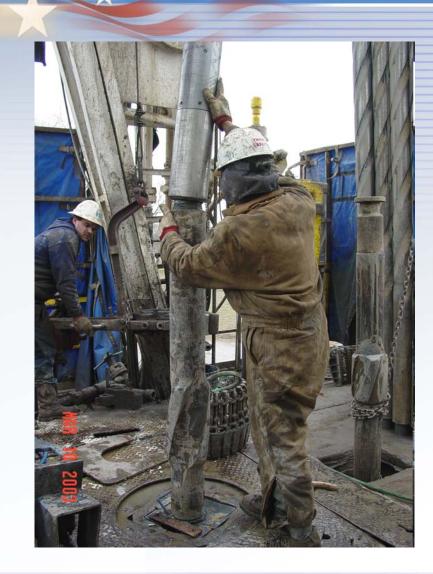
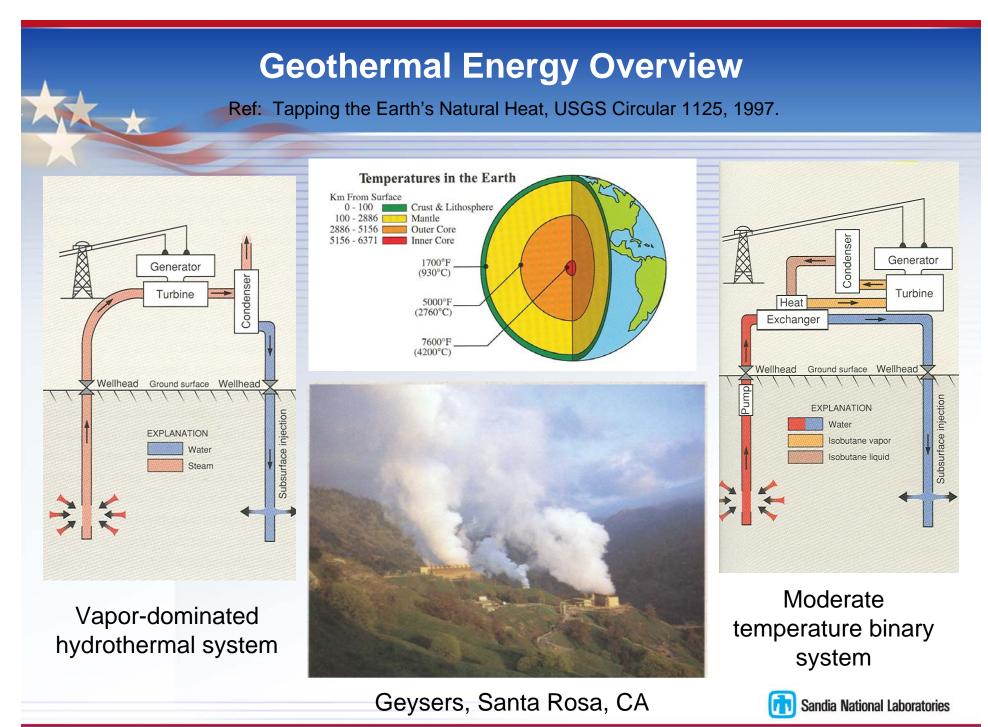
Geothermal Research

