



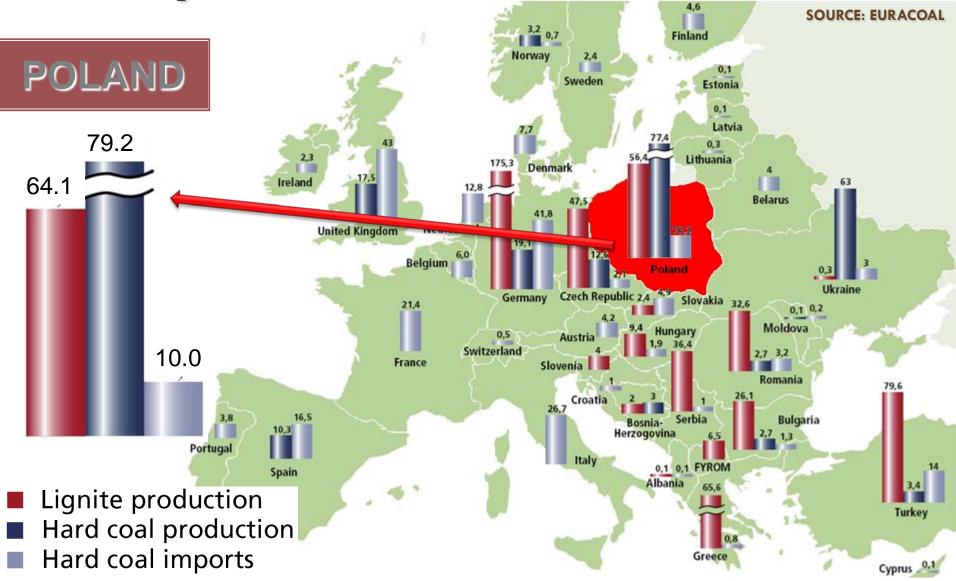
UPDATE ON CMM ACTIVITIES IN POLAND

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Vancouver, March 13th, 2013

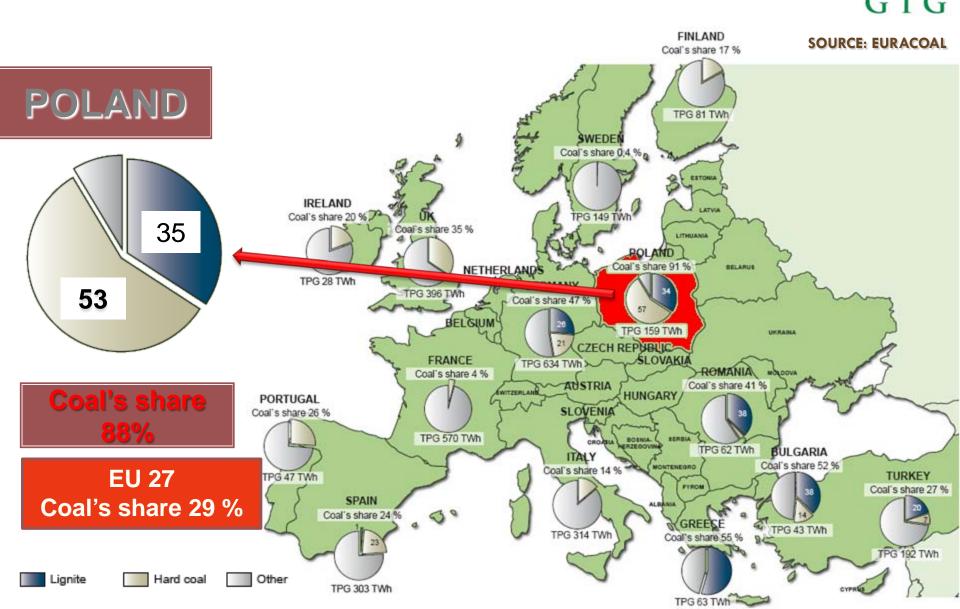
Coal production and imports in Mt in 2012





