

## Quarterly Research Performance Progress Report

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Prime Recipient Name and Address	Southwest Research Institute 6220 Culebra Road, San Antonio, TX 78238-5166
Prime Recipient type	Not for profit organization
Project Title	<b><u>TA2 Development and Field Testing Novel Natural Gas Surface Process Equipment for Replacement of Water as Primary Hydraulic Fracturing Fluid</u></b>
Principal Investigator(s)	Melissa Poerner, P.E., Klaus Brun, Ph.D., and Kevin Hoopes – <i>SwRI</i> <b>Subcontractor and Co-funding Partner:</b> Sandeep Verma, Ph.D. – <i>Schlumberger</i>
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Signature of Principal Investigator:	 <hr style="width: 30%; margin-left: 0;"/> <p>Melissa Poerner, P.E.</p>

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## 1 INTRODUCTION

Southwest Research Institute® (SwRI®) and Schlumberger Technology Corporation (SLB) are working to jointly develop a novel, optimized, and lightweight modular process for natural gas to replace water as a low-cost fracturing medium with a low environmental impact. Hydraulic fracturing is used to increase oil and natural gas production by injecting high-pressure fluid, primarily water, into a rock formation, which fractures the rock and releases trapped oil and natural gas. This method was developed to increase yield and make feasible production areas that would not otherwise be viable for large-scale oil and natural gas extraction using traditional drilling technologies.

Since the fracturing fluid is composed of approximately 90% water, one of the principal drawbacks to hydraulic fracturing is its excessive water use and associated large environmental footprint. Each application of fracturing can consume as much as three to seven million gallons of water. During the fracturing process, some of the fracturing fluid is permanently lost and the portion that is recovered is contaminated by both fracturing chemicals and dissolved solids from the formation. The recovered water or flow-back, represents a significant environmental challenge, as it must be treated before it can be reintroduced into the natural water system. Although there is some recycling for future fracturing, the majority of the flow-back water is hauled from the well site to a treatment facility or to an injection well for permanent underground disposal.

To mitigate these issues, an optimized, lightweight, and modular surface process using natural gas to replace water will be developed and field-tested as a cost-effective and environmentally-clean fracturing fluid. Using natural gas will result in a near zero consumption process, since the gas that is injected as a fracturing fluid will be mixed with the formation gas and extracted as if it were from the formation itself. This eliminates the collection, waste, and treatment of large amounts of water and reduces the environmental impact of transporting and storing the fracturing fluid.

There are two major steps involved in utilizing natural gas as the primary fracturing medium: (i) increasing the supply pressure of natural gas to wellhead pressures suitable for fracturing and (ii) mixing the required chemicals and proppant that are needed for the fracturing process at these elevated pressures. The second step (natural gas-proppant mixing at elevated pressures) still requires technology advancements, but has previously been demonstrated in the field. However, the first step (a compact on-site unit for generating high-pressure natural gas (supercritical methane ( $sCH_4$ )) at costs feasible for fracturing) has not been developed and is currently not commercially available. The inherent compressibility of natural gas results in significantly more energy being required to compress the gas than is required for pumping water or other incompressible liquids to the very high pressure required for downhole injection.

This project aims to develop a novel, hybrid method to overcome this challenge. Several processes will be evaluated to identify the optimal process for producing high-pressure natural gas ( $sCH_4$ ). Initial calculations have shown a substantial reduction in the total topside process energy requirements if a low-yield Liquefied Natural Gas (LNG) expansion, instead of a refrigeration production process, is utilized and treatment is limited to removal of only the minimal amount of impurities. The project will develop, optimize, and test this process both in the lab and in the field.

The project work will be performed in three sequential phases. The first phase will start with a thorough thermodynamic, economic, and environmental analysis of potential concepts, as well as detailed design. This will allow the selected thermodynamic pathway to be optimized for the intended application. The second phase will consist of the assembly and testing of a reduced-scale model in a SwRI laboratory to measure the overall efficiency and cost savings of the developed process. The third and final phase will be an on-site demonstration conducted in close partnership with SLB. This will allow the real world benefits of the technology to be demonstrated and quantified.

This report covers the work completed in this budget quarter. The project goals and accomplishments related to those goals are discussed. Details related to any products developed in the quarter are outlined. Information on the project participants and collaborative organizations is listed and the impact of the work done during this quarter is reviewed. Any issues related to the project are outlined and lastly, the current budget is reviewed.

