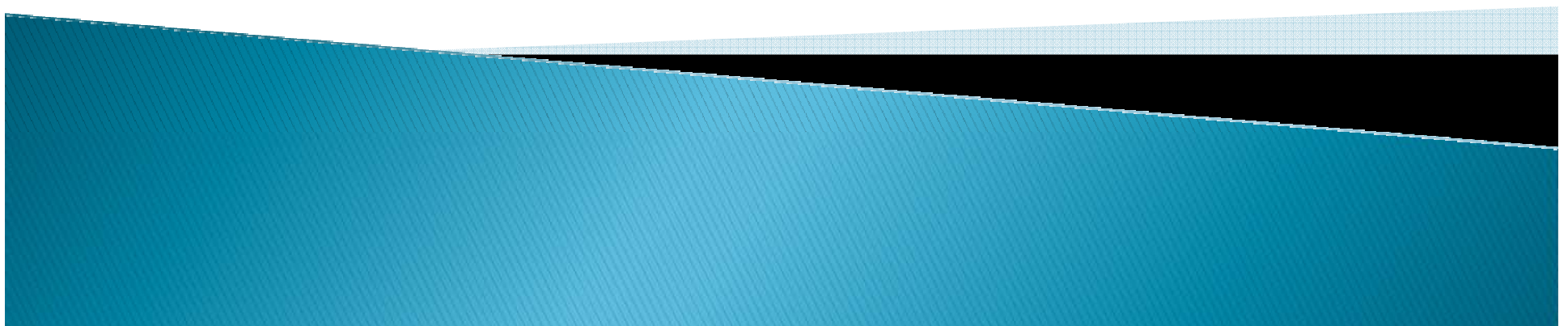


# Approach to Encourage Coal Mine Methane Project Development

MEXICO





# Broader National Level Initiatives

## National Development Plan

Promotes environmental sustainability

Establishes actions to enhance energetic efficiency

Encourages lower greenhouse gas releases

Enhances the use of clean technologies

## Energy Program

Promote the recovery and use of coal mine gas

Enhance a rational use of coal mine gas

Establishes actions to foster energetic efficiency

Establish budgetary mechanisms for technology implementation to reduce greenhouse gas releases

## Environment and Natural Resources Program

Enhance greenhouse gas effects reduction

## National Strategy on Climate Change

Identifies specific measures for mitigation of climate change

Proposes research goals as a tool for laying out more precise mitigation targets

Outlines national requirements for capacity building for adaptation to climate change

