

MINI-GTL TECHNOLOGY BULLETIN

Volume 6, September 2019

INTRODUCTION

The Global Gas Flaring Reduction Partnership (GGFR) reports considerable progress and some setbacks over the last year in the commercialization of small scale GTL plants developed to monetize flared gas. The highlights are the Nigeria Gas Flare Commercialization Programme, and the building of a 500 Mscfd micro-GTL and a 5 MMscfd mini-GTL plant in Colorado and Alberta respectively.

We have come to a point where currently only a few mini-GTL technologies have been proven by plant demonstration runs and are now available for commercial consideration for flare gas monetization.

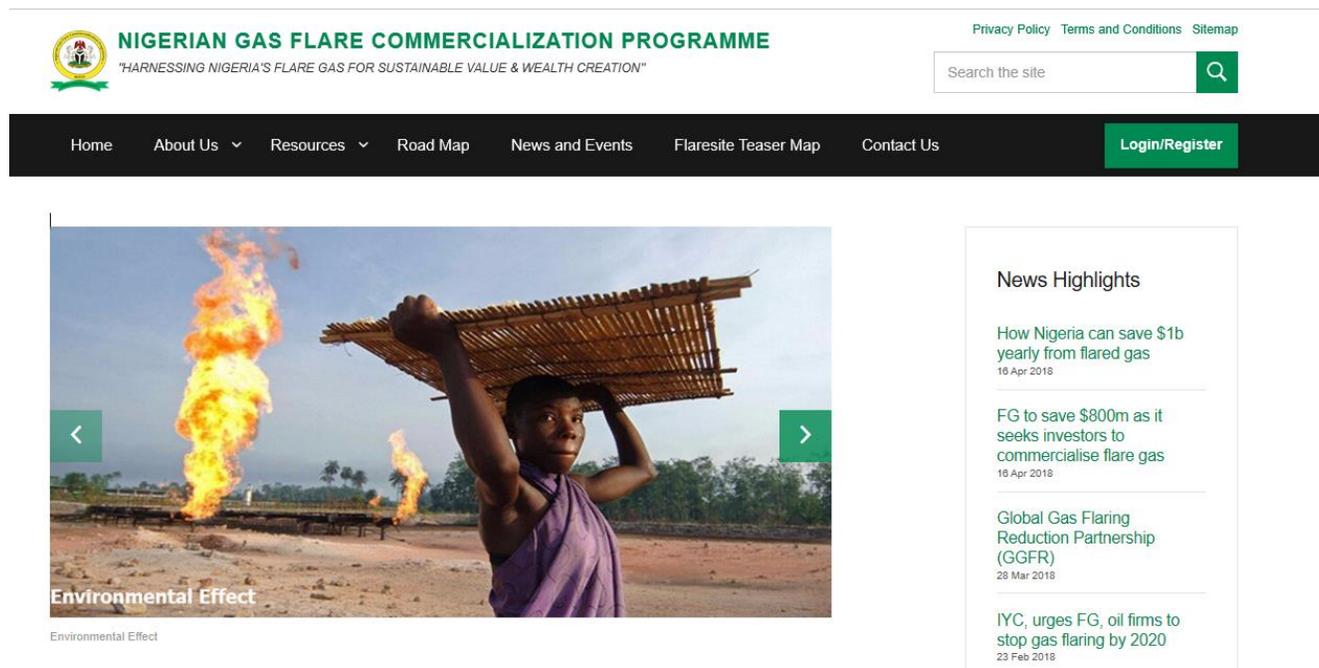
- 1. Greyrock: “Flare to Fuels Technology” (direct diesel and other FT liquids)**
- 2. Rocky Mountain GTL: Greyrock/EGTL FT technology**
- 3. Advantage Midstream: licensing Greyrock technology**
- 4. EFT: “Flare Buster Technology” (FT liquids)**
- 5. Primus GE: methanol or gasoline via MTG (methanol to gasoline technology)**
- 6. Haldor Tospoe/MPS: “Methanol To Go”**
- 7. GasTechno: “Methanol in a Box” (direct methane to methanol, ethanol and formalin)**

Just as a reminder, Fischer Tropsch (FT) liquids may include synthetic oil, diesel, naphtha, wax and other products. Different catalyst formulations and process operating conditions allow for a wide range of products dependent on market needs.

