

“Shell scraps proposed Louisiana GTL complex”

By Bradley Olson, *Hydrocarbon Processing*, December 6, 2013

THE HAGUE (Bloomberg) -- Royal Dutch Shell halted plans to build a \$20 billion gas-to-liquids plant in Louisiana, citing the potential cost and uncertainty about future crude and natural gas prices.

The project would have used natural gas to produce 140,000 bpd of liquid fuels and other products normally made from oil, the company said in a statement.

Despite ample United States gas supplies from a boom in shale production, gas-to-liquids isn't “a viable option for Shell in North America,” the company said.

Shell started the first commercial gas-to-liquids plant in 1993, using a process developed in Germany and used to make fuels during World War II. The company completed the \$19 billion Pearl gas-to-liquids facility, the world's largest, in Qatar in 2011. Sasol, the largest producer of motor fuel from coal, announced plans last year to build a \$14 billion gas-to-liquids plant in Louisiana.

Read more: <http://www.hydrocarbonprocessing.com/Article/3287035/Latest-News/Shell-kills-20-billion-Louisiana-gas-to-liquids-plan.html>

“EPA: Ethanol limit ‘has been reached’”

The Hill, December 11, 2013

A top Environmental Protection Agency (EPA) official said on Wednesday that the agency's biofuel program has led to an unrealistic demand for petroleum refiners, a confirmation of warnings that have long been made by oil companies.

Christopher Grundler, the head of the EPA's Transportation and Air Quality Office, told the Senate Environment and Public Works Committee that the Renewable Fuel Standard (RFS) has threatened to force petroleum refiners to mix a blend of gasoline that cars can't use. The threat of the limit, known as the “blend wall,” has been a repeated concern for oil-and-gas companies that want the program repealed.

“We’re recognizing that the blend wall has been reached,” he said during Wednesday’s hearing on the annual mandate.

“Reaching the blend wall clearly presents constraints to using higher ethanol quantities because of the infrastructure and other market limitations,” Grundler added.

In November, the EPA proposed to dramatically scale back the amount of ethanol refiners will need to blend with gasoline in 2014, which many saw as an implicit recognition that the blend wall posed a danger to the RFS

Read more: <http://thehill.com/blogs/regwatch/energy-environment/192753-epa-ethanol-limit-has-been-reached>

“Encana to raise gas liquids output by 30 pct”

Reuters, December 11, 2013

Dec 11 (Reuters) - Encana Corp, Canada's largest natural gas producer, will boost liquids production by 30 percent in 2014 as it moves to execute a plan from its new chief executive to concentrate spending on regions rich in high-value gas liquids and oil.

The company said on Wednesday it will focus three-quarters of its planned 2014 capital spending of \$2.4 billion to \$2.5 billion on five shale regions in Western Canada and the U.S. South and Southwest.

Encana said these regions - Montney in British Columbia, Duvernay in Alberta, the DJ Basin in Colorado, the San Juan Basin in U.S. Southwest, and the Tuscaloosa Marine Shale in the U.S. South - will account for about 25 percent of production in 2014.

It said they will also generate about 45 percent of the company's total upstream operating cash flow, excluding the impact of hedging.

Encana was hurt by low natural gas prices last year, leading the company to write down the value of its gas assets by \$2.89 billion and cut output of gas with little or no liquids content.

Read more: <http://www.reuters.com/article/2013/12/11/encana-restructuring-idUSL3N0JQ2I820131211>

“Exxon expects N. American liquids output to rise 40 pct by 2040”

Reuters, December 12, 2013

Dec 12 (Reuters) - North American liquids production is expected to rise by more than 40 percent between 2010 and 2040, driven by technological advancements that enable increased output from sources such as oil sands, Exxon Mobil Corp said on Thursday.

More of the world's oil demand will be met by unconventional sources, which will make up nearly half of the liquids supply by 2040, the company said in its annual energy outlook.

Technological advancements such as hydraulic fracturing have led to an energy boom in the United States with soaring production from shale fields in Texas and North Dakota cutting the country's dependence on energy imports.

Exxon, the world's largest publicly traded oil company, also said it did not expect regulations on fracking to slow U.S. shale development.

"We do assume we will have continued access to unconventional resources, there is so much opportunity for unconventional resources, we don't see any significant constraints in those areas where we are operating today," William Colton, Exxon's vice president of corporate strategic planning said at a meeting to discuss the outlook.

U.S. oil production hit its highest level in 25 years in November, averaging 8 million barrels per day, the U.S. Energy Information Administration said in its latest monthly short-term energy outlook.

