

NEVTAH CAPITAL MANAGEMENT ON POINT OF ANNOUNCING OIL PRODUCTION FROM UTAH OIL SANDS

To appreciate the full potential of [Nevtah Capital](#) Management, which is traded over-the-counter in the States, one has to understand the political implications as well as the technology used. The political angle was laid out clearly a couple of months ago in a Report from the U.S. Department of Energy and the offices of Petroleum Reserves, Naval Petroleum and Oil Shale Reserves entitled “Secure Fuels From Domestic Resources, The Continuing Evolution of America’s Oil Shale & Tar Sands Industries.” The driving force behind US foreign policy for many a year has been its twin aims of ensuring that oil supplies from overseas were not vulnerable to local politics and to boost internal production as much as possible. No surprise, then, to find that this Report focuses on “Energy Security Which Is Essential to Preserve America’s Economic Strength and National Security,” and stresses the importance of reducing the country’s dependence on foreign imports of oil and refined products in order to achieve the energy security objectives.

America’s two promising domestic unconventional resources are seen as being oil shale and tar sands. The Report then went on to document recent developments in the domestic oil extraction technologies and features the Closed-Loop Mobile Extraction Unit developed by Nevtah and its partner Black Sands Energy. Just to underline the potential the Report also estimates a total resource of between 19 and 32 billion barrels of tar sands in Utah alone, which is one third of the country’s oil sands resources and the partners have focused on Utah as the centre of their commercial production.

Nevtah and Black Sands are two of the few companies in the U.S.DOE Report focusing on oil sands, which provide a much better yield of oil from oil sands materials (1 ton = 1 barrel) than most oil shale deposits. The oil sand is first mined – hence its inclusion on Minesite - by open pit methods, as most of the oil sands are less than 250 feet from surface, and then dissolved in an enclosed container at 100F or higher. As it dissolves, it is passed to a wash chamber where any remaining oil is removed. The oil-free sand is desolventized with heat, which converts the liquid solvent to a gas which is 250 times less dense than the liquid. This phase change ensures a high solvent recovery. The solvent oil mixture is pumped into a critical unit which allows the removal of asphalt and oil selectively from the solvent through heating and cooling. The oil-depleted solvent is returned to dissolve additional oil sand.

The process is economical, gentle and efficient and processing temperatures are kept extremely low. Over 99 per cent of the solvent is recycled, hence the Closed-Loop sobriquet. Most of the heat used is also recyclable and since the process does not use water to recover the oil, much less energy is required. The solvent acts more quickly and efficiently than water to remove the oil and the footprint left does not create an environmental mess to clean up after the process. . The result is dry sand as the continuous flow system is totally closed-loop, with near-zero solvent loss, minimal emission of greenhouse gases and returns the sand to the environment in better-than-original condition, environmentally suitable for mine backfill as per Utah EPA standards. The process has a proven 99.9 per cent oil recovery efficiency at a cost of less than US\$12.50 per barrel which is very competitive with the oil industry itself..

Typically, heavy crude oil is full of salts, minerals and water, which make processing difficult. The Utah oil sands' crude is free of such impurities. The separation process produces high API gravity crude which is low in sulphur metals. It also has a lower viscosity than raw crude which makes it easier to transport than raw crude. This lighter crude is especially attractive to refiners who cannot process heavier crude. Nevtah and Black Sands Energy, after just 5 years, are now entering what the U.S. DOE has deemed the "Commercial Phase with Demo Plants and Commercial Plants." This was clearly an ideal moment for KTI, a listed Korean company to become involved and



it announced in April that, following the inclusion of two government-held leases in the Asphalt Ridge area, its participation would be increased to US\$29 million. This investment represents the second largest participation of a Korean company in a North American oil sands project and a mighty shrewd political move it is.

KTI is now moving ahead following a favourable independent engineering study. Its business model projects annual production of 12,000 barrels/day by the end of 2007, through the use of several multi-pod production units on several lease locations throughout the Asphalt Ridge/Whiterocks Deposits. KTI also expects to ramp up production to over 50,000 barrels/day by the end of 2009. In addition to this major development of three of the joint ventures' leases, the partners are continuing to seek out additional attractive leases in the area. There are also several other oil and gas companies with neighbouring Utah oil sands leases that are currently preparing potential joint venture agreements.

Once commercial production is confirmed, the share rating should liven up. Design changes have been made to improve efficiency and are now being tested. Once these are completed the production unit will move to Utah and production will start as soon as possible. With the price of crude oil pushing to new highs around US\$77/barrel, this should prove to be a very profitable operation.