GGFR is evaluating the benefits of an in-depth validation of these, and other small-scale gas utilization technologies, through a member supported effort. At present, the working group is in the process of being formed with representatives from GGFR Partners and possibly appropriate 3rd parties.

NIGERIA GAS FLARE COMMERCIALISATION PROGRAMME (NGFCP)

The NGFCP was launched on December 13, 2018 with the challenging goal to eliminate all flaring in the country by the early 2020's. It is a market driven process and follows a competitive bidding process designed to attract 3rd party investors from across the world to monetize their flared gas. The bidding



process is done in 2 stages: First, there is a Request For Qualification (RFQ) which has been completed. A number of mini-GTL companies have submitted RFQs. Following a 'bidders conference' which is expected to be held in Abuja, Nigeria, later this year, qualified applicants will be invited for the 2nd step, submission of Request for Proposals (RFP). The aggressive schedule hopes to see award of projects granted later this year, with project executions starting in 2020. www.ngfcp.gov.ng

CATEGORIZING SIZES OF GTL PLANTS AND PROCESSING UNITS

Here is a quick reminder of nomenclature for the range of GTL plant sizes discussed in detail in the last bulletin. We believe that the size categorization in the table below is helpful in understanding the significantly different ranges of application from small scale GTL to miniGTL and microGTL. The boundaries between the different sizes are obviously not absolute but are practical logarithmic order of magnitude steps based on the rule of thumb that 10,000 scf of gas yields 1 barrel of liquid product, 1 MM scf gas yields 100 barrels, and so on.



World scale...Small-scale...Mini...Micro



	World scale	Small-scale	Mini-GTL	Micro-GTL
Plant Picture	Atlas Methanol Trinidad	Juniper USA	INFRA Technology Texas	GasTechno M300 North Dakota
Gas Feed-rate	~>100MMscfd	~>10MMscfd	~>1MMscfd	~>0.1MMscfd
Gas Feed-rate	~>3million m ³ /d	~>300k m ³ /d	~>30k m ³ /d	~>3k m ³ /d
Capex	~> \$500MM	~> \$100MM	~> \$10MM	~> \$1MM
Product make	>10,000bpd	>1000bpd	>100bpd	>10bpd
Comments	Stationary; 20+ years	Stationary; 20+ years life	Moveable; modular	Unattended "machine"; modular

Note: 10,000scf or ~280m³ of gas yields ~1bbl of oil/diesel/gasoline

GREYROCK TECHNOLOGY COMMERCIAL PLANTS

Greyrock has emerged as the most successful Mini-GTL company with officially announced plants in the Mini-GTL and Micro-GTL-arenas: Canada's Rocky Mountain and Advantage Midstream/Sandridge's Colorado project, respectively (see below). Rumors of a number of other projects including P-450 (500 bpd and M-50 (50 bpd) plants in the Permian (TX) and a M-50 elsewhere in the USA, have not yet been confirmed.