# Mexico's Coal Sector

## Coal production (MIMOSA)

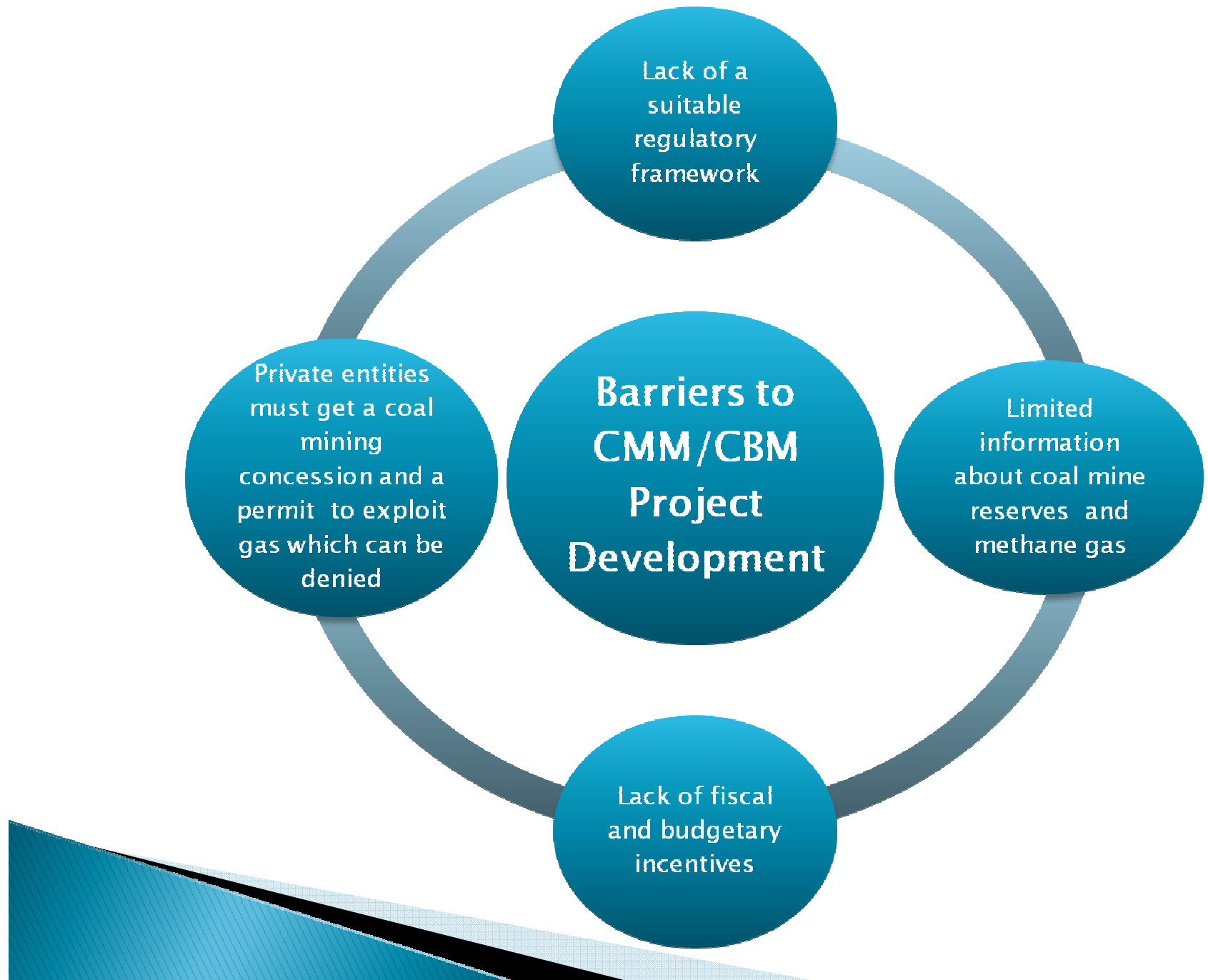
- 4 million tons in 2006

## Coal mine types (MIMOSA)

- 3 underground mines located in Sabinas and Saltillo Basins
- The 3 are considered gassy mines

## Regulatory framework

- Concessions for mine exploiting are granted to private companies
- According to Mexican Constitution, hydrocarbons belong to the Nation
- Private companies can't do CBM recovery activities, unless a special drilling is done in oil concessions granted by PEMEX



Lack of a suitable regulatory framework

**Barriers to CMM/CBM Project Development**

Limited information about coal mine reserves and methane gas

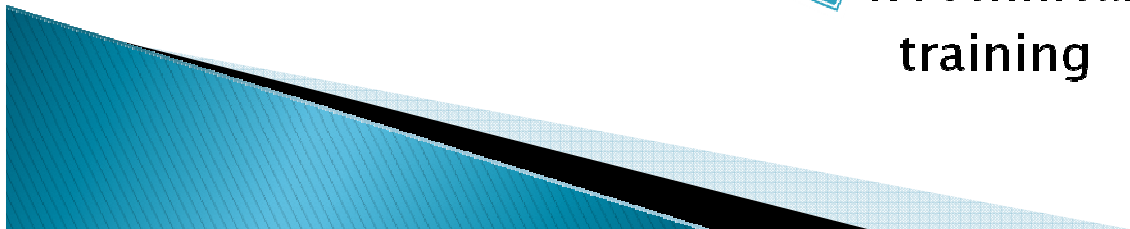
Lack of fiscal and budgetary incentives

Private entities must get a coal mining concession and a permit to exploit gas which can be denied

