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## Spitfire produces oil from low grade coal

*Wednesday, 14 Jan, 2009*

Reuters reported that Spitfire Oil Limited produced the first oil from low grade coal at its new test reactor in Western Australia, sending its shares up as much as 169%.

Spitfire said that "This result brings one step closer the possibility of converting Spitfire's current resource of 500 million tonnes of lignite at Salmon Gums into at least 200 million barrels of oil."

Spitfire expects to produce up to 20,000 barrels of oil per day from Western Australia's first low carbon footprint coal to liquids business, once the process technology is scaled to commercial levels. Spitfire has already invested about AUD 10 million in Western Australia through its technology development and drilling programs.

Spitfire estimates a total capital expenditure of about USD 1.3 billion. Its projected operational cost is USD 18 per barrel of oil produced, with a breakeven price of USD 40 per barrel. It has tied up with Curtin University of Technology in Western Australia to develop a pyrolysis process that operates at lower temperatures, resulting in much lower greenhouse gas emissions.

The new technology would cost AUD 4.1 per barrel of produced oil while the more conventional process would cost more than AUD 16.6 per barrel.

(Sourced from: Reuters)

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