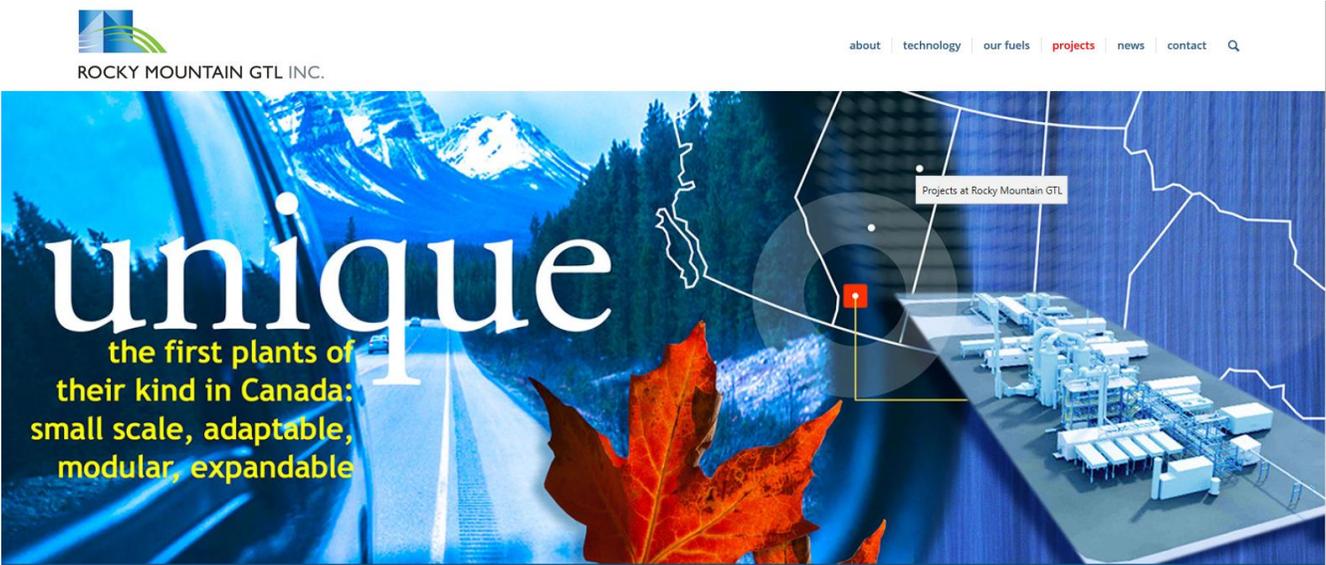
ROCKY MOUNTAIN GTL: MINI-GTL PLANT IN CANADA: 5 MMSCFD OF GAS

Rocky Mountain GTL Inc. announced that it has raised approximately US\$ 42 mln through a private placement, and a further US\$ 15 mln in the form of a term loan from a division of Scotiabank. With these funds available, the Board of Directors has approved the final investment decision to proceed with the construction of Canada's first commercial GTL plant 60 kilometers east of Calgary, near Carseland, Alberta. This 500 bpd plant, with a price tag of about US\$ 60 mln and expected start-up in Q4 2019, is not so "Mini" at all!

Rocky Mountain GTL acquired Expander Energy Inc.'s patented Enhanced GTL® technology, which is based on Greyrock's P-450 technology as described in earlier reports. They also completed a technology supply agreement from Greyrock that enables both this 1st plant as well as the deployment of additional plants that will use Greyrock's Direct Fuel Production™ technology and GreyCat™ catalyst.

The Corporation's Carseland Enhanced GTL® ("EGTL™") project is fully permitted and shovel ready. The proceeds of the private placements will be used to complete detailed engineering, order equipment and begin construction. The plant is designed to process up to ~5 MMscfe/d of natural gas and natural gas liquids into a nominal 500 bpd of paraffinic synthetic diesel and naphtha. The EGTL™ plant will be based on technology provided by Greyrock Energy with technology enhancements by Expander Energy Inc. The GTL plant will incorporate several unique features in that it will be water neutral, self-sufficient in electric power, and will recycle some of the process CO₂ to produce additional synthetic diesel. The Carseland plant forms the basis for future EGTL™ plants that are scalable from 5 MMscfe/d to 50 MMscfe/d of natural gas capacity. (FSCwire, Calgary, Alberta, Nov 28, 2018)

More information: www.rockymountaingtl.com; +1 403-452-6021



ADVANTAGE MIDSTREAM ANNOUNCES MICRO-GTL PLANT IN US: 500 MSCFD GAS

In the last issue we reported that Advantage Midstream, LLC, a Dallas-based, independent midstream company, announced a long-term agreement with Oklahoma City-based SandRidge Inc, to construct GTL plants to better monetize their low value associated gas. Late last year, a first venture consisting of a natural gas separation unit along with a GTL plant in the North Park basin, located in Jackson County, Colorado was announced.

