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CompactGTL Seeks Cash to Unlock Oil Fields by Processing Gas

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May 12 (Bloomberg) -- CompactGTL Plc, the U.K.-based developer of gas-to-liquid technologies, is seeking at least \$30 million by September to fund a project with Petroleo Brasileiro

CompactGTL is developing a pilot project with Petrobras, Brazil's state-owned company, to make 20 barrels of synthetic crude a day. The facility will be completed by the end of 2009 and Compact GTL expects to secure an order from Petrobras for a 'commercial' scale unit, Peter Riches, the company's chief executive officer, said in an interview in London today.

The Abingdon, U.K.-based company is developing a technology to allow oil producers to develop remote fields and cut flaring of associated gas, which is pumped along with crude. The world's energy industry flares about a third of Europe's natural gas consumption a year, according to World Bank data.

"We are in the process of raising money from the private sector at the moment," Nicholas Gay, CompactGTL's chief financial officer said in an interview.

"If all plans come to fruition, we will seek to go public somewhere in the region of 2010."

Gas-to-Liquids, or GTL, plants use natural gas instead of oil to produce synthetic crude or fuels that contain virtually no sulfur. CompactGTL's unit for Petrobras will have a synthetic crude capacity of between 1,000 and 2,000 barrels a day and use as much as 15 million cubic feet of gas a day, Riches said. The facility will be completed in 2012.

Modules

The company plans to develop modules with an average 5,000 barrel-a-day capacity that can be used on floating production storage and offloading vessels to process gas and mix synthetic crude with oil coming from the fields. The units will cost between \$350 million and \$500 million.

The companies "are re-injecting or flaring" gas now, and it's "absurd that you go through all the trouble of producing" and then "get rid off" that gas, Riches said.

"Our solution is to convert that into something valuable and add to the economics of the oil field."

CompactGTL is examining plans to market its technology and units in Russia, Kazakhstan, West African nations, such as Nigeria, and Europe, Gay said. Russia is the largest flarer of associated gas followed by Nigeria, according to the World Bank.

Coller Capital Ltd., a London-based company that buys investments from private equity firms, holds about 90 percent of CompactGTL.

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