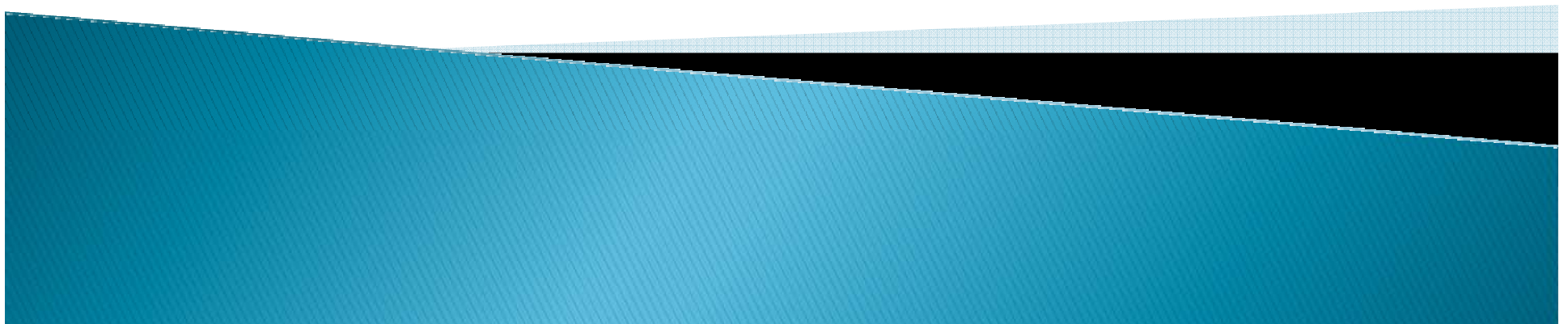
# Ongoing Activities



# Activities to Promote Project Development



1. Enhance stakeholders abilities and information needs, as well as ease technology transfer and expertise



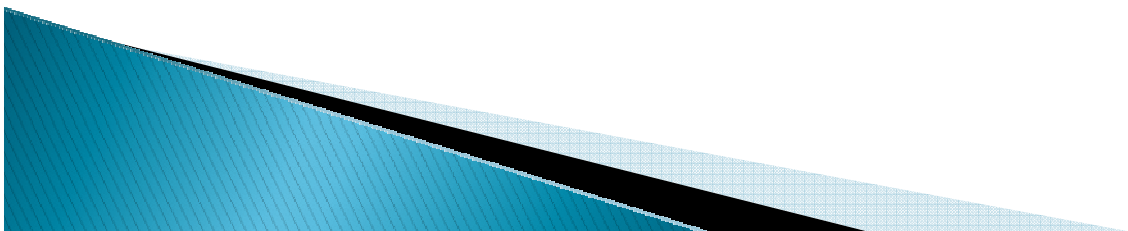


## Description:

Provide specific information about coalbed methane potential, including information about coal basins, gassy coal mines, coalbed methane mining stocks and its quality.

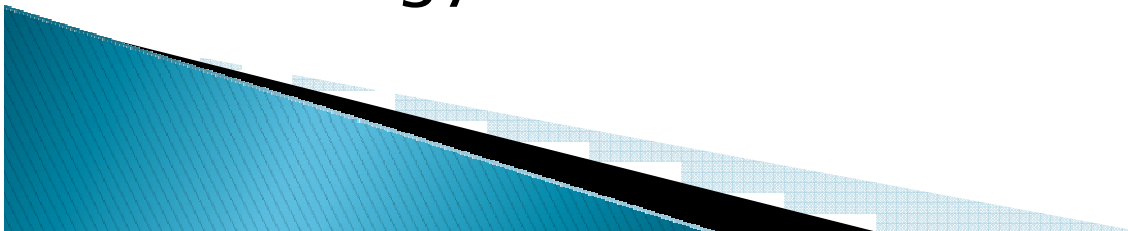
## Background:

Accurate information about methane in each basin isn't available.



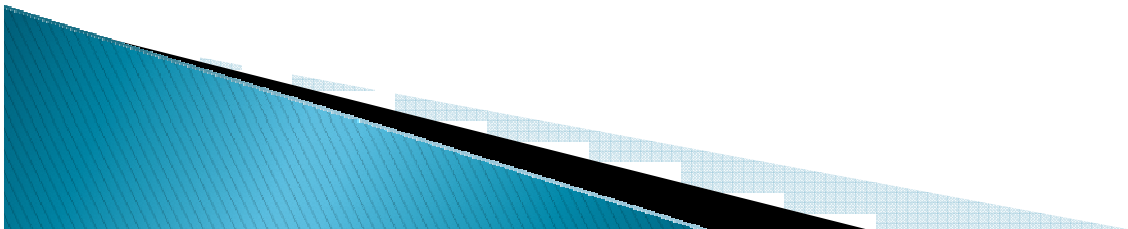
## Activities:

- ▶ Gather information through field survey
- ▶ Design a strategic database related to coal mine sector
- ▶ Establish the required bonds with the main world information sources to share knowledge among the main stakeholders
- ▶ Design a communication and education strategy to broadcast main research outputs

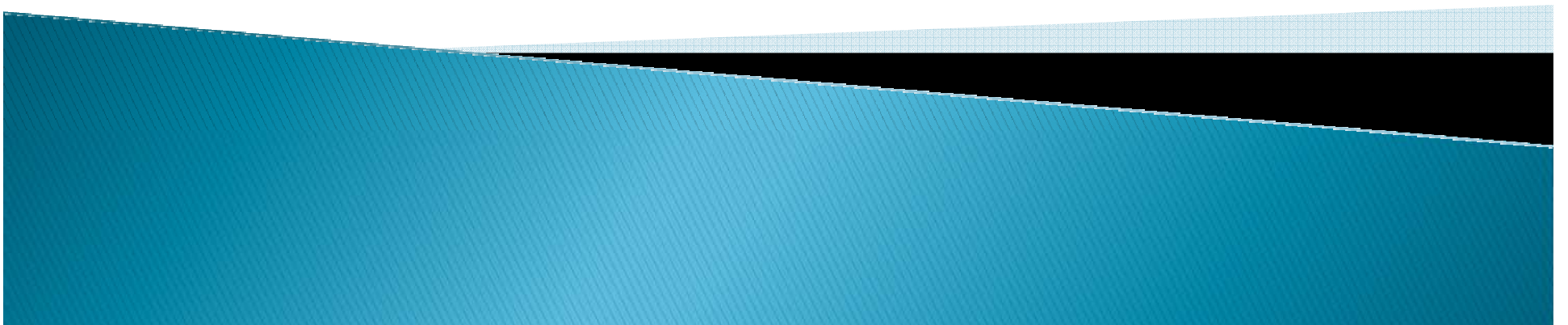


## Resources:

- ▶ Most of the resources needed for the development of this activity should come from the Ministry of Economy
- ▶ Methane to Markets partnerships' technical and economic assistance should be required



## 2. Grant legal security to mining activities

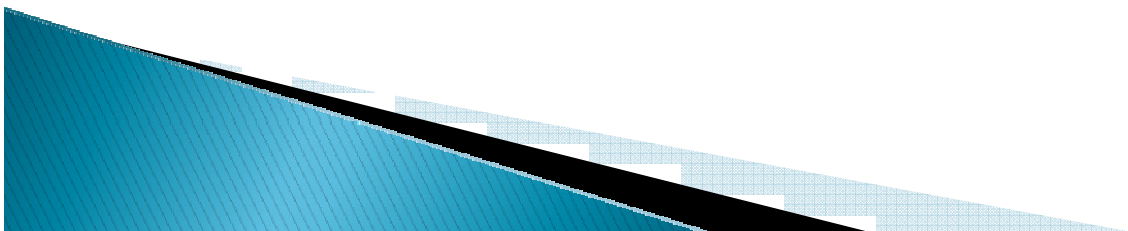


## Description:

Promote legal transparency in the regulatory framework through the publication of the Regulation of the Mexican Mining Law, which has not been issued yet, and the development of Mexican Official Standards, as needed.

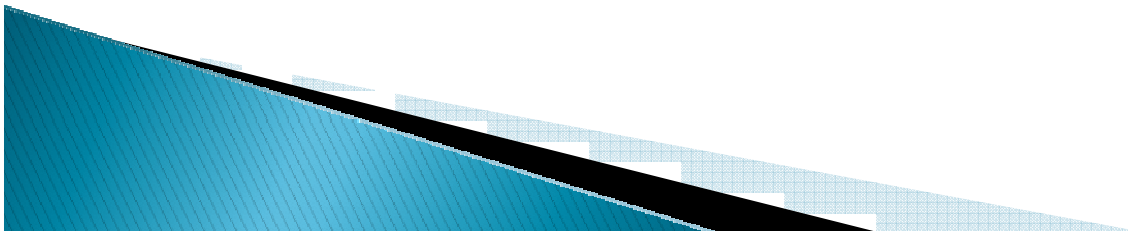
## Background:

As long as a specific regulation to the Mexican Mining Law has not been issued yet, companies are unable to plan specific mechanisms for the recovery and use of coal mine methane.