Read more: <http://www.reuters.com/article/2013/12/12/exxon-energyoutlook-idUSL3N0JR3H120131212>

“Carbon Sciences Considering Texas Sites for First Gas-to-Liquids (GTL) Plant”

Power Engineering, December 12, 2013

SANTA BARBARA, CA--(Marketwired - Dec 10, 2013) - Carbon Sciences Inc. (OTCBB: CABN), provider of a complete solution for transforming abundant and affordable natural gas into clean burning gasoline and other transportation fuels, today announced that it is actively considering several Texas sites for its first gas-to-liquids (GTL) plant.

"Texas has now become the primary focus for our first GTL plant," said Trey Smith, the company's Executive Vice President. "While we are still considering plant sites and sources of natural gas in other parts of the country, evaluating various Texas sites is our highest priority. We are especially attracted to sites that are being offered to us in the Fort Worth and Midland areas."

According to Kendall Carew, the company's Vice President of Business Development, "After opening our Fort Worth office in September, we are very pleased with our progress in identifying potential locations and gas suppliers for our first GTL plant, as well as a strong local market for our diesel product. We are continuing to evaluate the various options for securing a source of natural gas and a plant site."

"We are confident that over the long term natural gas is a more economical feedstock than crude oil to make transportation fuels," continued Mr. Carew. "It is our goal to utilize natural gas as a less expensive and more efficient source for the production of a substantial part of the transportation fuel needed for American vehicles -- without the need to change our infrastructure. Using our vast reserves of natural gas and new technologies, we continue to move closer to America's goal of achieving energy independence."

Read more: <http://www.powerengineeringint.com/marketwired/2013/12/10/carbon-sciences-considering-texas-sites-for-first-gas-to-liquids-gtl-plant.html>

“Lawmakers propose to eliminate corn from biofuels mandate”

By Christopher Doering, *Des Moines Register*, December 12, 2013

A bipartisan group of lawmakers Thursday introduced legislation that would eliminate corn from the country's ethanol mandate requirement.

The bill, introduced by Sens. Dianne Feinstein, D-Calif. and Tom Coburn, R-Okla., would greatly diminish the prominence of the Renewable Fuel Standard by removing the component that requires fuel to be made from corn. Smaller mandates for advanced biofuels such as cellulosic would remain in place. The Renewable Fuel Standard, put in place in 2005 and strengthened two years later, requires refiners to blend 16.55 billion gallons of biofuels in 2013, most of it from corn.

The 10 senators, all of them from states that are not major corn producers, said the maize component of the Renewable Fuel Standard has made food more expensive for consumers, pushed up the cost of animal feed for livestock farmers and harmed the environment.

“Eliminating this mandate will let market forces, rather than political and parochial forces, determine how to diversify fuel supplies in an ever-changing marketplace,” Coburn said.

The legislation, the latest bill that would scale back or end the Renewable Fuel Standard, faces an uphill climb in Congress. Lawmakers have a busy workload, and there is strong opposition from representatives in the Midwest and ethanol producers to any changes.

The head of Growth Energy, which represents the ethanol industry, called the legislation “incredibly shortsighted.”

Read more: <http://blogs.desmoinesregister.com/dmr/index.php/2013/12/12/lawmakers-propose-to-eliminate-corn-from-biofuels-mandate/article>

“TNO and TIPS to license new GTL plant”

By Adam Duckett, *The Chemical Engineer Today*, December 16, 2013

Mobile plant will offer fewer steps to liquid fuels

THE Dutch research outfit TNO and Russia’s Topchiev Institute for Petrochemical Synthesis (TIPS) are creating a company that will bring a novel gas-to-liquids (GTL) technology to the European fuels market.

The process developed by TIPS requires fewer steps than conventional GTL routes, so is expected to save time, energy and plant costs. It will allow companies to convert gas, biomass and coal into liquid fuels.

The typical way of making liquid fuels from gas is to first convert it to a synthesis gas, then into methanol, followed by conversion to straight-chain hydrocarbons and finally reforming it into a high-octane hydrocarbon blend. The new route skips the methanol steps and instead converts synthesis gas into dimethylether (DME) before direct synthesis to high-octane hydrocarbons.

TNO will convert the technology from Russian to EU standards – supporting the design and construction of a €20m pilot plant, with a mobile unit also planned.

Once commercialised, the technology will be licensed to energy companies enabling to convert gas produced at remote oil fields into fuel rather than flaring it. Liquid fuel can be used on site or is easier to transport away for sale compared to gas.

TNO says several companies have already indicated their interest in investing in the pilot plant.

