OVERVIEW OF PROJECT OPPORTUNITY:

The Pingdingshan No. 8 Coal Mine is located in the Pingdingshan Mining Area in China's central Henan Province. The proposed CMM drainage and utilization project will employ the latest gob borehole technology to improve the extraction, recovery, and use of CMM originally, which is currently vented to the atmosphere. This drained gas could be used to generate electricity, and reduce annual greenhouse gas emissions by up to 200,000 tCO2e annually. At present, Pingdingshan Coal Mining Area has six underground and one surface gas degasification stations, with a combined capacity of 2,800 m3/min. A portion of the CMM extracted from No. 8 Coal Mine has been used to generate electricity.

The Pingdingshan Coal Company has carried out tests on five gob wells for data gathering purposes and to test the feasibility of methane drainage. The mine projects that they will be able to maintain drained gas flows of 10,000 m3/d, with all the extracted gas to be used for power generation; with a planned installed capacity up to 7MW when the project is completed. Project costs are estimated at $6.67M USD (RMB 50M).

MINE INFORMATION

- Status / Type of mine: Active / Underground
- Mining Method: Longwall
- Gas Content: Medium

PROJECT DETAILS

- Potential type of project: Gas abatement and power generation
- Power generation: total capacity 7 MW
- Industrial use: power generation for local consumption
- Current infrastructure: Drainage and utilization system in place
MINE CHARACTERISTICS

### COAL PRODUCTION

**No 8 Mine**

<table>
<thead>
<tr>
<th>Date mine started working</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual coal production in 2006 (tonnes/year)</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Proposed plans for Expansions</td>
<td>Coal extraction will remain at 3M tonnes per year but the methane will be used to generate 7 MW of electricity</td>
</tr>
</tbody>
</table>

### METHANE EMISSIONS

- Estimated CMM well capacity: 10,000 m³/d
- Volume of ventilated methane per year: 20M m³ (2006)
- Volume of drained methane per year: 15M m³ (2006)
- Fluctuation of methane concentration: 0.12 - 0.17%

### ESTIMATED EMISSIONS REDUCTIONS

The following estimated emissions will recovered and used by the proposed project over the life of the project:

- 4M m³ methane per year (2006) / 50M m³ methane cumulative
- 0.2 MtCO₂e per year / 0.6 MtCO₂e cumulative (3 years)
EXISTING INFRASTRUCTURE

Example gas extraction stations at No. 8 mine: one of seven stations, six ground and one surface, with total extracting capacity: 2,800 m³/min

PROJECT FINANCE NEEDS

• Funding for feasibility study and other economic analyses
• Technical assistance
• Equipment costs: for power generation equipment and support infrastructure
• Estimated total capital investment costs: $6.7 million USD

SOCIO-ECONOMIC IMPACTS OF THE PROJECT

• The project will provide social benefits by significantly improving the health and safety for workers and residences and by providing a new source of clean electricity, displacing coal-fired power.

• The Henan region will benefit with an improved air quality by addressing greenhouse gas emission and reducing exhaust from mining activity, which is currently vented to the atmosphere. The project will not lead to the consumption of significant natural resources or to any increase in energy consumption because the pumping station has already been installed and drainage activities are part of the baseline.

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