ENVIRO VORAXIAL TECHNOLOGY INC
Form 10KSB
April 17, 2007

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549
FORM 10-KSB

ANNUAL REPORT UNDER SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2006

Commission file number 0-27445

ENVIRO VORAXIAL TECHNOLOGY, INC.
(Name of Small Business Issuer in its Charter)

Idaho	83-0266517
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

821 NW 57th Place, Fort Lauderdale, Florida 33309
(Address of Principal Executive Offices) (Zip Code)

(954) 958-9968
(Issuer's Telephone Number)

Securities registered under Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
None	

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, $.001 par value
(Title of Class)

Check whether issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. [ ]

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15 (d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.[ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 126-2 of the Exchange Act). Yes [ ] No [X]

State issuer's revenues for its most recent fiscal year. $128,070

State the aggregate market value of the voting stock held by non-affiliates computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within the past 60 days ($.51 as of April 12, 2007). $8,849,339.80.

APPLICABLE ONLY TO CORPORATE REGISTRANTS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: December 31, 2006: 21,992,235 Shares of Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE

- None -

Transitional Small Business Disclosure Format (Check One) Yes [ ] No [X]

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PART I.

Item 1. Description of Business

Our History

Enviro Voraxial Technology, Inc. (the "Company") was incorporated in Idaho on October 19, 1964, under the name Idaho Silver, Inc. In May of 1996, we entered into an agreement and plan of reorganization with Florida Precision Aerospace, Inc., a privately held Florida corporation ("FPA"), and its shareholders. FPA was incorporated on February 26, 1993.

General

We believe we are emerging as a potential leader in the rapidly growing environmental and industrial separation industries. The Company has developed and patented the Voraxial(R) Separator ("Voraxial(R) Separator" or "Voraxial(R)"); a proprietary technology that efficiently separates large volumes of liquid/liquid, liquid/solids or liquid/liquid/solids fluid mixtures with distinct specific gravities. Management believes this superior separation quality is achieved in real-time, and in much greater volumes, with a more compact, cost efficient and energy efficient machine than any comparable product on the market today. The Voraxial(R) Separator operates in-line and is scaleable. It is capable of processing volumes as low as 3 gallons per minute as well as volumes over 10,000 gallons per minute with only one moving part. The Company believes that the Voraxial(R) technology can help protect the environment and its natural resources while simultaneously making numerous industries more productive and cost effective.

The size and efficiency advantages provided by the Voraxial(R) Separator to the end-user have provided us with a variety of market

opportunities. We have generated limited revenues to date partially because of insufficient funds to adequately market our product; however, we have received inquiries from parties in various industries, including the oil exploration and production.

The Company is presently marketing Voraxial(R) solutions for various applications and markets including oil-water separation, oil exploration and production, oil refineries, marine/oil-spill clean up, manufacturing waste treatment and grit/sand separation.

We have sold and shipped units of the Voraxial(R) Separator on a trial and rental basis to a number of different companies that include a wide range of industrial applications, including produced water applications for the oil industry (both offshore oil rigs and onland production facilities), liquid/liquid and liquid/solid applications for the food processing industry and the uranium industry, to name a few. We have installed several Voraxial(R) Separators to date including units to the Alaska Department of Environmental Conservation, the US Navy, ConocoPhillips and Cameco, a leading uranium producing company for oil/water separation at a flow rate of approximately 400 gallons per minute.

In 2005, the Company entered into an agreement with an oil company to manufacture, ship and deploy a Voraxial(R) Separator Skid (two Voraxial(R) Separators affixed to a steel platform) on an offshore oil production platform off the coast of California for a produced water (oil/water separation) trial. A Voraxial(R) 4-2 Duplex Separator (a Voraxial(R) 4000 and connected to a Voraxial(R) 2000) was shipped and installed. The project successfully demonstrated the Voraxial(R) Separator's efficiency in separating oil from

produced water at high flow rates. On the platform, the skid was installed to receive produced water from the water draw of the sour production separator. The discharge from the skid, including clean and oily water, was directed to the sour coalescer. The samples collected in the bottles were sent to Capco Analytical Services, Inc. in Ventura, California for analysis. The clean water analysis showed that the Voraxial Separator did a very good job cleaning the produced water flow. The clean water measured less than 20 ppm oil.

In the fourth quarter of 2005, the Company entered into an agreement to deploy a unit to ConocoPhillips for a produced water trial. The Voraxial Separator performed good produced water separation during the trials conducted in January 2006. The Voraxial was able to extract a high percentage of the oil in the produced water stream. Further, the Voraxial was capable of separating the sand from the produced water stream. Due to these tests, a Voraxial 4000 Separator was sold and delivered to ConocoPhillips in 2006. The Voraxial 4000 Separator can process and separate approximately 10,000 barrels per day.