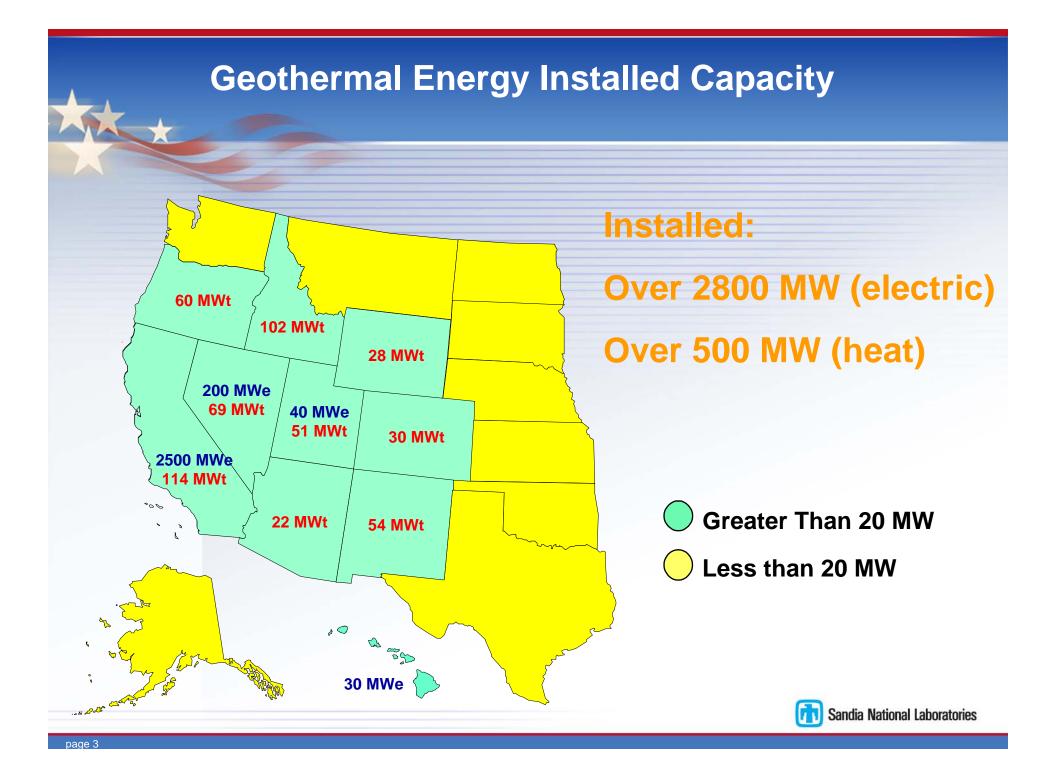


Geothermal Research Department Sandia National Laboratories

April 8, 2008

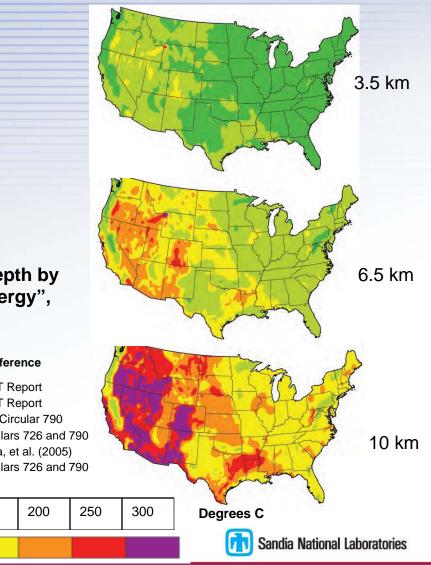






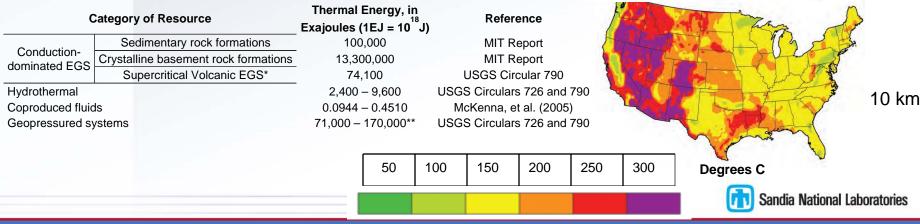
Enhanced Geothermal Systems

Temperatures at depth



- DOE restructuring geothermal program
- Target entire US market
- Challenges
 - Drilling
 - Reservoir Creation
 - Reservoir Management
- Resource potential is large

Estimated U.S. geothermal resource base to 10 km depth by category. (Reference "The Future of Geothermal Energy", Table 1.1, MIT, 2007)



Drilling in Extreme Environments

Drilling Challenges

- Hard Rock
 - High compressive strengths
 - Abrasive
 - Low ROP & Bit Life
- Wellbore Integrity
 - Large cracks
- High Temperatures
 - Exceeding 600 °F (300C)





Sandia's Approach

.

