



# COALBED METHANE EXTRA



**Inside:** Mining Trends Reveal Shrinking Methane Emissions. See page 4.

## Early Greenhouse Gas Reduction Credit Bill Introduced

The Credit for Early Action Act (S. 2617) introduced by Senators John Chafee (R-RI), Joseph Lieberman (D-CT), and Connie Mack (R-FL) on October 10, 1998 could provide strong incentives to encourage voluntary reductions of greenhouse gas emissions, including coal mine methane. If enacted, this bill would authorize the President to enter into binding agreements with any organization with verifiable greenhouse gas reductions. These binding greenhouse gas reduction agreements would be useable in any future domestic emission reduction program.

Key elements of the bill include:

- a) Credit would be granted on a ton-for-ton verifiable carbon reduction basis;
- b) Credit would apply against a participant's future domestic regulatory requirements, or could be sold or traded to others;
- c) Credit would not count against an organization in the future if trading allowances are allocated based on an organization's historical carbon emissions;
- d) Credits would be granted for international emission reduction

activities based on the outcome of international agreements; and

- e) Credits would be available for reductions occurring between 1990 and December 31, 1998 and reported under 1605(b) of the Energy Policy Act prior to January 1, 1999.

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## Voluntary Reporting Shows Upswing in Methane Emission Reduction Projects

In 1996, a total of 1,038 greenhouse gas emission reduction projects were reported to the U.S. Department of Energy, Energy Information Administration. Data compiled to date indicate a substantial upward trend in the number of such projects, with prior years reporting 636 (in 1994) and 931 (in 1995), and preliminary data for 1997 reflecting 1,228 projects. This trend is revealed in data compiled by the Voluntary Reporting of Greenhouse Gases Program which was authorized by the Energy Policy Act of 1992 to provide a repository of information from corporations, government agencies, households, and voluntary organizations on their greenhouse gas emissions and emission reduction projects.

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## Voluntary Reporting of Greenhouse Gases – 1999 Cycle

If you wish to participate in the Voluntary Reporting of Greenhouse Gases Program, remember that the deadline for submitting data for the next reporting cycle [data through 1998] to the Energy Information Administration (EIA) is June 1, 1999. EIA welcomes reports on greenhouse gas emissions, emissions reductions, and/or carbon sequestration.

Background information on the program, copies of past green-

house gas emission and emission reduction summaries, forms for submitting reports, and links to other sources of greenhouse gas and climate change information can be accessed through the program's World Wide Web site at <http://www.eia.doe.gov/oiaf/1605/frntvrgg.html>. Additional information about the program also may be obtained via e-mail at [infoghg@eia.doe.gov](mailto:infoghg@eia.doe.gov) or by calling the hotline at 1-800-803-5182.



## Credit Bill

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“By passing this bill, Congress will provide the certainty necessary to encourage entrepreneurial companies to move forward with practical emission reductions now. Simply put, this bill is good for the environment, and good for American business,” said Senator Chafee. “In anticipation of a potential global emission market, many forward-looking companies are already in the process of developing strategies to effectively compete in energy efficient products and services, and stay on track for a strong economic future. This legislation will reward companies that take such positive steps to position themselves, and the U.S., for the economic and environmental future.”

Using coal mine methane as opposed to venting it to the atmosphere can generate large greenhouse gas reductions. Thus, if this bill passes, coal mine methane developers that gain early credits possess a unique opportunity to significantly increase the value of their product.

This bill is expected to advance to formal debate early in the 1999 Senate session. For further information on the bill, visit the webpages of Senators Chafee, Lieberman, and/or Mack at [www.senate.gov](http://www.senate.gov). Additional information on early credit provisions can also be found at the Pew Center on Global Climate Change webpage at [www.pewclimate.org](http://www.pewclimate.org). For information on filing reports under 1605(b), see the Energy Information Administration's webpage at <http://www.eia.doe.gov/oiaf/1605/frntvrgg.html>.

## CMOP Upgrades Its Web Site

To better serve the coalbed methane community, we have upgraded our CMOP World Wide Web site to include:

- A “Document Download” hot link through which certain CMOP documents can be obtained directly in electronic format. Among the documents available through that link is an annotated listing of all CMOP documents and instructions for obtaining paper copies. As new reports are published by CMOP, they will be added to the list of documents available both electronically (i.e., downloadable) and in hard copy.
- A hot link for accessing and downloading copies of the

*Coalbed Methane Extra* (both current and past editions).

- A new “Contact Us Directly” link through which CMOP contact information can be obtained and communication with the program can be established.
- A “What’s New” link that provides access to timely notices of new CMOP program initiatives, recently released technical analyses, etc.

