NEWS

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FIRST STUDY FAVOURS VIABILITY OF AUSTRALIAN PLAN TO HEAT SPANISH HOMES

Plans by an Australian company to use geothermal energy to heat homes and businesses in Spain using geothermal energy, have moved a step closer to the target of first production by mid 2010.

A pre-feasibility study has found that eight megawatts of power would be profitably generated from two geothermal wells proposed by Adelaide-based Petratherm Limited (ASX code: "PTR") for parts of the Spanish capital, Madrid.

The report said this output is sufficient power for seven nearby major building complexes and on attractive project returns, even under a set of conservative technical and commercial assumptions – and excluding potential available subsidies.

The building complexes include a university, hospital and retirement village.

"The results give us an initial level of confidence that first well construction can commence as soon as November next year with first project revenues by July the following year," Petratherm's Managing Director, Mr Terry Kallis, said today.

"And significantly, the study also assessed the broader thermal resource capacity of our 330 square kilometre licence area within the Madrid Basin and it has concluded that there is an expected massive potential thermal resource there," Mr Kallis said.

"The resource is at shallow depths of less than two kilometres and is capable of supporting in excess of 150 MW of thermal capacity across our whole licence area."

The Australian company proposes to drill into the shallow geothermal reservoir 1,500 metres beneath the Spanish capital at a site about 40 kilometres northeast of the city.

The pre-feasibility study was undertaken by French consultancy, GPC Instrumentation Process (GPC IP) to assess the practical application and commercial viability of the "*Madrid Basin Direct Heating*" project.

GPC IP already manages the 230 MW Geothermal District Heating (GDH) program in Paris.

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The French experts utilised temperature, depth and flow information from four existing deep wells across Petratherm's Madrid footprint.

"Applied across our area, the pre-feasibility findings suggest an annual production of around 45,000 MW hours of thermal energy – enough to support the heating needs of 4,000 households," Mr Kallis said.

"This alone would save about 4,000 tonnes of heating oil equivalent annually and should reduce CO2 emissions at a rate of 20,000 tonnes per year."

Petratherm will now spend the next six months evolving further reports and final studies for the energy project, including sales agreements with potential customers.

Mr Kallis said the Company currently estimated that construction of the Madrid GDH project could commence by November 2009 with geothermal heat production, and project revenues flowing by July 2010.

Concurrent with this project would be pre-feasibility assessments for two other areas of Madrid's metropolis including a technology park precinct and a major subdivision.

"We have received very favourable initial reactions in Spain from relevant regional and Federal Government departments and are attracting the interest of potential joint venture partners," Mr Kallis said.

"As a result, we plan to pursue suitable joint venture arrangements in coming months for all three Madrid GDH projects."

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