

Methane to LNG Żory Coal Mine Project

QUARTERLY PROGRESS REPORT

Reported period 1 Oct. - 31 Dec. 2008

Project Months no: 1-3

Executive summary

The Report serves as a summary of activities performed in months 1-3 of the Methane to LNG Zory Coal Mine Project i.e. 1st Oct – 31 st December 2008. The tasks planned for that period were primarily aimed at identifying, collecting and studying the existing geological documentation and data as a background for the assessment of the proposed methane capture methods from the viewpoint of the project objectives and viability of the alternative (WP 1, Tasks 1.1 & 1.2). Based on this assessment a selection of the capture alternative has been made (Milestone 1.1) as a starting point for the next phase of the project. Some portion of the tasks was also dedicated to setting up the organizational framework for project performance and outreach activities (WP 3, Task 3.1 & 3.2) They included administrative issues related to closing the contract with the contractors : LNG Silesia, CETUS and Thompson Hine as well as adopting internal procedures of project management and setting up the project web page.

During the reported period within WP1 the analysis of the available geological materials towards the selection of the most viable alternative of the methane capture was carried out. The following alternatives have been taken into account: 1/use some of the existing 43 wells, 2/new drill wells and 3/use of the existing underground infrastructure (e.g. headings and galleries) of the other coal mines operating in areas adjacent to the Zory coal mine area.

In view of the majority of negative aspects and a high risk of failure and/ or time and costs consuming procedures, alternatives 1 and 3 have been eliminated from further studies. Detailed analysis of the data as well as justification for this decision are included in the report.

Alternative 2 i.e. drilling a new research borehole was identified as the most optimal and the least risky way to estimate methane deposits in the Żory coal mine and to start its extraction. A detailed study to determine the optimal location and parameters of the borehole was made.

The report presents also the summary of the project management activities as well as information on the budget used so far and the work effort.

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Progress towards objectives

Deliverables and Milestones associated with this period include:

- Report on the characteristics of the potential methane capture alternatives from the viewpoint of project purposes (D.1.1) – originally scheduled for Project Month 5 - to be provided in February
- Project web page (D 3.1) – launched (visit http://www.ietu.katowice.pl/LNG2M/index_en.php)
- Section of the methane capture alternative (Milestone 1.1.)

In general, project activities are ahead of the schedule mainly due to an easier access to geological documentation and data as well as an earlier completion of all administrative procedures related to the selection of the methane capture alternative than originally planned. Project leaflet and the Polish version of the project web page will be developed in February.

The percentage of the budget spent in the reporting period against the total project budget is 10.16% .