The agreement provides for the installation of a natural gas refrigeration plant to process natural gas from SandRidge Energy's North Park assets. The plant will be installed adjacent to and in conjunction with Advantage's previously announced gas conversion plant that is to be installed in Jackson County, Colorado. This plant is a Greyrock M-50 micro plant converting about 500 Mcf of dry gas into 50 bpd of FT liquids. As part of the agreement, Advantage will own and operate the integrated plants and market all liquids from the plant. Revenues will be shared for a win-win partnership. (Press Releases by SandRidge Energy, Oklahoma City, Mar 4, 2019 and by Advantage Midstream, Dallas, Aug 23, 2019)



“Advantage Midstream is pleased to announce another layer of processing services with SandRidge in the exciting North Park basin. The combination of traditional NGL processing and our conversion services will allow for optimal environmental and economic benefit,” said **John Stephenson, Chief Executive Officer of Advantage Midstream.**

The authors of this report have long emphasized how important the revenue stream from the NGL fraction can be for the overall economics of the dry gas GTL conversion plant. EXCITING NEWS FOR MICRO-GTL.

For more information, contact: info@advantagemidstream.com; 214-396-9322



EFT EXPANDS “FLARE BUSTER” OFFERINGS AND ENTERS MINI-GTL ARENA

EFT's entry into the microGTL area with their FLARE BUSTER® 25, a nominal 25bpd mobile modular and self-sufficient microGTL plant has grown to include nominal 50 bpd, 100 bpd and 250 bpd versions. All FLARE BUSTER® sizes produce pumpable syncrude liquids that will blend directly into conventional oil. FLARE BUSTER® 25 incorporates advanced controls for satellite-linked remote monitoring/control and unmanned operation. The plant can be set up to generate its own power, and an upgrading module is available to produce fuel blendstocks (diesel/naphtha or diesel/jet naphtha).

Features:

- Primary plants consist of two to six (depending on size) trailer-mountable skids that consume 250 to 2,500 Mscfd of associated gas to produce roughly 25bpd to 250 bpd of pumpable Syncrude.
- A flexible front-end gas conditioning module to adapt to a variety of gas compositions.
- Optional capability to upgrade to transportation blendstocks (diesel, jet, naphtha).

EFT has now qualified two US Manufacturers to build these plants and expects to qualify more on a world-wide basis. The estimated cost of the plant modules alone: less than US 4 million fob US shop at 25 bpd, approx. US\$ 15 million at 250 bpd.

In addition to its FLARE BUSTER® activities, EFT continues to license its FT technology to others, recently adding Red Rock Biofuels to the list of licensees. (All information from Mark Agee, VP, EFT)

PRIMUS GE: METHANOL OR GASOLINE MINI-GTL PLANTS

Primus Green Energy had announced a number of projects were planned in North America, each converting about 6 MMscfd of gas into 160 tpd of methanol. Primus GE's business model is to build, own and operate such plants. Economy of scale considerations for the previously announced Marcellus methanol project in West Virginia (~6 MMscfd to 160tpd methanol) suggested that combining 4 such plants would offer greatly improved economics. Primus' CEO Steve Murray told us that, based on this information, they re-engineered their modular plant to twice the size (“XL”) and then combine 2 units, “2XL”, into small scale GTL plants that convert ~21 MMscfd of gas into 2100 bpd gasoline that should provide excellent financial returns. They continue to improve their methanol to gasoline (MTG) technology with better catalysts. Strategic focus is on building such plants in North America and licensing the technology in the Middle East. However, flare gas remains an area of interest at volumes >2 MMscfd.

For more info, please contact Trent Crow, VP Strategy, tcrow@primusge.com

“METHANOL TO GO” MINI-GTL PLANTS BY HALDOR TOPSOE/MPS

In earlier Bulletins we have described in detail the “Methanol To Go” business offering. It is based on Haldor Tospoe syngas/methanol technology and is modularized by MPS, Modular Plant Solutions. The plant comes in one size: 215 tpd methanol with a gas feed rate of 7.1 MMscfd, quite similar to the Primus GE base size of 160 tpd of methanol from about 5 MMscfd of gas. They are apparently working on a number of projects, but no commercial plant has been announced yet.

GASTECHNO: DIRECT METHANOL SYNTHESIS

GasTechno had a successful year as reported in the last Bulletin. On May 1, 2018, they issued a press release commenting on the experience of their Bakken gas flare monetization venture and announcing both the development of a combined NGL and GTL process and a new collaboration with Paradox Energy in Colorado. However, the collaboration didn't materialize for a number of reasons but particularly because of the high cost of oxygen which made the operation of the small M-300 plant (converting only 300Mcf of gas) uneconomical. As a reminder, the “Methanol in a Box” technology is unique with a direct oxidation of methane into predominantly methanol without the common syngas intermediate step. This technology is simple (non-catalytic) with low overall capital cost but requires potentially expensive oxygen as reactant.

