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**BRITISH AIRWAYS**

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Nevtah Capital Management Deploys New Technology To Unlock The Potential Of Utah's Oil Sands

High oil prices and the growing scarcity of "easy" oil have transformed the economics of many a puddle of oil. Even heavy oil - the sticky, difficult-to-extract bitumen that has long been the second class citizen of the hydrocarbon world - is coming into its own as oil prices, technology and an abundance of tar-rich oil sands outside OPEC's stranglehold conspire to make it a valuable commodity in an energy-hungry world.

While Venezuela and Canada dominate the heavy oil reserves map, there are also plentiful but neglected resources in the US. Utah, for example, is home to eight major deposits with a combined shallow oil resource of 32 billion barrels of oil. These sands have been quarried since the turn of the last century for road-building material but more recent efforts to extract these resources for fuel foundered amid the low oil prices of the early 1990s.

Fifteen years on and the economics look very different. Not only are oil prices over US\$60 per barrel but Florida-based Nevtah Capital Management and its partner Black Sand Energy Corp have developed a patented extraction process that keeps costs down to around US\$12.50 per barrel including transportation costs. These kinds of numbers make for a very profitable business.

The two companies are focused on developing the 4,190 acre Asphalt Ridge deposit, where the sands boast an average oil saturation of 48 per cent and there's an estimated 900 million barrels of oil in place. The partners are using a proven, patented closed-loop solvent extraction technology, which uses non-toxic and environmentally benign solvents to separate the oil from the mined sands.

The solvents are recovered and compressed back to a liquid, which is then cooled and recirculated to an extractor vessel in an endless loop. The remaining sands are heated to remove any remaining solids, leaving behind dry sand that is suitable for mine backfill. The extracted oil must then be refined - the partners have an agreement with a nearby refinery in Salt Lake City.

Unlike other extraction techniques - such as the expensive, super-sized water-dependent mining projects in Canada or the steam-assisted gravity drainage technology used to tap deeper reserves - this process is flexible because it doesn't require large volumes of water or gas. There are minimal greenhouse gas emissions and because of the closed loop system over 99 per cent of the solvents are recovered and recycled. The capital costs are also manageable at around US\$3 million per unit.

There is, of course, a downside: the technology has yet to be proven on a commercial scale other than a year-long trial in Wyoming which produced around 2,000 barrels of oil per day. This trial has to some extent derisked the Utah project.

Nevtah and Black Sand Energy (motto: "we take oil out of sand") got their pilot project underway in November 2005 using a small mobile plant that can produce 100 bpd. During Utah's bitter winter months, the plant was winterized to cope with the extremely cold temperatures (which can result in a 30 per cent drop in processing rates). These alterations successfully maintained production levels and the partners are now building a commercial 2,000 bpd plant, which should be ready mid-year. Additional units can be added to scale up the plant as required.

Should the Asphalt Ridge project prove a success, then Nevtah and Black Sand Energy plan to target additional resources in Utah. The companies hold 14 tar sands leases in the state, including the neighbouring tar sands areas of PR Springs and Sunnyside with a further 4 to 5 billion barrels of reserves in place. These kinds of numbers would be the envy of many an oil company frantically wildcatting to shore up reserves replacement ratios. As one project insider points out, Nevtah and Black Sand have enough to keep them busy in this one state for at least another twenty years...

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