Please visit our site at <http://www.epa.gov/coalbed>, and feel free to submit your observations on its usefulness as well as your suggestions as to how it can be further revised, expanded, or refined to serve your needs better.

## Past Events

### **London Investment Opportunities Conference**

Coalbed methane experts from all of the major coalbed methane producing nations gathered in London this October to explore global investment opportunities. Speakers included Santosh Kumar Gangwar (Minister of State for Petroleum and Natural Gas for India), Keith Welford (Manager of New Oil and Gas Licensing for the United Kingdom's Department of Trade and Industry), and Karl Schultz (Manager of U.S. EPA's Coalbed

Methane Program). Minister Gangwar described India's new international competitive bidding process, and liberalized incentives for coalbed methane gas development. Other speakers discussed resources, policies, projects, and downstream technologies available in countries as diverse as China, the Czech Republic, Russia, Scotland, and the United States. The event was organized by Smi Ltd. For more information and copies of proceedings, contact Alison Kaye via e-mail at [akaye@smiconferences.co.uk](mailto:akaye@smiconferences.co.uk).



## Upcoming Events

### **North American Coalbed Methane Forum Washington, Pennsylvania April 13, 1999**

The North American Coalbed Methane Forum will hold its next biannual meeting on April 13, 1999 at the Holiday Inn Meadow Lands in Washington, Pennsylvania. A reception the evening of April 12th will precede the meeting. For additional information on conference content and schedule, contact Kashy Aminian, Coordinator, by phone at (304) 293-7682.

### **U.S. EPA/CMOP Spring Conference**

Unlike previous years, this year the U.S. Environmental Protection Agency's Coalbed Methane Outreach Program will not hold a Spring conference. CMOP will be represented, however, at the

biannual North American Coalbed Methane Forum's meeting (see above). Questions regarding the nature and extent of CMOP's participation in the Forum's meeting can be directed to Roger Fernandez, U.S. Environmental Protection Agency, by phone at (202) 564-9468 or by e-mail at fernandez.roger@epa.gov.

### **International Coalbed Methane Symposium Tuscaloosa, Alabama May 3-7, 1999**

The 1999 International Coalbed Methane Symposium will be held May 3-7, 1999 at the Bryant Conference Center at the University of Alabama in Tuscaloosa, Alabama, USA. The symposium will focus on both innovative and basic technologies for gas extrac-

tion and utilization, and will encompass coalbed methane, tight gas sands, and Devonian shales. Contact Gwen Hood at (205) 348-7192 for more information.

### **Mine Ventilation Symposium University of Missouri-Rolla June 7-10, 1999**

The University of Missouri-Rolla will host the 8th U.S. Mine Ventilation Symposium on its campus June 7-10, 1999. The symposium will address a host of topics, including methane drainage, and will place equal emphasis on theoretical analysis and practical applications. For more information, contact Dr. J. C. Tien via e-mail at tien@umr.edu, or visit the symposium Web site at <http://www.umr.edu/~tien/symp.html>.

## List of CBM Companies and Experts on the Web

The CMOP World Wide Web site includes a listing of companies and individuals with expertise in coalbed methane project development (see "Companies Experts List" link in our Web site at <http://www.epa.gov/coalbed>). Any firm with appropriate expertise can be listed - simply:

- ◆ Send us (by mail, fax, or e-mail) the information listed in the "Are

You On Our Contact List???" box on page 4,

- ◆ Indicate that your submission is to be included in the Companies Expert List on our Web site (it automatically will be entered in our CMOP contact list as well),
- ◆ Specify under which category(ies) of CBM development you should be listed (i.e., Project Development, Gas Production and Resource Assessment, and/or Gas Use), and
- ◆ Provide a brief (30-word maximum) description of your services/products (optional).

## Voluntary Reporting

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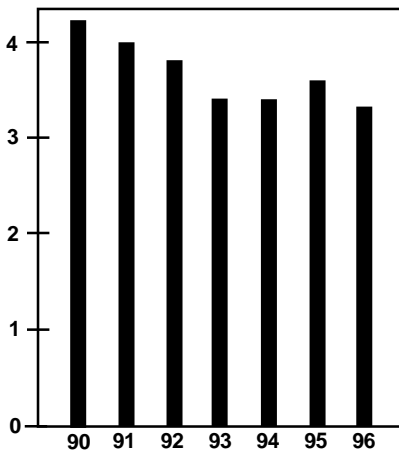
Of the 1996 total, five projects reduced methane emissions from coal mines, with one of them being responsible for over 97 percent of the reported 1996 total coal mine methane emission reductions. That project reduced methane emissions from five of the nation's gassiest coal mines by 266,000 metric tons. LAHD Energy, Inc., Northwest Fuel Development, Inc., MCNIC Oil & Gas Co., and Peabody Holding Company, Inc. reported coal mine methane emission reduction projects in 1996.



