

Grant Round Application for G-021-D

DIRECTOR'S COMMENTS

G-021-D

“Flare to Electricity – Recycled Energy from a Wasted Resource”

Submitted by: Blaise Energy Inc.

Request for \$2,000,000 of Federal Stimulus Funding; Total Project Costs \$4,400,000

Description of the Project:

Blaise Energy Inc. proposes to recycle 600 Billion BTU (reducing emission compared to flaring by approximately 75%) of otherwise wasted energy per year into electricity while helping to support federal, North Dakota, and local energy efficiency, energy security and alternative energy efforts.

Technical Reviewers' Comments

Reviewer 21D-01

I believe this project can be done on a small scale, but if operators were to develop up an area and add infrastructure or operate one of these units, I don't see this being a choice option.

There were a few unanswered questions in the application which make it hard for me to support the application. The 30% compared to the 11% (When you take out Bowman County Gas which does not have value), the gathering systems seem to have come a long ways, looking at maps of the current spacing (available on the NDIC website), it appears as future development is going to drill out most of the Bakken in the thermally mature area, I believe in the areas such as Williams County, infrastructure will soon follow development as a large scale development of an area, history tells us infrastructure will follow (I.E. EOG, Hess, and Whittings capturing of Gas in Mountrail County).

Recommendation: Funding May Be Considered

Reviewer 21D-02

This single site with the potential addition of four more like units must at some point consider the real competition from gas gatherers and processors along with recognizing the likely installation locations that these units and the challenges of those locations with regard to the electric system to be interconnected with.

Recommendation: Do Not Fund

Reviewer 21D-03

The capture of flared gas and converting efficiently to usable electricity is an excellent example of meeting the Commission's and NDPC's goals of environmentally sound best practices along with utilizing existing plus new technology. All in all, the project is a great idea, the proposal is well done, and the benefits for the environmental in North Dakota are significant. This project should move forward.

Recommendation: Fund

Director's Recommendations:

In an attempt to alleviate some of the questions and concerns raised by the Technical Reviewers', it is my recommendation to put the onus of approving the application based upon industry support. Therefore, I recommend funding the project upon the following contingencies:

- Project management plan with a timetable for achieving the project milestones; and
- Details addressing the concern related to new infrastructure
- Letters of intent from operators willing to participate
- Approval is based up site specific details
- Certification and identification of match funding