

Reducing Ultra-Clean Transportation Fuel Costs with HyMelt[®] Hydrogen

Quarterly Report

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For

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ABSTRACT

This report describes activities for the thirteenth quarter of work performed under this agreement. EnviRes initiated a wire transfer of funds for procurement of a pressure vessel and associated refractory lining.

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1.0 PROJECT OBJECTIVES, SCOPE AND DESCRIPTION OF TASKS

1. Introduction

EnviRes and DOE executed the cooperative agreement for this work on September 19, 2002. This document is the twelfth quarterly progress report under this agreement. Kvaerner, MEFOS and Siemens Westinghouse will conduct most of the significant tasks in this project through subcontracts with EnviRes.

1.1 Scope of Work

Phase I of the work to be done under this agreement consisted of conducting atmospheric gasification of coal using the HyMelt technology to produce separate hydrogen rich and carbon monoxide rich product streams. In addition smaller quantities of petroleum coke and a low value refinery stream were gasified. Phase II of the work to be done under this agreement, consists of gasification of the above-mentioned feeds at a gasifier pressure of approximately 5 bar. The results of this work will be used to evaluate the technical and economic aspects of producing ultra-clean transportation fuels using the HyMelt technology in existing and proposed refinery configurations.

1.1 Phase I Task Description

Task 1.1 Project Management and Planning

This task includes all project planning; experimental test plans; risk analysis; implementation of a bridge loan and project funding, purchasing, contracting and accounting systems with requisite auditing; and execution of contracts with MEFOS, Kvaerner and Siemens Westinghouse. On January 15, 2005 we entered into a Memorandum of Agreement between Murray State University, and the Western Regional Center for Emerging Technology Inc., in conjunction with Kentucky Consortium for Energy and the Environment, MOA No. OSP 2005-19 proposing an additional \$250,000.00 in funding for support of this project. On March 29, 2005 we were notified that our MOA had been accepted and funded for the requested amount.

Robert H. Wombles, formerly Vice President Technology at Koppers, Inc., accepted an offer to become CEO of EnviRes replacing Thomas M. Ward. This change becomes effective August 1, 2005.

Task 1.2 Preparation and Shipment of Feedstock Materials

This task consists of procuring 25 tons of coal, 15 tons of petroleum coke and 48 – 55 gal drums of aromatic extract oil; transporting the coke and coal to a pulverizing facility; pulverizing, drying and loading the coke and coal into bags; and shipping the feedstocks to MEFOS in Lulea, Sweden. EnviRes completed this task

Task 1.3 Predictive Modeling of the HyMelt Process

This task consists of generating detailed reactor energy and material balances for each feedstock using the Fact Sage pyrometallurgical thermodynamic modeling program. Kvaerner will perform detailed process simulation using the Aspen Plus process simulator. Kvaerner, MEFOS and EnviRes will evaluate and analyze the results of predictive modeling. This has been completed.

Task 1.4 Combustion Modeling and Analysis

Siemens Westinghouse will perform combustion turbine modeling using fuel gas conditions and compositions provided by task 1.3. Siemens Westinghouse completed this task.

Task 1.5 Design and Fabrication of Pilot Plant Specific Molten Iron Bath Apparatus

MEFOS will design and fabricate all solid feeding systems and oxygen injection systems required by the testing. EnviRes will assist MEFOS in designing the petroleum liquid feed system. MEFOS will design the shell of the high-pressure reactor. MEFOS and EnviRes completed the originally planned injection system for this task. MEFOS and EnviRes designed and fabricated a tuyere for submerged injection. MEFOS and EnviRes designed and fabricated a commercially feasible tuyere for testing in December 2003. We performed the testing as planned.

Task 2.0 Project Testing

Task 2.1 HyMelt Atmospheric Pressure Testing in a Molten Iron Bath

MEFOS designed and fabricated the petroleum liquid feed system. This injection system was tested in a cold flow environment. The injection systems were hot commissioned. Any equipment revisions indicated by cold flow testing and hot commissioning were made. Process performance testing was performed for each feed. MEFOS and EnviRes completed execution of this task.

Task 2.4 Above Atmospheric Pressure Testing in a Molten Metal Bath

MEFOS completed a preliminary design for this work. MEFOS and EnviRes met on September 12, 2005. The design of the pressure vessel was finalized and the purchase of the pressure vessel and related materials was initiated.

2.0 EXECUTIVE SUMMARY OF WORK DONE DURING THIS REPORTING PERIOD

EnviRes initiated a wire transfer of funds, provided by the Kentucky Consortium for Energy and the Environment, to purchase the pressure vessel and refractory lining on December 30, 2005. MEFOS is generating a schedule for installation of the pressure vessel, instrumentation installation controls installation, and execution of the test program.

3.0 Experimental

MEFOS Activities

No experimental activities were conducted by MEFOS during the reporting period.

Kvaerner Activities

Kvaerner performed no experimental activities during the reporting period

Siemens Westinghouse Power Corporation Activities

Siemens Westinghouse performed no experimental activities during the reporting period.

4.0 Results and Discussion

There were no experimental activities during the reporting period.

5.0 Conclusions

There are no conclusions to present

6.0 References

None

7.0 PLAN FOR THE NEXT QUARTER

We plan for MEFOS to take delivery of the pressure vessel shell and refractories by February 2006. The vessel will be installed in the Universal Converter station along with the pressure control system. Installation of the pressure vessel, instrumentation and controls should begin during this quarter. Planning for experimental activities should also begin during the next quarter.