- Increase drilling ROP
- Detect problems early
- Avoid problems whenever possible
- Develop better solutions to problems if and when unavoidable
- Make new technology as transparent as possible
- Involve industry early
- Reduce new technology to "standard" practice

Bottom Line

Reduce the cost of drilling

Reduce drilling cost uncertainty and/or variability



Geothermal Research Drilling, Monitoring, and Analysis



Geothermal well construction "Most" difficult on a por-foot bas

- "Most" difficult on a per-foot basis
 - Broad technology areas
 - Rock reduction technologies
 - Downhole telemetry
 - High-temperature electronics
 - Diagnostics
 - Drilling dynamics mod/sim
 - Vibration mitigation
 - Wellbore integrity and lost circulation
- Key to future EGS
- Applying capability and technology to other industries and agencies
 - Frontier O&G, unconventionals, environmental, DOD, others



Polycrystalline Diamond Compact (PDC) Bits

Fundamental work

- FEM analyses
- Bonding
- Cutter tests
- Bit design / analysis
- Lab / field testing
- CRADAs
- Catalyzed a major industry
- PDC bits now a ~ \$1.5 billion industry
- PDC bits save industry \$ billions annually
- ~ 60% of world footage in 2006

DOE Energy 100 Award for Synthetic Diamond Drill Bits

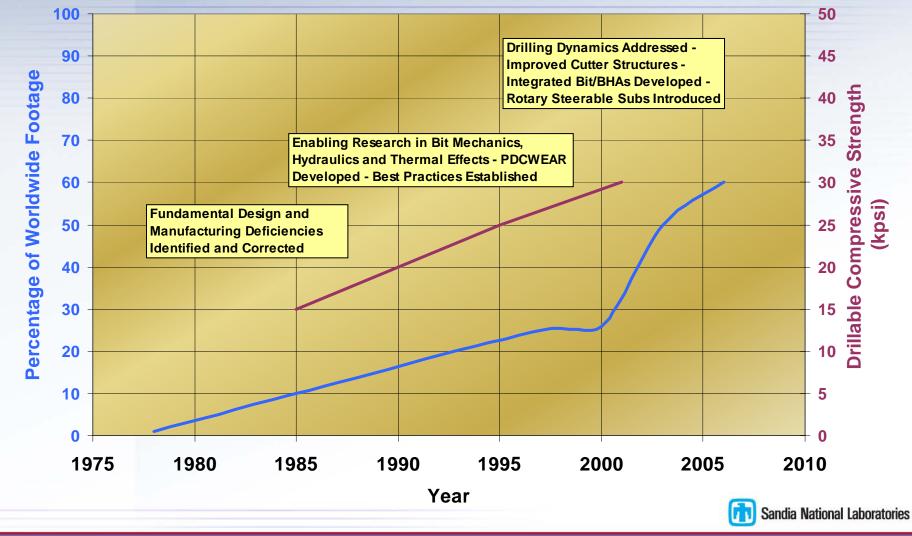




Growth of PDC Market Share

Growth of PDC Market Share and Drillable Compressive Strength

(Market Share Based on Total Annual Footage)



Acoustic Telemetry



Communication between the bit and the surface via pressure waves in the drill pipe

- Downhole telemetry a big need with today's tools
- Mud pulse the standard (2 5 bits/sec)
- Acoustic telemetry ~ 10x mud pulse
- Enabled by Sandia's theoretical, manufacturing and testing capabilities
 - Physics issues propagating waves through drill pipe
 - Engineering and Applications Codes
 - Design and manufacturing of prototypes
 - Field testing
- Product licensed to several entities
 - Commercially available through Xact (STV and Extreme Eng JV)

