

CBM Legislation May Need Refining

By Paul White

The legislation surrounding coal bed methane (CBM) may have to be re-examined as a result of confusion relating to multi-commodity applications for the same licence area.

Currently, it is possible to apply for a CBM licence, a coal mining licence and a licence for the mining of gas generated through underground gasification involving a coal orebody.

Many companies apply for all three licences, but some only apply for one licence, as in the Springbok Flats, where CBM-licence applicants often believe that the coal that falls within the licence area will not be mined.

Where this assumption proves to be false, and a different company applies for, and holds the rights for, coal mining, there may be some conflict as to the extraction order.

Venmyn believes that a sequential arrangement, where CBM is extracted ahead of mining, is likely. This is because the CBM resource will be destroyed through coal mining.

This order has the added advantage of reducing methane gas explosions when mining eventually takes place. However, it does mean that the coal-mining licence holder may have to put mining plans on hold while CBM extraction is completed in a particular area.

CBM licences are applied for through the Cape Town-based Petroleum Agency South Africa (PASA), which is responsible for onshore and offshore oil and gas resources, and approved by the Department of Mineral Resources (DMR).

Coal licences are applied for directly through the Department of Mineral Resources (DMR).

For more information, please contact Paul White at Venmyn