

Premium diesel production plant on the cards



TUESDAY, 09 DECEMBER 2008

Journalist: Nick Perry — Oil and gas company Syngas (formerly Gulf X) Ltd says it has found enough brown coal in its Port Clinton deposit alone to feed an on-site premium diesel production plant for at least 25 years.

Syngas also holds the rights to deposits in Whitwarta and Beaufort, with the latter in particular also returning encouraging results for the company, and 558 million tonnes of JORC-compliant brown coal being found in total.

Syngas Executive Director Merrill Gray says while no official plans can be announced until the company's pre-feasibility study is completed early next year, the results are very pleasing.



Tom Browne Drilling Service conducting drilling on Adrian Weir's property in July, on behalf of Syngas Ltd. Coal found could feed a premium diesel production plant for 25 years, says Syngas.

"As an ASX listed company, it is sometimes hard to put 558 million tonnes of brown coal into context for investors, so saying the Clinton deposit could sustain a premium diesel production plant for 25 years is a way of explaining the scale of our find," Ms Gray said.

"We were very pleased to find the calorific value of the coal in Clinton and Beaufort exceeded original expectations we had based on previous drilling.

"This means the coal we have found contains a higher energy value than expected, and as such has the capability to produce more premium diesel."

300 local jobs

Although the scale of an eventual premium diesel production plant is something Syngas is still investigating, Ms Gray said the potential to create around 300 local jobs is valid.

“Three hundred is still a valid estimate for what we are looking at,” she said.

“It will depend on the scale of the plant, and that is something we will continue investigating.”

Ms Gray says the Syngas project is now the company’s main focus, and on Wednesday, November 26, a vote was passed to change the company name Gulf X to Syngas.

“Syngas is the business we’re in, so at the AGM, the board decided on a name change,” said Ms Gray.

Syngas also owns the rights to deposits in the Gulf of Mexico, but gained the rights to deposits in Clinton, Beaufort and Whitwarta in January this year, as part of a business acquisition.

Port Wakefield Primary rehab

Syngas Project Engineer Mike Maddox travelled to the Clinton site last Friday, joining Ardrossan-based Site Technician Alistair Smith in making a presentation to Port Wakefield Primary School.



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Around 40 Port Wakefield PS students travelled by bus to the site of recent exploration and water-bore drilling, on Adrian Weir's farm, and helped Mr Maddox and Mr Smith with rehabilitation, covering ground disturbed by drilling with saltbush clippings.

Mr Weir's site was the last in the Clinton area to be rehabilitated, after Syngas undertook drilling to gain an understanding of underground water movement, which will have to be contended with if mining takes place.

Why brown coal

On site, Mr Maddox explained why Syngas was interested in mining brown coal.

"People haven't used brown coal a lot in the past because it holds a significantly lower energy value than other forms of coal," he said.

"You wouldn't run a power station with it today, but Syngas has access to gasification technology, which will allow us to utilise brown coal and produce premium, environmentally-friendly diesel.

"The brown coal's relatively high oxygen content makes it ideally suited to gasification."

Coal to liquid process

The coal to liquid process involves feeding the brown coal into a gasifier, which, under high pressure and temperature, converts the coal to a gas, commonly referred to as Syngas, said Ms Gray.

"The syngas then goes through a clean-up stage where particles and sulphur are removed from the gas, allowing a more environmentally-friendly end diesel product to be produced," she said.

"The clean syngas then enters another stage, called Fisher Tropsch, where the gas is converted into a liquid, in this instance a high quality clean premium diesel.

"Part of the process is the generation of electricity via a combined steam/combustion turbine system. Syngas plans to make peak electricity available to the national grid."

Next step

The next step for Syngas will be to continue its pre-feasibility study, which Merrill says it hopes to have completed by mid-January, and available to the public by February.

Once this is released, Syngas will notify landholders of plans with a formal letter outlining compensation and other issues.

The company will then immediately commence a more in depth Definitive Feasibility Study, which is expected to take a further two years and include wide ranging stakeholder communication.

During this time various partnering and funding arrangements are expected to be made, based on a long-term view on crude oil prices.

Syngas is also looking at relocating its head office, currently based in Perth, to South Australia by 2011 to facilitate communications with all stakeholders including the local community and State and Commonwealth departments.

Construction of a plant would not be expected until 2012, with Syngas remaining hopeful full operation will be underway in 2016.

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