R&D 100 Award for Acoustic Telemetry



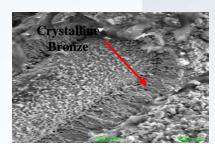
High-Temperature Electronics

- Includes components, tools, seals, batteries, fiber, …
- The enabling technology
 - **High Temperature = High Reliability**
- De facto "UL Labs" for high-temperature components
 - Work with almost all manufacturers
- Analyze failure and provide solutions
 - Exploit capabilities from weapons programs
- **Develop tools and fabrication methods**
 - Prototypes supplied to industry
- **Broad application**
 - Geothermal, aerospace, auto, O&G, PV, …
- Long-term testing
- Extensive interactions w/ industry motivate work activities

R&D 100 Award for Solid State High-Temperature Batteries







Working with the High Temperature Industry

Some of the companies we work with

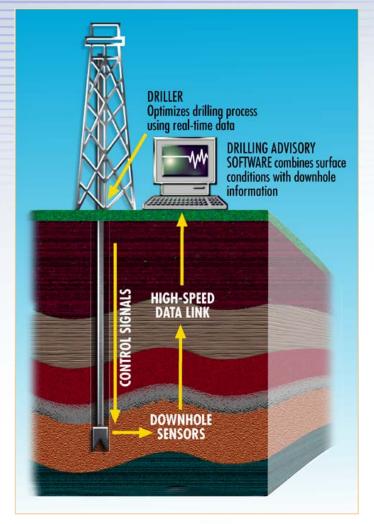
Quartzdyne, UT MRA Labs, MA Presidio Components, AZ Welaco, CA **Paine Electronics, TX Multilayer Prototypes, CA** Halliburton, TX Mitco, CA **Honeywell SSCS, MN Kulite Semiconductor Products, MA BP**, **TX Cissoid**, Belgium Weed Instrument Company, TX **JH Capacitors, NV Pacific Processes, CA RdF Corp. NH Kemlon Products, TX** Semisouth Laboratories, MS **Custom Electronics, MA Baker Integ, TX Rockwell Scientific/ GTI, CA** Endevco Corp., CA **Biotronics** Schlumberger, TX **Regal Plastic Supply Co.** Solid State Devices, CA **Honeywell Richmond, WA General Atomics, CA Diamond Research, TX Advanced Products, CO Electrochemical Systems, TN** Sandia National Laboratories

Diagnostics-While Drilling (DWD)

Measurement sub – acquires, conditions, and transmits downhole sensor data *Data Link* - carries information and control signals between surface and downhole

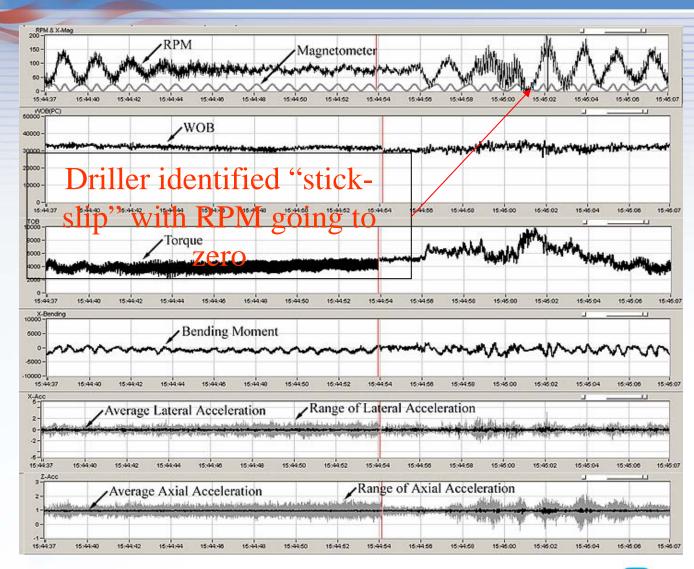
Instrumented Drill Rig – provides for display and archive of surface drilling data

Driller's Display - displays selected set of real-time, high-resolution data from both downhole and surface. Display can be either raw or processed (FFTs, etc.) data. *Driller* – experienced and willing driller can use more sophisticated display than traditional console.



