

L&M Coal Seam Gas flows pilot test gas wells at Kaitangata field

20 April 2009 - Christchurch-based private company L&M Coal Seam Gas Ltd has commenced production from its five well pilot drilled in the Kaitangata coal field approximately 50 km south of Dunedin.

Kent Anson, chief executive of L&M Coal Seam Gas, said the drilling at the South Otago field had been successful, finding significantly more coal than expected and at greater depths.

The company has also been awarded its second North Island coal seam gas permit (PEP 51244) in the King Country north and south of Taumarunui covering an area of 1058 sq km.

Last year Mr Anson said the Kaitangata field near Balclutha contains 2 billion tonnes of subbituminous coal at depths up to 500 m, seam thicknesses up to 15 m, and a potential resource of 54 petajoules of coal seam gas.

The Kaitangata test is the company's first appraisal pilot programme, though the company as one of the pioneers in coal seam gas exploration in New Zealand, has drilled for coal seam gas in coalfields throughout the country for the past decade.

Mr Anson said the company has recently drilled a precursor well to the upcoming pilot project at the company's Hawkdun field in central Otago, north of Alexandra. Hawkdun is the only lignite coal field in New Zealand which is now being targeted for coal seam gas and contains an estimated potential resource of 57 PJ.

L&M Coal Seam Gas holds a total potential in-ground gas resource of 1.2 trillion cubic feet of CSG in its New Zealand permits – the largest resource figure published by any CSG explorer. This includes a potential 400 PJ of gas in three fields in the Otago-Southland and an estimated 780 PJ in PEP 50348, the large (3920 sq km) area in South Waikato running south from Hamilton to Te Kuiti.

The company has also applied for large extensions to both of its South Waikato and newly-granted King Country permits.

The L&M Group, which owns L&M Coal Seam Gas Ltd, also has a controlling interest in the sharemarket-listed and Wellington-based L&M Petroleum Ltd which is separately exploring for coal seam gas in western Southland.

Source: L&M Coal Seam Gas and Lindsay Clark