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**STUDY FINDS COAL-TO-LIQUID IS CHEAPER THAN PETROLEUM
WOULD CREATE JOBS IN THE COAL REGIONS
AND
REDUCE DEMAND FOR OVERSEAS OIL**

GILBERTON, PA: As the General Assembly and Gov. Edward G. Rendell begin debate on an alternative energy program for Pennsylvania, a recent study by the Center for Forensic Economic Studies found converting coal to liquid fuel offered significant strategic benefits for meeting energy demand nationwide and helping depressed coal regions such as those in the Commonwealth.

“Given that the U.S. has 270.7 billion short tons of recoverable coal, or 27% of the worlds’ total reserves, the United States can reduce its dependency on foreign oil, improve the economies of the coal-bearing states and the country as a whole, increase revenues at the local, state and federal levels, and create domestic jobs in the energy sector and beyond, at a cost that is lower than what we are currently paying for foreign crude,” the report states.

The study was commissioned by John W. Rich Jr., president of WMPI Pty, LLC in Gilberton, PA, where Rich is working to build the nation’s first coal-to-liquid fuel plant.

The \$800 million plant will be located on a 75-acre site adjacent to the existing Gilberton Power Plant just north of Interstate 81 and about two miles east of Route 61 and Frackville, PA.

The study also found the price consumers are paying at the pump does not reflect the real cost of importing oil.

According to the study, the market price fails to include other costs that actually boost the price per barrel from the approximately \$80 it is today to \$228 when you factor in the \$24 import premium, its \$124 multiplier, and the \$10 refining and markup costs.

This puts the actual price of a gallon of gas at \$5.67 instead of the approximately \$2.79 that it is selling for today when derived from oil. Coal-to-liquid fuel, on the other hand, is, at \$80 per barrel the cost of crude, significantly less expensive to produce at \$1.90 per gallon. And it simultaneously adds \$3.76 per gallon to the economy.

“It makes economic sense to produce liquid fuels from coal instead of importing foreign crude oil,” according to the study’s authors, Brian P. Sullivan, Ph.D. and Leo Turcotte, Ph.D.

The import premium, also referred to as “social costs,” is what society collectively pays to buy oil overseas, the authors explain.

“These costs are paid indirectly through higher taxes, high unemployment, and a weaker economy,” the authors wrote.

The primary reasons for import premiums are:

- Costs due to market disruptions and price shocks caused by fluctuating economic conditions;
- The fact that because the United States is such a major consumer of overseas oil its demand affects prices;
- The cost of deploying the military to maintain access to overseas oil supplies.

The \$124 import multiplier signifies that every time one dollar is spent on foreign goods or oil 6.2 times that dollar goes out of the United States, which has a negative effect on economic growth.

“When the U.S. imports oil from abroad, those dollars are removed from the economy,” according to the study.

The study and matrix are available at www.ultracleanfuels.com.

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