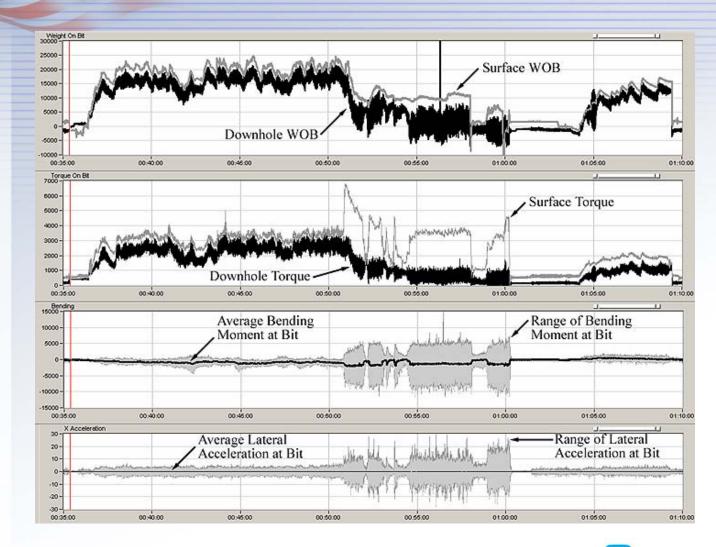


Drillers Can Use DWD





DWD Systems Can Help the Driller





Drilling Dynamics Increase Drilling Costs

 Drilling dynamic dysfunctions are one of the leading causes of Non-Productive Time



- The bit, BHA / drillstring and formation interact in a complex way resulting in a variety of vibration related problems
 - Low Rate of Penetration -- Inefficient Drilling
 - Bit & Tool Failure -- Excessive Tripping

Vibrations cause significant economic losses

 For example: Tripping the drillstring to replace the bit on an off-shore rig can exceed 1 million dollars



Active Vibration Control

Drill bits are susceptible to failure under shock & vibration

- Dampers installed in down-hole tools can help
- Optimal damper for each drilling condition
- Active vibration control tool developed using controllable fluids
 - Based on Magneto-Rheological (MR) Fluids
 - Carrier fluid with iron particle suspensions
 - Controllable damping force
 - Fast response (~ milliseconds) and low power (~ Watts)
 - Remotely powered and controlled
 - Controllability ensures applicability to broad range of drilling conditions
 - Drillstring changes with depth
 - Variable rock lithologies
 - Sidewall friction, etc.

Intellectual property licensed to industry



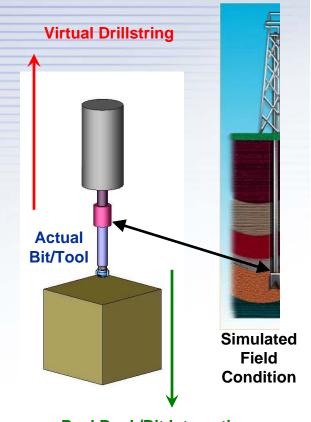
Simulation of Drilling Dynamics

Existing drilling research laboratories

- Unrealistically rigid drill stems
- Effective for evaluation of cutting structures, hydraulics, etc.
- Don't address vibration
- Sandia is pursuing an innovative capability
 - Laboratory simulation of field conditions
 - Will improve bit and tool performance before committing to expensive field drilling

Benefits

- Improved capability for predicting bit vibration
- Identify deficiencies in drill bit material properties and designs
- Validate development of hardware and software for downhole tools that reduce vibration
- Develop Best Practices for handling vibration



Real Rock/Bit Interaction



Significant Geothermal Accomplishments – Technology and Products to Industry

- Polycrystalline diamond compact (PDC) bits
- High-temperature electronics
- Diagnostics-while-drilling
- LEAMS
- Active vibration control
- Slimhole drilling
- Acoustic telemetry
- Rolling float meters
- Insulated drill pipe
- Cavitating mud jets
- Drilling dynamics simulator
- Well cost models