GasTechno's new strategy forward is a global licensing effort which is underway. See the website for more information: www.gastechno.com. They also have 3 plants for sale: 2 M-300 units (US\$ 1.5mln each) and 1 M-700 unit (US\$ 2.5 mln). A distillation unit is required to separate the primary product mix into methanol, ethanol and formalin (US\$ 600k and US\$ 750k for the M-300 and M-700 respectively). (Personal communication with Walter Breidenstein, Founder and CEO)

INFRA TECHNOLOGY DEMONSTRATION PLANT PROBLEM

We have followed the INFRA GTL Technology for many years. Aggressive claims of 50+% Capex reduction and unusual operating conditions were identified as concerns with the need of a semi-commercial demonstration plant to substantiate the claims and prove the technology. INFRA did build a 100 bpd demonstration plant (“M100”) in Wharton, Texas in 2016, which was featured in a number of previous reports. Unfortunately, INFRA has been unable to commission and start up the plant for more than 2 years. Rumor had it that the problems were connected to the front-end syngas production and conditioning systems and that the FT reactors were never activated. Obviously, this start-up failure is a huge setback for INFRA Technology and an overall setback for the emerging mini-GTL industry, again raising concerns about the technology risks of these technologies. At this time, it will be impossible for

INFRA and their early customers to obtain financing for commercial projects. The plant was put up for sale.

There might be a happy ending after all. Greenway Technologies announced on July 23 that Mabert LLC, a major investor in Greenway, acquired the whole INFRA plant including an INFRA operating license agreement. The purpose of the acquisition is the incorporation and commercial demonstration of Greenway's proprietary "G-Reformer" syngas technology. Thus, 2 new technologies, the Greenway G-Reformer and the INFRA FT process can be proven in this plant. We will see whether the new team will be able to make the plant with the new reformer operational. (Globe Newswire, Fort Worth, Texas, Aug 31, 2019)

Jack Haynie took on the role as Business Development Manager based in Houston. His contact information is haynie@infratechnology.com; +1 713 300 2801

GREYROCK PUBLICATION: TECHNOLOGY PERFORMANCE AND IMPACT ON GLOBAL FLARING

Greyrock issued a very interesting paper titled "Reduction of greenhouse gas and criteria pollutant emissions by direct conversion of associated flare gas to synthetic fuels at oil wellheads" in the Int. Journal of Energy and Environmental Engineering, Vol 9 (2018), 305-321. This is a must read for people interested in flare gas monetization via GTL. About $2.4 \times 10^4 \text{ m}^3/\text{day}$ of associated gas from a well in Ohio was directly converted in a Greyrock microGTL plant into about 11,000 liters/day of fuel (80/20 diesel/gasoline). For those in the USA this is $\sim 700 \text{ Mscfd}$ flare gas converted into $\sim 70 \text{ bpd}$ clean synthetic fuels. The thermal efficiency proved to be a remarkable 58% based on the flare feedstock into the plant. The paper was authored by Eric Tan (NREL, CO) and Dr. Dennis and Robert Schuetzle, founder and CEO of Greyrock. The abstract follows:

"This study describes the results of a "well-to-wheel" life cycle assessment (LCA) carried out to determine the potential greenhouse gas and criteria pollutant emission reductions that could be achieved by converting associated flare gas directly to synthetic fuels at oil wellheads in the US and globally. A Greyrock Flare Gas-to-Fuels™ conversion process at an Ohio oil well was used as the base case for this LCA. The liquid fuel produced directly from associated gas is comprised primarily of premium synthetic diesel with a small amount of synthetic gasoline. In this LCA scenario, the synthetic diesel and synthetic gasoline are blended at 20 and 10 vol% with petroleum diesel and gasoline, respectively. While the synthetic diesel fuel can be used as is (100%), the 20 vol% synthetic diesel blend (with petroleum diesel) was found to significantly improve engine performance, increase fuel economy, and reduce emissions. The direct conversion of associated gas to synthetic diesel fuels globally could reduce emissions of CO₂ and CH₄ by up to 356 and 5.96 million metric tons/year, respectively, resulting in the reduction of greenhouse gases (GHGs) by about 113.3 and 92.2% (20 year global warming potential) and 73.8 and 50.7% (100 year global warming potential) for synthetic diesel and gasoline fuels when compared to

