

Karak Oil International Signs Concession Agreement March 9, 2011



Al Lajjun, Jordan



Hydrotreated Oil Products

Karak Oil International, a subsidiary of UK based Jordan Energy and Mining Limited, has signed a concession agreement with the Government of Jordan. In accordance with the concession agreement, KIO will apply the Alberta Taciuk Technology to process oil shale in the area of Lajjun (an area of 35 km²). The project which has a capital investment of \$1.8 billion, will put Jordan on track for energy self sufficiency. During a period of 5-7 years the production is planned to reach 15,000 barrels per day, after which it may be increased to 60,000 bpd in staged expansions. Polysius AG, a subsidiary of ThyssenKrupp Group, will be the sponsor of the project, and will prepare the designs, install the equipment and maintain it, as well as keeping the flow of its work.

The project includes two parallel 500 t/h ATP Processor trains to extract and recover 15,000 bbl/d of oil from the oil shale. Hydrotreating facilities will convert the shale oil into widely marketable synthetic crude, gasoline, diesel, and sulphur products. A complete economic and technical feasibility study was completed in 2008/2009, including complete ATP technology and Hydrotreating pilot plant testing. The next step in the project is the Front End Engineering activities that will lead into detailed design and construction.

"Following almost five years of field work in Al Lajjun and extensive Feasibility Studies we are very pleased to now sign this Concession Agreement with the Government of Jordan," said Chris Morgan of (KIO), adding that: *"the accord will allow us to proceed to detailed engineering and to construct and operate the facilities under internationally competitive and stable fiscal and legal terms"*.

"We look forward to producing new oil from the country's indigenous resources as well as to provide fresh employment opportunities and economic wealth creation for the benefit of Jordan", he asserted.

Norbert Patzelt (of ThyssenKrupp) said *"we are honoured to be a signatory to this agreement as the principal technical sponsor. We have just installed a similar but smaller retort in China which is currently undergoing commissioning and look forward to working with KIO in Jordan - a country we know well from other past projects"*. <http://ukinjordan.fco.gov.uk/en/news/?view=PressR&id=562606482>