## Mining Trends Reveal Shrinking Methane Emissions

The U.S. Environmental Protection Agency reports a distinct downward trend in coal mine methane emissions\*. With only one exception, methane releases from underground coal mines declined annually. A decrease in underground mine methane liberation (from 3.3 Tg in 1990 to 2.9 Tg in 1996) and an increase in underground mine methane recovery and use (from 0.3 Tg in 1990 to 0.7 Tg in 1996) combined to reduce overall mining-related emissions from 4.2 Tg methane in 1990 to 3.3 Tg in 1996.

**Total Tg Methane Emissions  
from Coal Mining**



Emissions from surface mines and post-mining activities remained essentially constant over the seven-year study period. In combination, however, the trend is clear: overall emissions are steadily declining, with methane recovery and use projects making a substantial contribution to that decline.

{\*U.S. Greenhouse Gas Emissions and Sinks: 1990 – 1996, EPA 236-R-98-006, March 1998}

## Are You On Our Contact List ???

CMOP maintains a contact list for disseminating notices of upcoming conferences, the results of research and development initiatives, the *Coalbed Methane Extra*, and other technical information pertaining to coalbed methane opportunities in the U.S. and abroad. If you wish to be added to our contact list (or to update the information that we currently have for you) please supply the following:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Affiliation: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

e-mail: \_\_\_\_\_

Web site address: \_\_\_\_\_

**Either mail the requested information to:**

Roger Fernandez, 6202J  
Coalbed Methane Outreach Program  
U.S. Environmental Protection Agency  
401 M Street, SW  
Washington, DC 20460

**Or fax it to:**

Roger Fernandez at (202) 565-2077

**Or e-mail it to:**

fernandez.roger@epa.gov



## Expanded Gas Pipeline Capacity Offers Opportunity for CBM Producers

The U.S. Department of Energy's Energy Information Administration (EIA) recently reported substantial expansions in the nation's natural gas pipeline capacity (see EIA report *Deliverability on the Interstate Natural Gas Pipeline System\**). By 1997, inter-regional pipeline capacity had grown by 15 percent over 1990 levels, directly in response to increasing natural gas production to meet burgeoning consumer demand. In 1996, utilization of installed gas pipeline capacity had grown to 75 percent.

**By 1997, inter-regional pipeline capacity had grown by 15 percent over 1990 levels.**

The growing U.S. appetite for natural gas points to potential opportunity for CBM developers. In the commodity gas market created by FERC Order 636 (see related article in September 1998 *Coalbed Methane Extra* and CMOP white paper *Coal Mine Methane in Today's Natural Gas Market*), producers of pipeline-quality CBM now have access to previously unavailable gas transportation service. As the CMOP white paper observes, the prices received for CBM shipped to natural gas markets will depend on factors such as the quality of the gas produced, the reliability of its supply, and its

## Recent Publications

### *Update on Application of the §29 Tax Credit to Coal Seam Gas (09/98)*

The §29 income tax credit may be claimed on the sale of coalbed methane produced before 2003 from certain wells drilled prior to 1993. This white paper discusses the history of §29 and addresses the elements generally required for a wellbore to be grandfathered as a pre-1993 well eligible for §29. Other §29 requirements and

limitations also are discussed, including recent developments with respect to well certifications by the Federal Energy Regulatory Commission (FERC), as well as using the §29 credit to raise project capital, a technique commonly referred to as "monetization" of the §29 tax credit.

Note: Copies of this report can be ordered by calling 1-888-STAR-YES.

location relative to competing supplies. The trends reflected in the EIA report indicate, however, that those who can produce pipeline-quality CBM competitively should be assured of a ready, growing market.

{\*The report can be accessed electronically over the Internet at <http://www.eia.doe.gov>.}



## CMOP Contact Information

Inquiries about contents of the *Coalbed Methane Extra* or about the USEPA CMOP program may be addressed to:

**Roger Fernandez**  
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or

**Karl Schultz**  
(202) 564-9468  
e-mail: [schultz.karl@epa.gov](mailto:schultz.karl@epa.gov)

*Also, please keep us updated on any changes in your contact information (address, e-mail, or phone/fax number).*

**To order CMOP reports, call 1-888-STAR-YES.**