## **2 ACCOMPLISHMENTS**

### **2.1 Project Goals**

The primary objective of this project is to develop and field test a novel approach to use readily available wellhead (produced) natural gas as the primary fracturing fluid. This includes development, validation, and demonstration of affordable non-water-based and non-CO<sub>2</sub>-based stimulation technologies, which can be used instead of, or in tandem with, water-based hydraulic fracturing fluids to reduce water usage and the volume of flow-back fluids. The process will use natural gas at wellhead supply conditions and produce a fluid at conditions needed for injection.

The project work is split into three budget periods. Each budget period consists of one year. The milestones for each budget period are outlined in Table 7-2. This table includes an update on the status of that milestone in relation to the initial project plan. Explanations for deviations from the initial project plan are included.

### **2.2 Accomplishments**

In this last quarter, there were several accomplishments made. This was the first quarter of the budget period 2 (BP2). The contract modification was received and executed near the end of February 2016, so approximately one month of time was available for technical work. During this time, the project team completed an in-depth review of the test matrix and the conceptual design for the laboratory testing.

### **2.3 Opportunities for Training and Professional Development**

No opportunities for training and professional development occurred during this last quarter.

### **2.4 Dissemination of Results to Communities of Interest**

No results have been disseminated to communities of interest during this quarter.

### **2.5 Plan for Next Quarter**

During the next quarter, the process of procuring the test equipment will begin. This includes finalizing the equipment selection (updating quotes, finalizing quantities of items order, etc.), placing the orders to vendors, receiving the equipment, completing as-received inspections, and preparing the instrumentation for calibration.

#### **Summary of tasks for next quarter**

- Equipment procurement
  - Finalize equipment selection
  - Order equipment from vendors
  - Receive equipment and inspect
  - Prepare instrumentation for calibration

### 3 PRODUCTS

With any technical work, results will be documented and reported to the appropriate entities. In addition, the work may produce new technology or intellectual property. This section provides a summary of how the technical results of this project have been disseminated and lists any new technology or intellectual property that has been produced.

#### 3.1 Publications

No written works have been published during this last quarter. In addition, no abstracts for future papers or conferences have been submitted for this project.

#### 3.2 Websites or Other Internet Sites

The results of this project have not been published on any websites or other internet sites during the last quarter.

#### 3.3 Technologies or Techniques

No new techniques or technologies have been developed in the last quarter.

#### 3.4 Intellectual Property

No intellectual property, such as patents or inventions, has been submitted or developed in the last quarter.

### 4 PARTICIPANTS & OTHER COLLABORATING ORGANIZATIONS

The work required to develop the high-pressure natural gas (sCH<sub>4</sub>) processing system for fracturing requires the technical knowledge and effort of many individuals. In addition, two companies, SwRI and SLB, are collaborating to complete the work. This section provides a summary of the specific individuals and organizations who have contributed in the last quarter.

#### 4.1 Southwest Research Institute (SwRI) – Prime Contractor

The following list provides the PI and each person who has worked at least one person-month per year (160 hours of effort) in the last quarter.

- Melissa Poerner, P.E.
  - Project Role: Principal Investigator
  - Nearest person month worked: 0
  - Contribution to Project: Project management, test design
  - Funding Support: DOE
  - Collaborated with individual in foreign country: No
  - Country(ies) of foreign collaborator: none
  - Traveled to foreign country: No
  - If traveled to foreign country(ies), duration of stay: none

#### 4.2 Other Organizations

In this project, SwRI is collaborating with SLB. SLB is a subcontractor and cost share supporter for this project. More information about their participation is listed below.

- Schlumberger
  - Location of Organization: United States

- Partner's Contribution to the Project: Analysis and design support
- Financial Support: n/a
- In-kind Support: Labor hours in second budget period
- Facilities: n/a
- Collaborative Research: SLB staff supports the design and testing tasks for the second budget period
- Personnel Exchanges: n/a

## **5 IMPACT**

During this quarter, the test design development for measuring natural gas foam rheology and pressure transient events in a foam fracturing type system continued. The project team met with foam rheology testing experts and reviewed the test setup and the objectives for the testing. It was confirmed that there have not been published studies on foam rheology testing with natural gas foams and at pressures near fracturing conditions, and that the planned testing was unique and relevant. The future construction and testing of natural gas foams at higher pressures will provide much needed information to industry to advance fracturing with natural gas. In addition, the future testing with the test rig design will provide key details on the response of the foam fluid in a fracture-type event.