petroleum-derived gasoline fuels, respectively. Likewise, diesel criteria emissions could be reduced globally by up to 23.3, 0.374, 42.4, and 61.3 million metric tons/year globally for CO, particulates, NOx, and hydrocarbons, respectively. The potential economic benefit of this approach is that up to 5.30 and 71.1 billion liters of synthetic fuels could be produced each year in the US and globally from associated gas, respectively.”

CURRENT CONTACT LIST

1. The current leading GTL technology providers with commercial offers for gas flares are:

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Advantage Midstream : info@advantgemidstream.com; +1 214-396-9322

EFT: Mark Agee at magee@emergingfuels.com; +1 918 605 5456

Primus GE: Trent Crow, tcrow@primusge.com, +1 908-281-6000

Topsoe/MPS: David Townsend, david.townsend@modularplantsolutions.com; 281 450 3679

GasTechno: Walter Breidenstein at walterb@gastechno.com; +1 231 535 2914

2. GTL technology providers no longer interested in flare gas monetization:

Velocys: Focus on bio projects

Oberon Fuels: Focus on bio/renewable DME

3. GTL technology providers with unknown status:

INFRA: Renewed plant start-up efforts with Greenway/Mabert

Maverick Synfuels: Prudhoe Bay, Alaska, project on hold?

BgtL: Ongoing developments

Verdis: Pre-FEED of floating mini-GTL plant offshore Nigeria

Proton Ventures: Ongoing developments in Canada (mini-ammonia plants)

GTL-FT: Plants in Texas and Kentucky by Extiel Inc?

IN OTHER NEWS

On June 28, 2019 the world's only Gas to Gasoline plant was opened in Ashgabat, Turkmenistan. It is a world scale plant, converting about 150MMscfd of gas into 15,500bpd of gasoline, using Haldor Topsoe TIGAS technology. We have described the technology and reported on the construction of this plant. Congratulations to all parties involved. We will see whether this successful world scale GTL project will lead to interest in smaller scale projects monetizing flares.



SUMMARY

- Over 200 companies have filed for the RFQ (Request for Qualification) in Nigeria to participate in the commercialization of Nigeria's flared gas.
- A micro-GTL plant (500 Mscfd) is scheduled to come on-line this year in Colorado (Advantage Midstream/ Greyrock/Sandridge)
- A mini-GTL plant, "Rocky Mountain GTL", (5 MMscfd) is being built in Alberta, Canada (Rocky Mountain GTL Inc/EGTL/Greyrock).
- A Greyrock micro-plant was used at an Ohio oil well for flare gas conversion and the test results are reported in a detailed publication.
- A world scale gas-to-gasoline plant (Topsoe TIGAS technology) was started up and dedicated in Turkmenistan in June 2019. Capacity: 15,500 bpd of products
- EFT is building on their GTL-FT technology with multiple licenses and a new expanded micro-GTL offer.
- Gastechno is pursuing global licensing of its technology portfolio and has its 3 micro-GTL plants on sale.
- Primus GE is now focusing on a number of "small scale" GTL plants in North America (21 MMscfd into 2100 bpd gasoline), while continuing to evaluate "mini" GTL opportunities.
- The INFRA Technology demonstration plant in Texas (M-100, 1 MMscfd) was put up for sale. It was never operational. A sale to Mabert/Greenway was announced in late July with the intent to make the plant operational with a new reformer technology.
- The ENVIA/Velocys demonstration plant in Oklahoma (250 bpd, 2.5 MMscfd) is also for sale. It was a successful demonstration with production of renewable fuels from landfill gas. However, future Velocys projects will all be based on bio-feedstocks to earn renewable fuel credits in the USA which they consider critical for attractive economics.

We hope you enjoy the reading! Feel free to contact either one of us. If you know of any interesting developments, please let us know.

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