In July 2006, the Company received a Letter of Intent from OMV Austria Exploration and Production GmbH, a leading integrated oil and gas group in Central and Eastern Europe, to evaluate the use of a Voraxial Separator to handle its 150,000-barrel per day produced water system. OMV is a leading oil and gas company in Central Europe with over 15 billion Euros in sales and extensive exploration & production activities in 18 countries on five continents. The Company anticipates conducting this trial with OMV during 2007.

In September 2006, the Company received a purchase order for a Voraxial 2000 Deck Water Drainage System from Transocean, the world's largest offshore drilling contractor. The Voraxial Skid, which was shipped in November, will be deployed on the Transocean semi submersible rig Sedco 702. The Sedco 702 will utilize this uniquely efficient system to protect the environment by separating oil from drainage water prior to discharge that meets local environmental

requirements. The Voraxial Skid will be utilized to handle contaminated drill floor run-off water containing solids and drilling fluids. The Voraxial(R) Separator's ability to conduct efficient separation without the need of a pressure drop allows for easy installation and a reduction of cost. The Voraxial-powered system provides for highly efficient separation while providing features that are critical to offshore platform operation: a small footprint, low energy requirement and a no-pressure drop.

In the fourth quarter of 2006, the Company entered into an agreement to deploy a Voraxial 2000 Separator to Resource Environmental Group ("REGS") for use in various oil related/refinery service processes. The Voraxial 2000 Separator was shipped in December 2006.

One of the initial applications REGS will focus on with the Voraxial is to improve refinery API wastewater systems, specifically ahead of API separators. REGS is working closely with one of its significant refinery customers and several of the nation's leading engineering firms to develop a water treatment system centered on the Voraxial Separator.

Due to the exposure from the various petroleum industry related trade shows and the successful produced water demonstrations conducted over the past year, the Company is now in discussions with various oil companies to conduct additional trials and for purchase of units. The Company is also in discussion

with several oil service companies interested in developing a relationship with the company to market the Voraxial(R) Separator within the industry.

The Voraxial(R) Grit Separator has been designed for specific use in the municipal wastewater industry. The Voraxial(R) generates a centrifugal that provides for efficient separation of sand/grit and is configured for operation at the headworks of a municipal wastewater treatment plant (WWTP). A single Voraxial(R) Grit Separator is designed to provide for the continuous removal of grit from screened wastewater at rates up to eight thousand (8000) gallons per minute (11.5 mgd). We currently have designs for two models of Voraxial(R) Grit Separators. The Voraxial(R) 4000 Grit Separator has an operating range of three-tenths to one and three-tenths (0.3 to 1.3) million gallons per day (mgd), powered by a ten (10) HP TEFC motor. The Voraxial(R) 8000 Grit Separator has an operating range of three to eleven and five-tenths (3.0 to 11.5) mgd, powered by a fifty (50) HP TEFC motor.

Subsequent Events

In the first quarter of 2007, we received a purchase order from a leading Scandinavian energy company, to deploy a Voraxial Skid for a drilling operation using lightweight drilling fluids. This technique is called "underbalanced drilling" since it maintains the drilling operations at a lower pressure than the formation to prevent the drilling fluids from damaging the well.

The Voraxial Skid, which is comprised of a Voraxial(R) 4000 and a Voraxial(R) 2000, will operate in series to separate oil from water on an offshore oilrig in the North Sea. The Voraxial Skid, which is leased to the customer for a specific project, has already been shipped. The Voraxial Separator was chosen for its separation efficiency, its ability to handle solids and for its ability to conduct good separation without the need of a pressure drop.

The Company received another purchase order in the first quarter of 2007 from a leading oil and gas company in Europe to deploy a Voraxial 2000 Produced Water Skid at one of their onshore production facilities.

The Voraxial 2000 Produced Water Skid will be deployed for trials at one of the clients production facilities in Central Europe that discharges approximately 150,000 barrels of produced water per day. The Voraxial 2000, which processes approximately 1,500 barrels per day, efficiently recovers oil that would otherwise be lost. Additionally solids can be removed from the produced water stream.

In 2007, the Company signed a non-exclusive, comprehensive sales and marketing agreement with TwinFilter, a leading Dutch filtration company in the oil and gas industry. Under the terms of the agreement, the two companies will market and promote each other's technologies while sharing the sales & marketing expenses and engineering expertise. Furthermore, EVTN and TwinFilter will collaborate to build and promote turn-key oil/water and liquid/solid separation systems for the oil industry that will incorporate EVTN's Voraxial Separator and TwinFilter's absorption systems, coalescing, other filter technology. This agreement was finalized after many months of collaboration to build and deliver products for various companies within the oil industry.

The turnkey system can be utilized in multiple niche applications in the oil industry including produced water, under-balanced drilling (UBD), deck water drainage, slopwater, FPSO and refinery markets. The integration of the two technologies provides the oil industry with a compact and effective separation system. The Voraxial's small footprint, low energy requirements and separation quality coupled with TwinFilters unique filtration equipment for secondary treatment provides the customer with a complete turn-key package that meets the most stringent discharge levels such as OSPAR (North Sea countries