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Australia experiences geothermal surge

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MELBOURNE, AUSTRALIA: The Australian geothermal industry has experienced significant growth in the number of companies that have joined the search for "Hot-Rock Energy," fueled by the rapidly increasing demand for renewable energy, according to Australia-based consulting and communication strategies firm Activated Logic.

In the nine months since the Australian geothermal industry launched the world's first Geothermal Reporting Code, six companies have reported large geothermal energy reserves. Activated Logic notes that earlier this week, South Australia-based gold explorer Southern

Gold added to the tally with a resource at its Torrens Geothermal project in South Australia, and Hot Rock Ltd. is expected to release its maiden resource in coming months.

Although there are about 50 geothermal exploration license holders across Australia which have collectively committed to spending in excess of AUD\$1 billion (US\$810.3 million) on geothermal exploration and development, only eight companies have declared geothermal resources since the launch of the Geothermal Code in August of last year.

In a statement, Activated Logic said, "The geothermal energy resource estimates reported by this handful of predominately South Australia focused companies is simply mind-blowing. Between them, they have identified in excess of 2 million petajoules [18.4 Tcf] of geothermal energy. Not all the geothermal energy identified will be recoverable due to complex geology, economics and the temperatures of source rocks. Geologists put the economically recoverable proportion of the heat at 15 percent to 20 percent.

"The energy expected to be recoverable is still massive. To put it in context, 1 petajoule of recovered thermal energy is equivalent to 172,000 barrels of oil."

The magnitude of Australia's geothermal resources is expected to increase significantly in coming months, with numerous projects progressing with drill rigs and geophysical data acquisition. Assuming only 20 percent of the 2 million petajoules (18.4 Tcf) of discovered geothermal energy is recoverable, that equals 400,000 petajoules (3.6 Tcf), 1,000 times Australia's total projected residential energy consumption for 2009.

"In the last nine months, a handful of Australian geothermal companies have discovered significant geothermal resources potentially sufficient to provide all of Australia's residential energy requirements for a thousand years," the company said.

Despite the increasing interest in the geothermal sector, the industry has not been immune to the widespread deterioration in capital markets. A benchmark used to measure the performance of the stock market listed geothermal companies, The Australian Geothermal Index, has fallen 39 percent since the start of July of last year.

The Australian Geothermal Index is the benchmark composite index of the 10 solely geothermal-focused companies listed on the Australian Securities Exchange.

However, Bahay Ozcamak, managing director of Activated Logic, remains optimistic about the future of Australian geothermal energy production. "Earlier this year, Geodynamics successfully conducted a closed loop test at its Innamincka project in South Australia's Cooper Basin project, where 50,000 tonnes [55,000 tons] of brine was circulated between two wells that were approximately nine kilometers apart. Cool water down one end, hot water out the other. It works."

The valuations of the geothermal sector have fallen significantly in the past year, with the listed component of the geothermal sector now worth approximately AUD\$450 million (US\$384.5 million) compared with AUD\$850 million (US\$526.5 million) a year ago, similar to what Geodynamics (ASX: GDY) was valued at a year ago, said Ozcamak.

"However, there is good reason for optimism in the sector. We are currently in discussions with a number of international energy utilities, investment firms and superannuation funds looking to use the current downturn in investment as an attractive time to enter the sector."

	Latest	Previous	Change
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ICE UK Gas	27.00p	26.85p	0.15

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