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CANADA VENTURE: Wavefront's Newfound Oil Recovery Method

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VANCOUVER (Dow Jones)--It's often difficult introducing new technology into what is effectively an old boys' club, but that's what Wavefront Technology Solutions Inc. (WEE.V) is trying to do by selling its patented Powerwave oil recovery process into the oil and gas sector.

It's early days yet but Wavefront is aggressively trying to establish a client base that's happy with what it brings to the oilfield equation: an effective way to increase reserves, increase asset value and reduce the usual production declines seen as a reservoir is drained.

A conventional operation in western Canada is fortunate to produce maybe 30% of the oil in place. Wavefront wants to change that.

"Powerwave lets a company increase the ultimate oil recovery from 30% to upwards of 50-60%. We do that by getting the injected fluids - the water flood - distributed throughout the reservoir in a more uniform manner, pushing the oil forward to production wells," said Wavefront President and Chief Executive Brett Davidson.

Case in point: One of its clients in Alberta increased productivity by 86%. Perhaps more importantly, it reduced the production decline from 3.4% to just 1% a month.

"That's where your increase in asset base and, ultimately, increase in reserves comes in; we're pushing out into the future, (extending) your economic limit on the field," Davidson said.

Sidestepping The Path Of Least Resistance

This is how Wavefront describes what it does: When a fluid is injected into a reservoir, it generally takes the path of least resistance through the fractured rock and pore structure. But "Powerwave generates a fluid pressure pulse that causes a momentary elastic flexure of the pore structure. This pressure pulse moves fluid into and out of a larger number of pore networks, obtaining a more uniform injection front and resulting in increasing oil recovery from production operations."

Wavefront's technology is also equally at home when talking about groundwater remediation, but oil recovery is the focal point for now.

If successful, Wavefront could change how wells are treated in the field. Typically, a senior will come in, take the low-hanging fruit and leave the dregs for a mid-tier player to mine, gleaning what oil it can from the drained reservoir.

"There is a large opportunity for Wavefront wherever there is some form of flooding going on, to come in and increase reservoir expectations," Davidson said.

It might also prompt seniors to stay on wells for a longer period of time if the technology allows them to cost-effectively extract more oil from a reservoir.

At the moment, Wavefront is charging C\$3,000 per well per month to license its technology. The book price is C\$6,000 but right now it's all about building a client base.

The company is sitting on C\$14.5 million, has no debt and, as the contracts come in, its technological tools pay for themselves

Company Web Site: <http://www.onthewavefront.com>

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