The role of coal in power generation in Poland





Location of major Polish

C I G

hard coal basins



2012 DATA

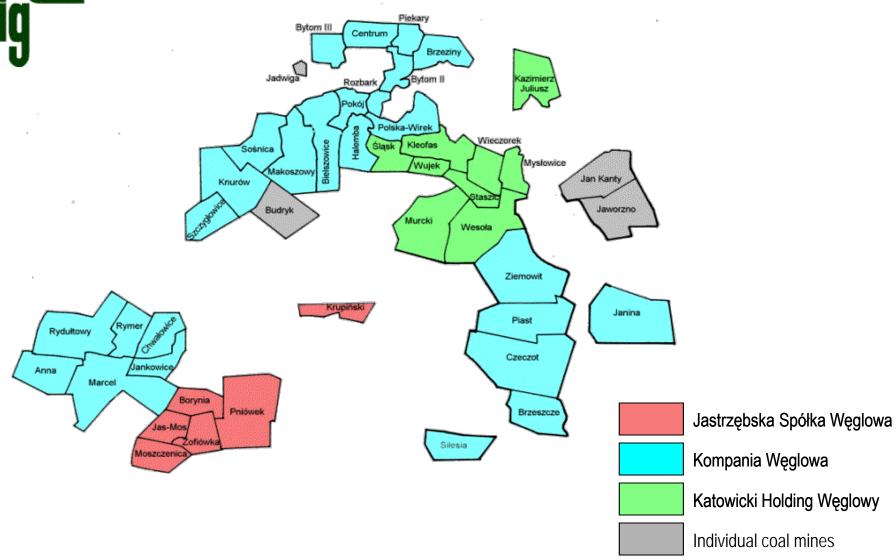
- RESOURCES:
 - 67 900 Mt

- **★ EMPLOYMENT 113 256**
- NUMBER OF MINES
 30
- *** HARD COAL COMPANIES**
 - KOMPANIA WEGLOWA
 - WEGFOMA KYLOMICKI HOFDING
 - ◆ JASTRZĘBSKA SPÓŁKA WEGLOWA
 - POŁUDNIOWY KONCERNI WEGLOWY
 - LUBELSKI WEGIEL BOGDANKA
- **⋄** OUTPUT

79.2 mln tones



LOCATION OF THE HARD COAL MINES IN UPPER SILESIAN COAL BASIN











Upper Silesian Coal Basin:

Presently 30 operating hard coalmines including:

26 gassy coalmines

19 use drainage systems

14 utilise CMM

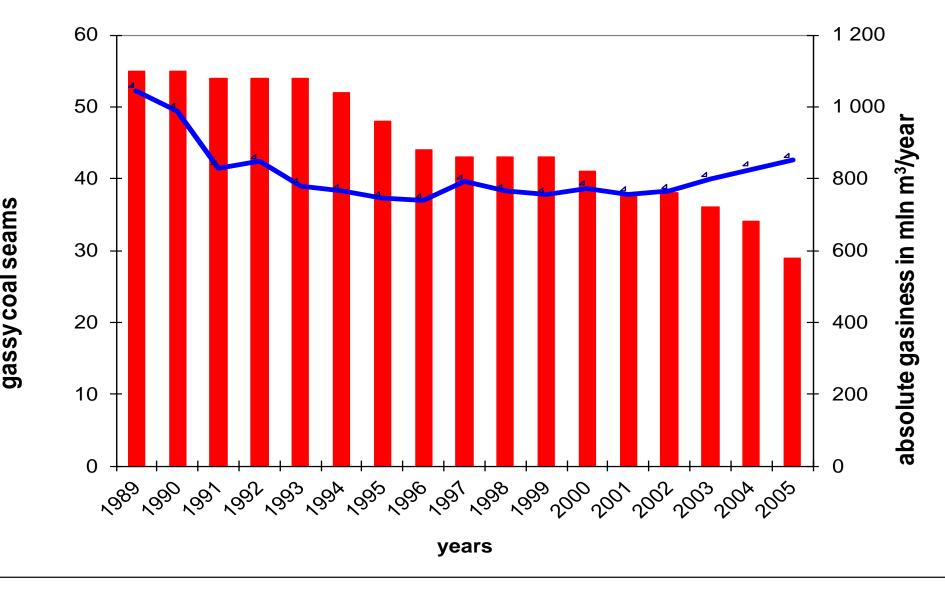


TOTAL ANNUAL HARD COAL & CMM PRODUCTION

Hard coal output: 79.2 mln Tones

Total absolute gasiness: 828.8 mln m³

Changes of absolute gasiness versus decrease of active gassy coalmines' number



■number of coalmines exploiting gassy coal seams

absolute gasiness in mln m3/year

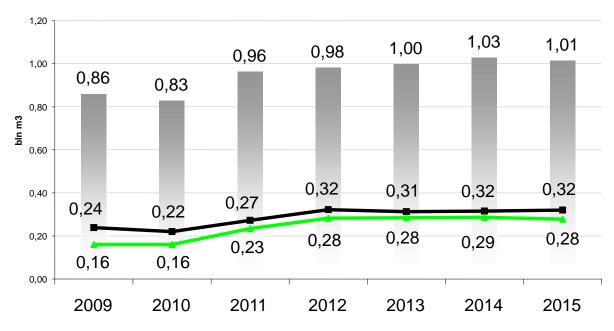








UTILIZATION OF METHANE



- Total amount of methane released during coal exploitation
- Amount of methane captured in the drainage stations
- Utilization of captured methane