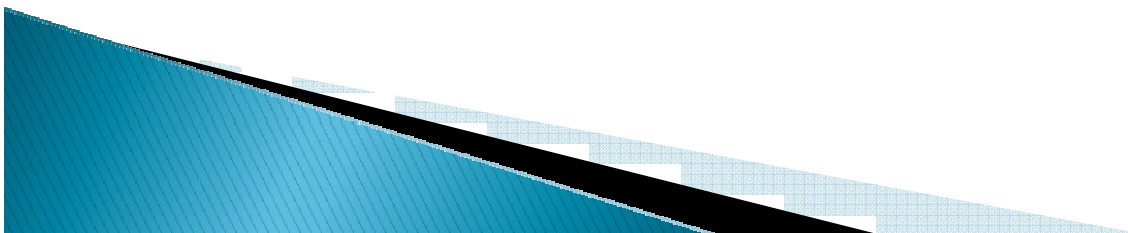
## Activities:

- ▶ The Regulation to Mining Law must be issued, as well as Mexican Official Standards to state the conditions under which mine methane will be recovered and used.

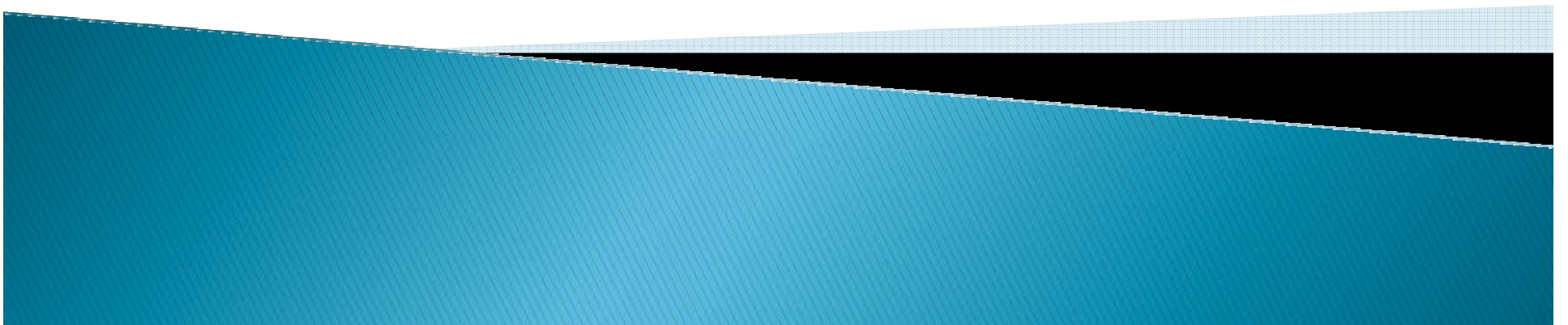


## Resources:

- ▶ The resources to promote these actions should be obtained from the Ministry of Energy, the Ministry of Economy, and the Ministry of the Environment and Natural Resources.



# 3. Project feasibility assessment



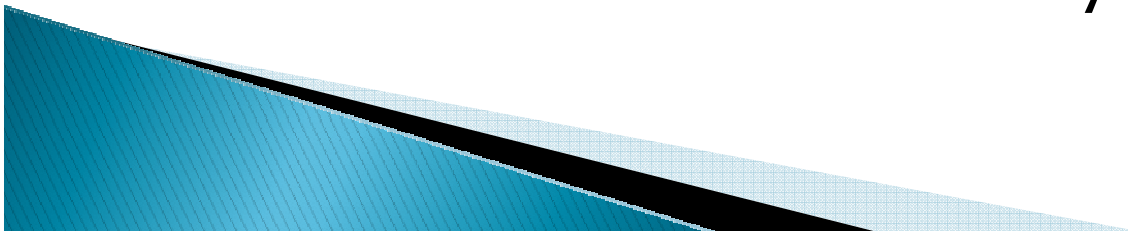


## Description:

Determine the viability of a project through technical and economic assessments to promote the design and establishment of productive projects.

