision in the Energy Policy Act of 2005 for DOE to provide a loan guarantee for our project.

- If Congress would expedite this guarantee, WMPI can close financing and start construction this year.
- If Congress would expedite DOD entering into long term offtake agreements, this would facilitate our efforts to finance future projects while simultaneously reducing the uncertainty in DOD costs and availability of fuel.
- Finally, streamlining the environmental permit review for defense related contracts would speed up the financing, construction and operation of these facilities, expediting not only the ultraclean transportation fuels commercialization generally but making the country more secure specifically.

Within the next several years WMPI and other companies plan to expand their operations into western Pennsylvania, West Virginia, Kentucky and other western states and could produce up to 20% of the domestic transportation fuels that we are currently importing.

I thank you for giving me the opportunity to discuss these issues and I am ready to answer any questions which you might have.