Renewable Energy Group to buy Syntroleum Corp.

Renewable Energy Group Inc., of Iowa, will acquire Syntroleum Corp., which owns half of a biofuels plant in Geismar, for 3.8 million shares of stock.

Those shares, based on Tuesday's closing price of $10.56, were valued at $40 million.

Based in Tulsa, Okla., Syntroleum has pioneered technologies for converting gas to liquids and renewable diesel fuel. The company has 101 patents issued or pending.

Syntroleum co-owns the Dynamic Fuels LLC plant in Geismar, which makes fuel from animal fat, with Tyson Foods. The $160 million plant can produce 75 million gallons of diesel a year but has not operated since October 2012, when it was shut down for a turnaround.

The plant was scheduled to restart in July, but doing so would have cost $20 million. Syntroleum's share of the startup costs was $10 million, and the cash-strapped company was reluctant to commit that amount.

Syntroleum President and Chief Executive Officer Gary Roth said the deal was the best path forward for the company.

Renewable President and Chief Executive Officer Daniel J. Oh said Syntroleum and its half of the Dynamic Fuels plant are an attractive way for Renewable Energy to enter the renewable diesel business.

Syntroleum has invested substantial resources in its Bio-Synfining technology, which enables the economical conversion of animal fats into diesel and jet fuel, Oh said. Syntroleum's technology and products complement Renewable Energy's core

biodiesel business.

Renewable Energy produces biodiesel and distributes it nationally. Combining Syntroleum’s renewable and synthetic fuel technologies with Renewable Energy’s expertise in biodiesel production, sales, marketing and logistics should be a positive for investors in both companies, Oh said.

The deal helps Renewable Energy grow its biofuels business, enhances the company’s intellectual property portfolio and expands its geographic footprint and customer segments, Oh said.

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