Methods of methane drainage in Poland:

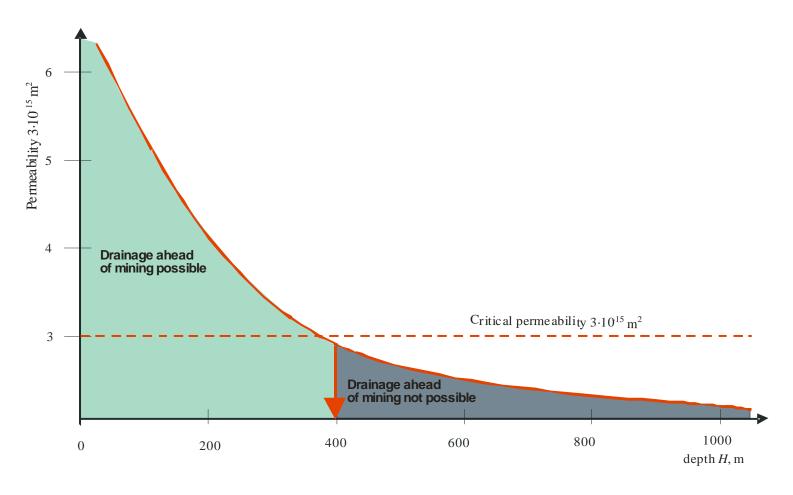
- > drainage of the coal seams ahead of mining (before exploitation),
- drainage during coal exploitation,
- > drainage of goaves



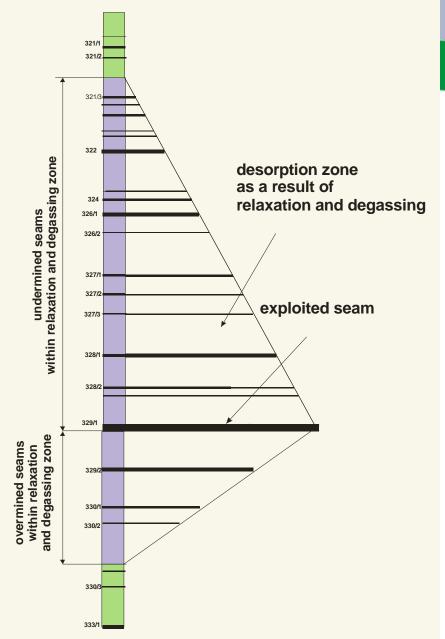








Changes of coal seams' permeability with the depth











Share of methane from the exploited seams constitutes about 20-40% of total released methane

Zone of relaxation and degassing of coal seams undermined and overmined by minig exploitation



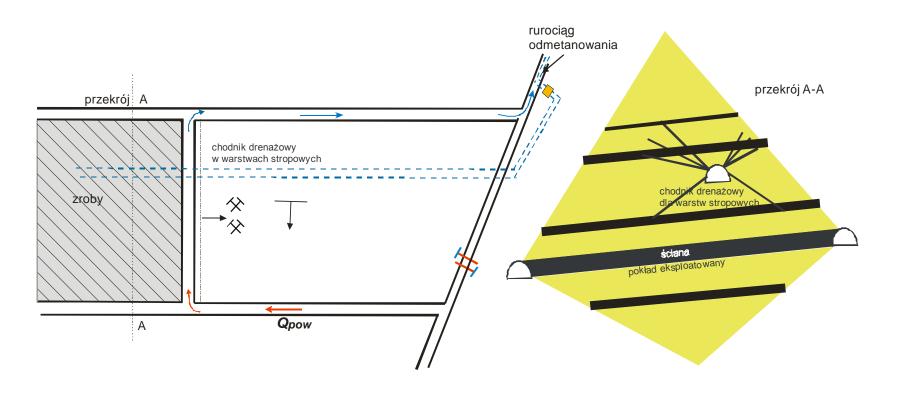






Degassing of the longwall by the mean of drainage gallery located in the roof layers

In favorable conditions effectiveness even up to 70%-90%











Consequences:

- Increased gas hazard
- Drasitcally growing statistics of stopping coal exploitation

In more and more cases it is not coal mine management

but... methane

which is the critical factor determining coal output!









