

NZ offers considerable coal seam gas potential, says Minister

22 July 2009 - The future is bright for the New Zealand coal seam gas, the Minister of Energy and Resources Gerry Brownlee told an inaugural coal seam gas industry briefing in Christchurch.

Though the industry was still in its infancy, Mr Brownlee said coal seam gas has the potential to make a sizeable contribution to New Zealand's energy security, its economic growth rate, and its prosperity.

The last few decades have seen an explosion in interest in coal seam gas around the world.

In Australia, there had been rapid growth of coal seam gas production and reserves in Queensland, while in the US the fuel accounted for 7% all domestic gas production.

He said New Zealand is estimated to have over 15 billion tonnes of in-ground coal resource. Although not all of this will be conducive to coal seam gas production, a lot of it will be.

"That is a considerable resource by any measure," Mr Brownlee said.

There are currently 17 petroleum permits granted for the exploration of coal seam gas, with one permit granted solely for commercial mining of the gas.

In 2008 only Solid Energy produced any meaningful quantities of CSG – only enough to power a 1 MW electricity turbine.

The limited current coal seam gas activity is more a reflection of the under-explored nature of New Zealand's petroleum and mineral basins rather than a perceived lack of resource.

With the Maui gas field running down and the price of gas subsequently rising, coal seam gas now looks more attractive, he said.

"As a government we're very conscious of the importance of gas to our economy, and we certainly see coal seam gas as part of our energy mix in the future.

"There is little doubt that the potential for coal seam gas production in New Zealand is definitely there," Mr Brownlee said.

Sources: Minister of Energy and Resources and Lindsay Clark.