

Peabody Energy Acquires Interest in Industrial Coal Gasification Technology Company

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Peabody Energy announced today that it has reached agreement to purchase a 30 percent interest in Econo-Power International Corporation (EPIC™), which owns and markets modular coal gasifiers for industrial applications.

The EPIC Clean Coal Gasification System™ uses air-blown gasifiers to convert coal into a synthetic gas that is ideal for industrial applications.

"Americans are paying record prices for natural gas, and traditional gas- intensive industries are incurring severe economic harm," said Executive Vice President of Resource Management and Strategic Planning Roger B. Walcott Jr. "We believe that the EPIC process offers industrial natural gas customers a compelling coal-based alternative."

Peabody will invest up to \$6 million for the 30 percent interest in EPIC and will assist in marketing coal for customers of the technology. The EPIC process works particularly well using coal products from the Illinois Basin and Powder River Basin. A typical industrial application would use more than 200,000 tons of coal per year to fuel four gasifiers, producing the equivalent of 4 billion cubic feet of natural gas.

The EPIC system has lower capital costs and greater reliability than large-scale gasification technologies under consideration for electricity generation, and can produce syngas at a lower cost per Btu for small- and medium-sized users. EPIC has identified a broad target market of cogeneration and industrial process plants that would be suitable for the gasification system.

Peabody believes that Btu Conversion technologies that turn coal into natural gas, transportation fuels and hydrogen are expanding coal's traditional markets beyond electricity generation and steelmaking. Peabody is the world's largest private-sector coal company, with 2004 sales of 227 million tons of coal and \$3.6 billion in revenues. Its coal products fuel more than 10 percent of all U.S. electricity and 3 percent of worldwide electricity.

EPIC™, "The Clean Coal Gasification Company"™, a private Houston- based company, owns proprietary coal gasification and sulfur removal technology. EPIC designs, installs, owns and operates facilities using the EPIC Clean Coal Gasification System to supply clean Fuel Gas or Syngas to customers on long-term contracts. The EPIC coal-based system allows customers to stabilize long-term energy prices and remove short-term volatility, all at a significant discount to natural gas. The modular nature of the EPIC Clean Coal Gasification System ensures relatively rapid construction with minimal land required. The EPIC team consists of experienced industry professionals. Typical EPIC customers are a broad spectrum of power and industrial companies. For additional EPIC information, contact David Wakefield, EPIC President and Chief Executive Officer, at (713) 520-5083.

CONTACT:

Vic Svec
(314) 342-7768

SOURCE: Peabody Energy

CONTACT: Vic Svec of Peabody Energy, +1-314-342-7768

Web site: <http://www.peabodyenergy.com/>
