



PetroSun Helps Turn Algae to Fuel in China

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Energy company PetroSun on Monday said it agreed to a joint-venture with Shanghai Jun Ya Yan Technology Development to build in China a \$40 million algae farm whose oil will be refined into biofuels.

Under the deal, PetroSun, of Scottsdale, Arizona, will license its algae-to-biofuel technology to Shanghai Jun, which will provide the funding for the venture.

The two parties will split any profits from the farm. It should be complete by the first quarter of next year and promises to produce 5 million gallons of oil per year, PetroSun Chief Executive Gordon LeBlanc said.

The deal comes amid tight capital and credit markets, making projects based on emerging technology especially difficult to finance. The venture gives PetroSun the capital to expand its algae-based oil facilities and Shanghai Jun access to its technology.

Mr. LeBlanc is hammering out similar licensing agreements in Australia, Brazil, and Mexico.

PetroSun uses microalgae to produce oil that can be used to make biodiesel, ethanol, and bioplastics. The company, founded in 2001 and traded over the counter, opened its first large algae farm in April in Rio Hondo, Texas. The algal oil is transported to plants to be refined into biodiesel.

But PetroSun's technology, while successful in the laboratory and in pilot farms, has not yet proved its viability on a commercial scale. David Kurzman of Kurzman Cleantech Research said it will still be three to five years before an algae-to-biofuel technology is commercially viable on the market.

Mr. LeBlanc disagrees, saying his oil is already cost-competitive with petroleum.

The PetroSun deal highlights growing cooperation between U.S. and Chinese renewable energy companies.

Joint ventures have become increasingly more attractive to Chinese firms as the dollar has weakened. Industry experts in both countries expect the market for biofuels to rise as increased global demand for oil outpaces the rise in supply.

"You will see a lot more cooperative agreements between the U.S. and China in production systems," said Will Thurmond of [Emerging Markets Online](#). "Both countries realize that we're growing so fast and we'll need alternative sources of energy."

Shanghai Jun isn't the only Chinese firm working on biofuels. Mr. Thurmond described the Asian country as one of the "leaders" in biofuel production.