

November 13, 2007
Toyo Engineering Corporation

TOYO, MODEC, and Velocys signed a Joint Development Agreement for Offshore GTL Plant

Toyo Engineering Corporation (TOYO, Yutaka Yamada, President and Chief Executive Officer), MODEC, Inc., (MODEC, Kenji Yamada, President & CEO) and Velocys Inc. (Velocys, Wayne Simmons, President & CEO) have concluded an agreement to jointly develop a Gas-to-Liquid (GTL) plant for commercial application. The joint project involves the development of a new GTL process using a microchannel reactor to provide a new solution for the development of offshore gas fields. The aim of the project is to complete an economical and compact process by 2012 so as to convert natural gas or associated gas to petroleum-like liquid products.

Velocys is a development firm and a pioneer in the field of microprocess technology. MODEC is a leading firm internationally in ocean oil and gas field development facilities. Through a strategic alliance, the three firms will integrate their technologies to promote commercial development and to pursue the exploration of a new market.

More than 3,000 tcf (trillion cubic feet) of natural gas remains unexploited and unutilized because there are currently no means for carrying it to the world market. The aim of the GTL process that is to be commercialized as part of this project is to utilize unused natural gas and associated gas that is presently discharged into the atmosphere or burnt. The project will contribute to the improvement of the environment by reducing emissions of global warming gases.