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Altela cleans up in Pennsylvania

Tech firm gets \$2M for a shale gas water-purification plant

New Mexico Business Weekly - by [Kevin Robinson-Avila](#) NMBW Staff

Altela Inc. might have found its calling in the new shale-gas boom that's gripping North America.

The Albuquerque company, which uses proprietary technology to purify industrial water, won a \$2 million contract with a Pennsylvania firm to build a water-purification plant to service shale-gas operations in the northeastern Marcellus Basin.

Altela CEO Ned Godshall said the contract could pave the way for more water-purification units in shale-gas plays throughout the U.S.

"We hope this will be the first of many future plants," Godshall said. "Shale-gas production is creating a wonderful opportunity for Altela, because so much water from those operations must be desalinated."

Shale-gas operations consume huge amounts of water, which is injected at high pressure into wells to fracture shale beds. The water contains sand and chemicals that help split rock open, releasing natural gas trapped inside.

The problem is, most of it comes back up as extremely saline, brackish water. Pennsylvania operators dilute that with fresh water through municipal sewage systems and then pump it back into waterways. That reduces salt percentages, but it does nothing to remove salt from the water, said Altela COO Thomas Neustedter.

"If you're not removing the salts, you're not really solving the problem," he said.

Consequently, starting in January 2011, Pennsylvania will require companies to remove most salts and minerals before discharging shale-gas water. That, in turn, creates opportunities for Altela, which can purify industrial water at much lower cost than competitors, Neustedter said.

"Our process removes all the salts to a level about 10 times less than what the state will require next January," he said.

The company uses a low-energy distillation method, whereby industrial water is placed into plastic containers, or small towers. Heat from the water generates vapor, which floats upward until it hits cool air at the top of the tower. The vapor then condenses back into fresh, pure water that trickles down again to tanks below.

A small amount of leftover sludge must still be disposed of, but Altela's technology is less costly than competitors that use high-pressure systems to distill water, Godshall said.

Those companies need extremely sturdy facilities made with corrosive metal to withstand the pressure used in the system. They also consume a lot of energy and occupy expensive, stationary structures that aren't easily upgraded, he added.

Altela's towers are low-cost corrugated plastic. They can be mobile to operate at well sites, or they can be stacked together as a stationary plant that can be upgraded.

"We're modular," Godshall said. "If you need more capacity, you just add on more towers."

U.S. Environmental Inc., a waste services company based at Downingtown in eastern Pennsylvania, contracted Altela to build a plant in the state's northeastern quadrant. Altela has received more than \$1 million on the contract.

"In this first phase, the plant will be able to treat more than 100,000 gallons per day," Godshall said. "We could build it out more later, or set up new plants around the state."

U.S. Environmental President Richard Weaver said Altela is a good fit for his company.

"We have a lot of clients involved in Marcellus operations in need of disposal services," Weaver said. "We looked at about a dozen technologies, but Altela offers a simple solution. It works very well."

Altela is moving from its office near the **Albuquerque International Sunport** to an 18,000-square-foot building near Unser Boulevard and Interstate 40.

Its work force will grow from 16 now to 26 by year-end.

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The company received a \$900,000 contract last year from the **National Energy Technology Laboratory** to further develop its technology, and it's now raising \$10 million in venture capital for market expansion.

Altela previously received \$11.2 million from the **Verge Fund** and others.

Verge Managing General Partner Tom Stephenson said the Pennsylvania contract marks a new stage for Altela.

"The Marcellus Basin is ground zero for the next huge domestic shale-gas play in the U.S.," Stephenson said. "Altela could become a big player there."

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