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Agrium gets gas to keep plant open

Agrium said July 14 that it has concluded gas supply contract negotiations with Cook Inlet producers that will allow it to keep its Kenai nitrogen facility open until November 2006.

The plant had been slated to close this November, if Agrium was not able to obtain new natural gas supply contracts.

Agrium said terms of the contracts were confidential.

“This positive outcome is a result of a lot of hard work and support from many different groups,” Agrium President and CEO Mike Wilson said in a statement. Wilson thanked Agrium’s Kenai employees and customers for their support, and also acknowledged the support of Alaska Gov. Frank Murkowski and his staff, as well as the cooperation of Cook Inlet gas producers, Enstar and the pipeline companies.

“We will continue to work with all parties in the coming year in an effort to obtain longer-term gas supplies for the facilities,” Wilson said.

Gov. Murkowski called the announcement good news for the Kenai community and for Agrium employees and their families.

The governor also thanked the Agrium Task Force, and said he and Wilson have agreed that the work of the task force should continue, since there is an ongoing need to expand gas supplies in Cook Inlet.

As of this November, Agrium will operate only one ammonia plant and one urea plant. Annual net ammonia sales capacity would be approximately 280,000 tonnes, if both the urea and ammonia plant operated at full capacity. The Kenai nitrogen facility produced approximately 690,000 tonnes of urea and 480,000 tonnes of net ammonia in 2004.

Agrium said the continued operation of the Kenai facility could add from 15 cents

to 40 cents per diluted share to Agrium's earnings for the additional one-year period, if Black Sea nitrogen sales prices were to range between \$200 and \$250 per tonne.

—Kristen Nelson

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