## **6 CHANGES/PROBLEMS**

During the first budget period, the project was completed on December 31, 2015 instead of the original end date of September 30, 2015. The start date for BP2 was January 1, 2016. The contract modification for BP2 was not executed until late February 2016. Therefore, this delayed the start of the technical work in BP2. The BP2 milestone completion dates have been updated to reflect the project delays and are outlined below. A summary of all the milestones and their status are shown in Table 7-2.

- Milestone E – Compressor/Pump Train Setup Complete
  - Original Completion Date: March 17, 2016
  - New Completion Date: September 30, 2016
- Milestone F – Test Data Acquired and Analyzed
  - Original Completion Date: September 30, 2016
  - New Completion Date: December 31, 2016

## **7 BUDGETARY INFORMATION**

A summary of the budgetary data for the project is provided in Table 7-1. This table shows the initial planned cost, the actual incurred costs, and the variance for the current budget period. The costs are split between the Federal and Non-Federal share.

For the first quarter in BP2, \$10,200 was spent. The cost included labor charges for the technical work completed. Since the technical work began in late February 2016, the cost variance on the current quarter is high. The technical work is progressing as planned with an offset because of the delayed start.

**Table 7-1. Budgetary Information for Period 2**

Baseline Reporting Quarter	Budget Period 2	
	Q1	Cumulative Total
	1/1/2016 - 3/31/2016	
Baseline Cost Plan	\$141,000	\$141,000
Federal Share	\$112,800	\$112,800
Non-Federal Share	\$28,200	\$28,200
Total Planned	\$141,000	\$141,000
Actual Incurred Cost	\$10,200	\$10,200
Federal Share	\$10,200	\$10,200
Non-Federal Share	\$0	\$0
Total Incurred Costs	\$10,200	\$10,200
Variance	\$130,800	\$130,800
Federal Share	\$102,600	\$102,600
Non-Federal Share	\$28,200	\$28,200
Total Variance	\$130,800	\$130,800

Table 7-2. Summary of Milestone Status

Budget Period	Milestone Letter	Milestone Title/Description	Planned Completion Date	Actual Completion Date	Verification Method	Comments (Progress towards achieving milestone, explanation of deviations from plan, etc.)
1	A	Top 2 to 3 Thermodynamic Cycles Identified	January 2, 2015 <b>New: June 9, 2015</b>	Complete June 9, 2015	At least two combinations of thermodynamic paths and sets of equipment have been identified as being capable of accomplishing natural gas compression from approximately 200-1,000 psi inlet to 10,000 psi outlet	Completion of this milestone has been delayed by execution of full contract. Actual completion date is June 9, 2015.
	B	Top Thermodynamic Cycle Identified	May 1, 2015 <b>New: September 30, 2015</b>	Complete September 30, 2015	At least one combination of thermodynamic paths and sets of equipment have been identified as being capable of accomplishing natural gas compression from approximately 200-1,000 psi inlet to 10,000 psi outlet in an economically feasible fashion. (see Milestones NOTE below). This is considered a critical path milestone.	Start of this work was delayed due to delay in execution of full contract. Actual completion date is September 30, 2015.
	C	Finalized Detailed Design	September 30, 2015 <b>New: December 31, 2015</b>	Complete, December 31, 2015	A laboratory-scale compression/pump test train will be designed to accomplish natural gas compression from approximately 200-1000 psi inlet to 10,000 psi outlet in an economically feasible fashion. (see Milestones NOTE below). This is considered a critical path milestone.	With the delay in execution of the full contract, this milestone was completed on December 31, 2015
2	D	Compressor/Pump Train Set-up Complete	March 17, 2016 <b>New: September 30, 2016</b>	In progress 10% complete	The laboratory-scale compression/pump test train will be assembled/constructed. This is considered a critical path milestone.	none
	E	Test Data Acquired and Analyzed	September 30, 2016 <b>New: December 31, 2016</b>	Not Started	Measured data will confirm that the laboratory-scale compression/pump test train is able to accomplish natural gas compression from approximately 200-1000 psi inlet to 10,000 psi outlet in an economically feasible, compact, and portable fashion (see Milestones NOTE below). This is considered a critical path milestone.	none
3	F	Field Test Set-up Complete	April 17, 2017	Not Started	The equipment for the field testing has been set-up and commissioned at the test site. The test set-up is ready for the start of operation.	none
	G	Field Test Data Acquired and Analyzed	September 29, 2017	Not Started	Measured data will show that the field-tested, laboratory-scale compression/pump train is able to accomplish natural gas compression from approximately 200-1000 psi inlet to 10,000 psi outlet in an economically feasible, compact, and portable fashion (see Milestones NOTE below). This is considered a critical path milestone.	none