First feasibility study for cost effective methane degassing and capture ahead of mining operations to reduce methane emissions in Poland during mining

funded by US EPA grant









	T1	Identification of coal seams to be the target of mining operations
Technical feasibility	T2	Methane predictions for the planned mining operations
		Design of CBM production and degassing system using surface-bored
	T3	wells which include:
	T3.1	data collection
	T3.2	determination of coal reservoir parameters
	T3.3	determination of coal seam continuity (depositional characteristics, structural features);
	T3.4	selection of appropriate drilling technology based on the US CBM experience;
	T3.5	preparation of CBM drilling, completion and production design;
	T3.6	determination of well locations and well spacing;
	T3.7	determination of production volumes using reservoir simulator
	T3.8	determination of methane drainage effectiveness using reservoir modeling techniques;
	T3.9	planning of produced water disposal
	T4	Estimation of methane emission reductions
	T5	Estimates of the CBM production implementation cost
	Т6	Review of methane end-use strategies
20		Calculating of net revenues and estimating of the CBM production
2	T7	project lifetime
Economic analysis	T8	Development of an economic model and calculating NPV and IRR
		Converting estimated methane emission reductions to carbon credits
	Т9	
	T10	Estimates of possible cost savings for the Pniowek coal
	T11	Final economic analysis
	T12	Conclusions and recommendations









Very first attempts of directional drilling from the surface by DART Energy in Gilowice (Upper Silesia Basin) (underbalanced technique – no fracturing applied)

Not very successful so far ...



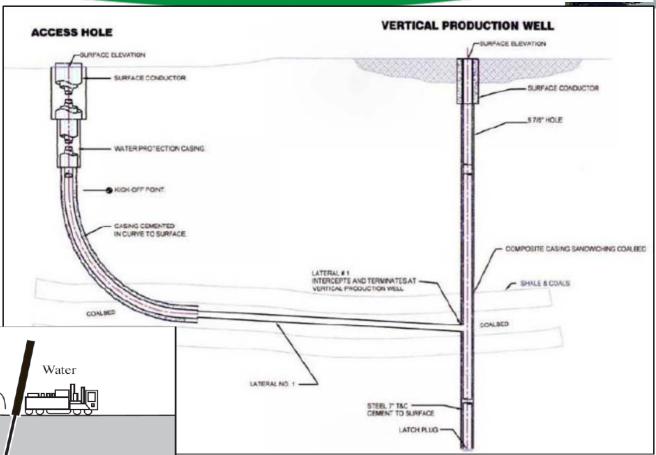


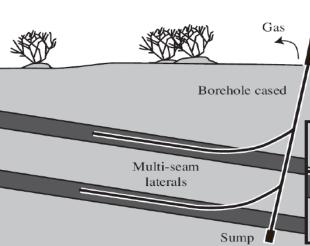


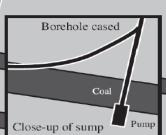




Toe intersection















Very first attempts to start drainage by directional drilling from the underground galleries

Purchase of the equipment

Very first feasibility studies to degassify individual coal panels

Looks pretty promissing so far ...

Decisions by the investors must be made.









Model of designed exploratory "pinnate" well by:

Polish Geological Institute

Polish Ministry of Environment

and National Environmental Fund

in 2013-2014









Latest news...

Kompania Weglowa S.A. – the largest hard coal producer in Poland signed the consortium agreement with Central Mining Institute of Katowice

to perform the feasibility study verifying technical and economical efficiency of Production the Electricity and Cold from VAM in "Brzeszcze mine"

Opportunity template during Methane Expo ...









Apart from the questions to be answered by the feasibility studies miners often ask:

Is there a real chance for degassing the coal seams in Upper Silesian Coal Basin by drainage ahead of mining?

If it is feasible what will be the volumetric decrease of methane desorbing during coal expoitation to the environment of the longwall?

What will be the impact of methane captured by drainage ahead of mining on minimizing gas hazard during coal expoitation when converting into reduced absolute gasiness of longwall environment?









Is it possible to drill directional wells in the deposit characterized by the high faulting zones or/and high seismisity?

What will be the situation in the zones with high seismisity after the quake? Will the wells be cut off, what will happen with their patency and flow of drainage methane?







Chances for the hard coal mines in Poland

- 1) Drainage of the rock mass by capturing methane from the relaxed zones over and under exploited longwall (conventional drainage, most efficient drainage galleries or directional wells in the future ?),
- 2) Capturing of methane desorbing to the isolated goaves still does not solve the problem of gas hazard in the longwalls,
- 3) In case of elaborating new technology suitable for Polish mining conditions capturing of methane from the coal pannel meant for the exploitation.









Conclusions / Challenges for Polish CMM and CBM

- Only 30% from 828.8 mln m3 of methane released during mining operations is being captured by drainage systems.
- Only about 70% of drainage gas is being utilized...
- The supporting system for the high cogeneration energy is not able to stimulate more efficient utilisation of CMM!
- New incentives are needed production of electricity from CMM?
- 70% of methane released during mining operations is being vented to the atmosphere; VAM projects are needed!









Thank you for your attention



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