

## **Altona's Arckaringa Coal-To-Liquids JV To Cost US\$3.53 Billion**

SYDNEY (Dow Jones)--A planned project to convert a 7.8 billion metric ton coal resource in the middle of South Australia state into diesel and naphta will likely cost US\$3.53 billion, the project's joint developer Altona Energy PLC (ANR.LN) said Monday.

At a mining conference in South Australia's capital Adelaide, executive director Peter Fagiano said that the joint venture with state-owned China National Offshore Oil Corp., or CNOOC, would cost US\$535 million for mining facilities, with a coal-to-liquids plant costing a further US\$2.99 billion.

The project would consume 10 million tons of coal annually to produce 10 million barrels of diesel and naphta and 4.5 million megawatts of electricity.

Fagiano said that the cost of diesel would likely come in at US\$53 per barrel, or 33 cents per liter, well below the current cost of refined petroleum products.

"Based on these economics, the development of the Arckaringa project looks attractive both in the medium and long term," he said.

The project is still undergoing a bankable feasibility study, the last major step before go-ahead. CNOOC owns 51% of the joint venture.

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