

Energy

Exclusive: Houston specialty refiner eyes quick project pace after Covid-19 delay 🔑

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David Schwedel is founder and executive director of Encina.

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By Joshua Mann – Senior reporter, Houston Business Journal
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IN THIS ARTICLE

Coronavirus
Topic**David Schwedel**
Person**Energy**
Industry**Manufacturing**
Industry**Oil & gas**
Topic

Houston-based specialty refiner Encina Development Group LLC's first commercial-scale project has faced some delays, but the company is looking to break ground on more soon afterward, eventually followed by an initial public offering.

Encina just awarded a \$255 million engineering, procurement and construction deal for its first commercial-scale facility to Australia-based Worley Ltd., with the groundbreaking scheduled for the end of the first quarter of 2021, said **David Schwedel**, Encina's executive director and founder. But that's at least a little later than the company's **previous groundbreaking target of the fourth quarter of 2020**.

Schwedel said the reason for the delay can be summed up in one word and two digits: Covid-19.

"I don't know what else to say," Schwedel said. "It was very hard for a period of about 60 days to get anything done. Zoom can only carry you so far."

The company, which refines waste plastic into chemicals and gasoline blendstock, is now on track for the new timeline, not just with the EPC contract, but with the financing as well. The project's funding will consist of 70% debt and 30% equity, and Encina has secured the equity portion already, Schwedel said. The company has a term sheet in place for the debt portion, but Encina is still considering all its options in the context of the rapidly changing markets, Schwedel said.

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And once Encina gets construction started on that first U.S. project – Schwedel wasn't able to be more specific about the potential location because of nondisclosure agreements – the company will quickly move on four similar projects located around the globe. Because of the modularity of the technology Encina is using for its facilities, additional projects are expected to be much quicker than the first, with subsequent groundbreakings starting about nine months or so after the initial project's groundbreaking and taking place about once a quarter after that.

Then Schwedel expects to start the IPO process in about two years, depending on what the market looks like at that time.

“We envision that the IPO would provide us enough capital to not only build out the balance of plants that we’re looking at, but also to allow us some dry powder to pursue other strategic initiatives,” Schwedel said.

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