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United States Congress
The Illinois Delegation
Washington, D.C. 20510



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June 23, 1983

Mr. Edward E. Noble
Chairman
United States Synthetic
Fuels Corporation
2121 K Street, N.W.
Washington, D.C. 20586

Dear Mr. Noble:

We appreciate the opportunity to comment on the Synthetic Fuels Corporation's recent announcement of four proposed targeted solicitations, intended to focus on specific fuels. As members of the Illinois Delegation, we are most concerned with the solicitation for Eastern Interior Province Coal Gasification.

We have been concerned that as of this date, no Illinois projects have received support from the Corporation. The State of Illinois has approximately 25% of the total recoverable bituminous coal in the United States, a resource which we view as one of vast promise. However, the high sulfur content of these coals makes advanced technology for burning them particularly important. Many of us supported the creation of the Synthetic Fuels Corporation because we were persuaded that a greater effort was necessary, immediately, to develop environmentally sound means for using this vital resource. Our interest, however, has not been confined to Illinois. Technologies capable of converting Illinois coals could certainly be deployed successfully to increase the acceptable use of high sulfur coals in other States.

We also believe it is essential to focus on technologies that can be demonstrated commercially in the near term. In our view, Low-Btu Gas is such a technology. Its market potential is significant in the chemical, refining, and utility industry sectors, among others. Widespread use of Low-Btu Gas would free up fuels, including natural gas and liquid fuels, which could be more economically used for other purposes. Furthermore, it is entirely realistic in terms

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of today's state-of-the-art, to bring plants on-line that meet the two most important criteria of the Corporation's recent proposed solicitation; namely, that a project will produce a minimum 10,000 barrel per day crude oil equivalent in output, and will operate for a minimum of 300 days per year for 20 years.

As you know, Mr. Chairman, the State of Illinois has made a serious commitment to a project producing LBG from Illinois coal, the KILnGAS demonstration project in Wood River, Illinois. Significant additional support to cover the capital cost of this project has already been obtained from a consortium of major utility companies and from the Electric Power Research Institute. But as yet, no federal support has been provided.

As representatives of a State richly endowed with coal resources, we had anticipated that the Synthetic Fuels Corporation would be active in supporting Illinois projects, particularly those offering the promise of early commercial viability. Thus far we have been disappointed. It would be most troubling if a viable approach like Low-Btu Gas were denied the opportunity to compete at this stage of the process, or if the Corporation failed to support approaches for environmentally sound utilization of abundant Illinois coals. We would view such a failure with serious misgivings.

Mr. Chairman, we believe Low-Btu Gas should be included among the acceptable products for the targetted solicitation for Eastern Interior Province Coal Gasification. Illinois has, in many ways, facilitated development of this product in its coal development program. The favorable economics of Low-Btu Gas, the significant size of the potential market for it, and its usefulness as a technology which will accept Illinois coals argue strongly for including it among the products found acceptable for purposes of your solicitation.

We appreciate the opportunity to comment. We look forward to Synthetic Fuel Corporation participation in projects that will increase the use of Illinois coal.

Sincerely,

Walter J. Ryan

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