Dentist drilling for coalbed success in China

The head of Petromin Resources pitching a plan to sequester carbon dioxide and tap natural gas reserves in the bargain

KRISENDRA BISETTY

There's nothing conventional about **Ross Gorrell**'s organization – a globally scattered team with ambitions to make the big leagues with its plan to tackle a major international challenge.

For one, 62-year-old Gorrell spends most of his days in a nature-inspired dental spa.

But the Delta dentist is drilling for more than cavities. He's aiming to strike oil and tackle one of the energy sector's most vexing issues.

Petromin Resources Ltd., a Vancouver-based junior oil producer Gorrell heads as co-chairman and president, has targeted one of the world's biggest greenhouse gas emitters – China – with a plan to use home-grown technology to capture carbon dioxide from large fossil fuel power plants and store it in underground coal seams.

While the technology for capturing CO_2 is available in the U.S. and the gas that's linked to global warming has been injected into various geological formations as part of pilot projects, long-term CO_2 storage is a relatively untried concept.

If Gorrell sports a dazzling smile these days, however, it might be because he thinks his outfit can pull it off.

"I guess my blood runs thick with oil," said Gorrell. "Some people have a hobby like painting, and mine was to become fascinated with … the ability to see what no one else sees."

Gorrell became immersed in the oil business as a teenager in his family's used-oil refinery in Calgary in the 1950s.

The refinery, owned by **Hub Oil Co. Ltd.**, exploded and burned in 1999, long after Gorrell's family had sold it.

Fuelled by oil, jet fuel and propane, the fire raged out of control for more than nine hours. Two employees died in the explosion.

"I learned you can take a waste and make it a usable, maybe high-quality commodity," he said of his time in the business. "We're taking the waste, especially the carbon waste and greenhouse gas waste, which is now scaring the planet, and finding a valuable product that can be used to enhance both oil recovery and natural gas recovery from deep coal [seams]."

China's coal gasification plants burn huge amounts of coal to generate electricity. The resultant flue gases are heavily laden with CO_2.

Petromin wants to "recycle" that gas back into coal seams to displace clean-burning natural gas.

Because of the depth of some coal seams and the presence of natural gas, mining the coal is dangerous. However, flushing the seams first with CO_2 would remove the gas and improve the safety of mining deeper coalbeds.

Tapping into the natural gas, said Gorrell, would be a bonus.

"China doesn't necessarily have the correct technology to implement this, and yet they're a net importer of natural gas."

Petromin, whose agreement with the **Alberta Research Council** allows it to transfer the council's advanced carbon capture-sequestration technology to oil recovery and coalbed methane projects worldwide, has already negotiated joint ventures with companies or government agencies in several countries.

Ross Gorrell, president Petromin Resources Ltd.: "I guess my blood runs thick with oil"

Among them is an agreement with **China United CBM**, a Chinese government-owned company that has exclusive rights for all coalbed methane projects in the country.

Petromin, which has three productive heavy-oil wells in Alberta in partnership with a First Nations band – a fourth well is anticipated – is also trying to get a foothold in Kuwait, Algeria, Indonesia and Mexico to test and implement the technology.

The technology is still in its early stages of development, and the long-term viability of its applications remains unproven

In light of the emerging demand and interest for clean technology worldwide, the technology, if proved economically viable for a long-term operation, could be "major breakthrough," **Siddharth Rajeev**, an analyst with **Fundamental Research Corp.**, said in research note to clients.

The independent Vancouver-based research company recently initiated coverage of Petromin (TSX-V:PTR). It has given the stock, which has been under $0.25 for weeks, a "buy" rating with a "fair value" of $0.81.

On May 26, the shares reached $0.45 on large trading volumes after Petromin said it was making progress in Kuwait. By press time, however, the shares had lost all of their gains.

Rajeev said the technology is still in its early stages of development, and the long-term viability of its applications remains unproven. However, he added that the company has a strong management team with extensive experience working in the energy sector and with public companies.

Petromin's CEO and co-chairman is **Kenny Chan**, an international financier who splits his time between Vancouver and Hong Kong.

In the meantime, Gorrell said Petromin expects to record monthly gross revenue of roughly $250,000 once a new oil and gas well comes on stream.

"We're growing domestically with our conventional oil and gas," said Gorrell. "But our heart is in applying these technologies." ■

kbisetty@telus.net

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