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# Shell looks to solar power to lift oil output

By Ed Crooks in New York

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In an unusual alliance of old and new energies, [Royal Dutch Shell](#), the European oil group, and a sovereign wealth fund from Oman are leading an investment of \$53m into a small solar power company that uses its renewable energy to increase crude oil production.

Glasspoint, a California company, uses rows of curved mirrors in greenhouses to turn water into steam, which is then injected into oilfields to heat heavy crude so it will flow out more easily.

The company and its backers say the technology has great potential in oil-producing areas, especially in the Middle East. Even resource-rich countries such as Oman, Kuwait and Saudi Arabia are being forced to develop more challenging heavy oilfields, and also have many competing demands for the gas that is burnt to make steam.

Oil production accounted for more than 23 per cent of Oman's natural gas consumption last year.

Glasspoint has been running a small demonstration plant in the country since last 2012, and it now hopes to win a contract there for a much larger commercial-scale project.

Geert van de Wouw, the managing director of Shell's ventures unit that invests in new energy technologies, said the use of solar power would help Oman cut its carbon dioxide emissions and meet its need for energy by replacing gas.

He added that he was "hopeful" the country would go ahead with the larger project, in which Shell would also be a partner.

The standard way to heat the water used for steam injection for enhanced oil recovery is with gas boilers, but many countries are under growing pressure to preserve their gas for residential and industrial uses, including petrochemicals and power generation.

Glasspoint is one of the two leading companies developing solar power for oil production, along with Brightsource of the US, which has a demonstration plant at Coalinga in California with [Chevron](#).

The technology has faced challenges in desert conditions because of the need to keep the mirrors clean, which Glasspoint has tackled by protecting them with conventional greenhouses used in Europe.

Pavel Molchanov, an analyst at Raymond James, said the use of solar power for oil recovery was attractive because it did not depend on government incentives.

"Their target is to be cost-competitive with gas at \$5-\$7 per million British thermal units," he said. "At that level, this technology would be close to being cost-competitive even in America."

The US Energy Information Administration expects benchmark US natural gas to average \$4.46 per m Btu this year.

Shell's commitment to Glasspoint is one of a number of relatively small investments it is making in new energy technology companies, both to provide innovations that will help its core oil and gas operations, and to position it for a future of tighter controls on carbon dioxide emissions.

Its other investments include a company that uses advanced sensors in wells to monitor oil and gas production, and another with an

Innovative design of wind turbine for offshore use.

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