Read more: <http://www.tcetoday.com/latest%20news/2013/december/tno-and-tips-to-license-new-gtl-plant.aspx>

“Applying Creativity to a Byproduct of Oil Drilling”

By Clifford Krauss, *The New York Times*, December 17, 2013

WATFORD CITY, N.D. — Viewed from outer space, the 1,500 blazing oil well flares burning off excess natural gas illuminate the plains of western North Dakota more brilliantly than Minneapolis hundreds of miles away.

The gas being burned in the Bakken field is a byproduct of a frenzy of oil drilling in isolated areas where there are too few gas-gathering lines and few limits on drilling. In total, the excess gas could heat a million homes, releasing roughly six million tons of carbon dioxide into the atmosphere every year — roughly equivalent to three medium-size coal-fired power plants.

That level of emissions is three times as great as only two years ago, outraging environmentalists, encouraging landowners to sue oil companies and prompting lawmakers to push for tighter regulations.

But for A. Lance Langford, Statoil's vice president for Bakken development and production, and other energy executives, the flaring problem can be the mother of invention. "You take a problem and you turn it into an opportunity," he said. "We're trying to think outside the box."

Oil companies and other industries are intensifying their efforts to stem the flaring, like building more pipelines and gas processing plants, planning new fertilizer factories that use natural gas as a feedstock and converting rigs and other equipment to use natural gas as a fuel.

But so far, the companies have been losing ground, and will probably not reduce the amount of flaring to the level of other oil-producing states for at least another five years.

Statoil, the Norwegian oil giant, is teaming up with General Electric here in the wheat fields of McKenzie County, the heart of the Bakken field, on a low-cost prototype it hopes will be used as far away as Africa and Asia, where gas now flared could be gathered for cooking and other uses.

Read more: http://www.nytimes.com/2013/12/18/business/energy-environment/applying-creativity-to-a-byproduct-of-oil-drilling-in-north-dakota.html?_r=3&adxnnl=1&pagewanted=1&adxnnlx=1387458385-d/TJQOO5f3YP0gPwcKqhTA

“Synthesis Energy Systems Commences Syngas Operations at Zao Zhuang Plant”

Press Release, *The Wall Street Journal*, *Market Watch*, December 18, 2013

Methanol Production Capacity Doubles to 90,000 Tonnes per Year

HOUSTON, Dec 18, 2013 (GLOBE NEWSWIRE via COMTEX) -- Synthesis Energy Systems, Inc. (SES) /quotes/zigman/96878/delayed/quotes/nls/symx SYMX +2.02% announced today that it has commenced initial production of syngas at its Zao Zhuang Joint Venture (ZZ) plant in Zao Zhuang City, Shandong Province, China. Using the additional syngas feedstock produced by the SES gasification system at the ZZ plant, SES expects annual methanol production rates to double from 45,000 tonnes to 90,000 tonnes per year. During the month of November 2013, which was the first month of methanol production since SES took over operations on October 31, the ZZ plant produced and sold approximately 5,400 tonnes of methanol at a market price of between 2,800 and 3,000 RMB per tonne using coke oven gas (COG) from Xuecheng Energy's adjacent coking coal plant.

Robert Rigdon, SES President and CEO, stated that, "Earlier this week, we restarted our SES gasification systems at ZZ and are ramping back up to 100% syngas production, which allows us to increase methanol production by combining syngas feedstock from our gasifiers with the COG feedstock. Our goal is to achieve an average run rate at ZZ for calendar 2014 of approximately 90,000 tonnes of methanol. Based on recent and historical market pricing of methanol, this would generate \$30 million to \$40 million in annual revenues. We look forward to reporting our third fiscal quarter's financial results for the period ending March 31, 2014, which we expect will

be the first full quarter of fully operational syngas production at both our ZZ and Yima JV plants."

Combined with SES' much larger 300,000 tonnes of methanol per year Yima JV facility, now also operating and increasing its methanol production rates as planned, SES has built two commercial-scale syngas plants in China. Together with SES' partners, SES is demonstrating the effectiveness and reliability of its advanced fluidized bed gasification technology using virtually any low quality coal, high ash coal and coal waste material.

Donald Huang, General Manager of the ZZ JV, said, "Our operations team is proud to have successfully completed the plant retrofits and upgrades to enable increased methanol production from integrated syngas and COG feedstock. Syngas production represents our core competency, and will allow us to demonstrate our technology's successful implementation to future customers and business partners."

Read more: http://www.marketwatch.com/story/synthesis-energy-systems-commences-syngas-operations-at-zao-zhuang-plant-2013-12-18?reflink=MW_news_stmp