

New Zealand Issues First CBM Permit

Wellington based coalbed methane company Macdonald Investments Ltd (MIL) has been awarded the first New Zealand mining permit for coal bed methane for an area near Greymouth on the west coast of the South Island.

Macdonald Investments is a private investment company dedicated to coalbed methane exploration. It was formed in 1978 and owned largely by shareholders of RC Macdonald Ltd, the Wellington international trading company.

Petroleum Mining Permit 50100 covers a 170 km² area both north and south of the Grey River from approximately 2 km to 15 km inland from Greymouth.

Alberto Kamenar, Project manager for MIL's

Westgas coalbed methane project, said, "We believe that our permit in Greymouth has all the right ingredients to become a successful methane gas development project. We do not have access to a pipeline infrastructure in the South Island to deliver natural gas to the markets. However, this project could supply the gas to run a small electricity generation facility to initially deliver 20 MW into the local electricity grid. When mature, the project may be able to deliver in excess of 50 MW. This level will supply the energy needs of approximately 50,000 homes every year for 20 years", Kamenar said.

The permit is divided into a large central region mostly around the Grey Valley, a southern region south of the Kaiata range and a northeast area towards Blackball. Kamenar said the company's earlier exploration in the area tested

mainly in the central and southern areas with a combination of seismic surveys and drilling. The northern area will require some additional drilling work before the company can develop it further.

The work program for the mining permit, which has been awarded for 40 years, requires more exploration wells followed by at least four or five appraisal wells for a long-term production testing pilot in the central and southern areas by the fourth and fifth year respectively. In the northeastern area the long term appraisal is not required until the seventh year.

The permit work program requires that after the long-term testing in each of the three areas, an ongoing program of mining can be negotiated in each area or part of the permit surrendered. ■