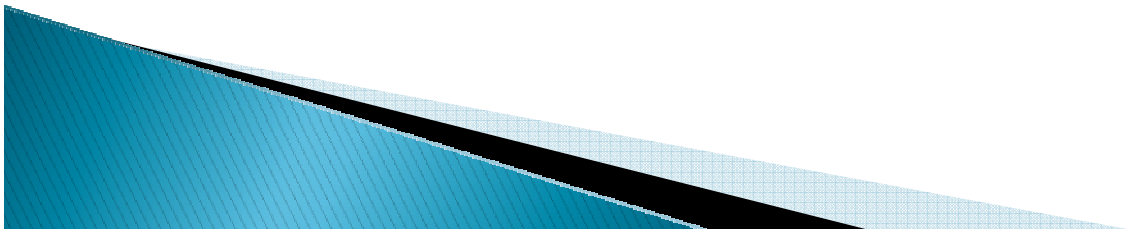
## Background:

The Mexican government can provide assistance to those interested in mine coal methane use and recovery.



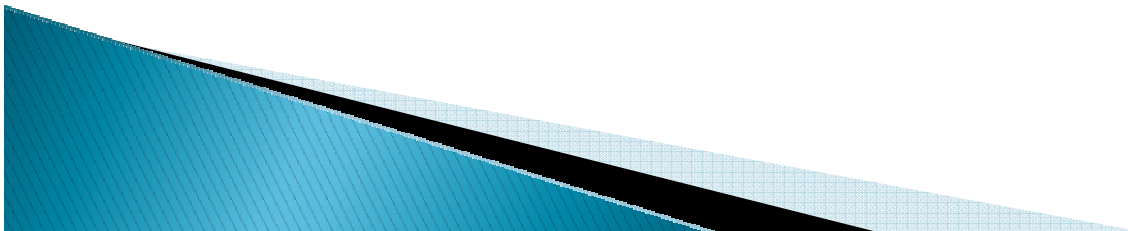
## Activities:

- ▶ Analysis of market conditions and associated risks
- ▶ Raise a portfolio of feasible projects to promote mining investment
- ▶ Provide the required assistance through information given via internet, written documents, or through the development of strategies or studies for project feasibility assessment

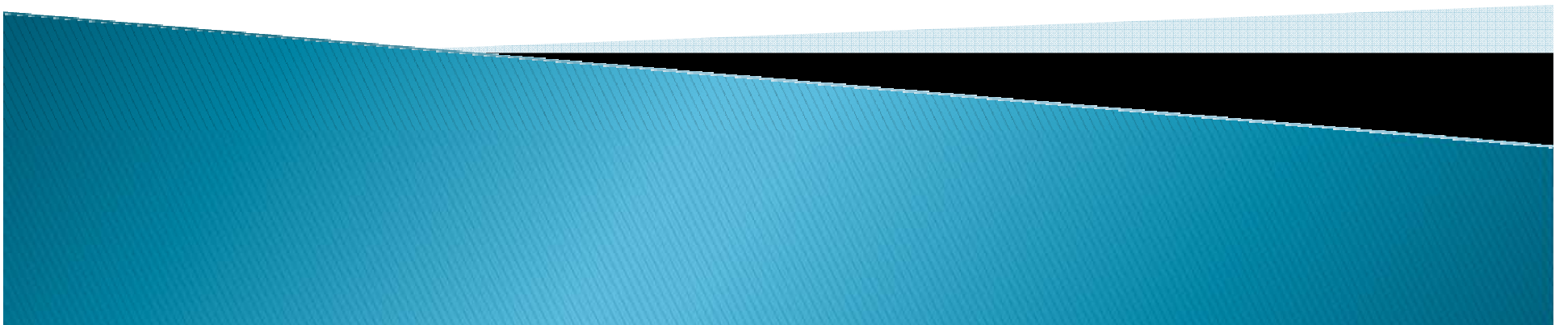


# Resources:

- ▶ Resources will be obtained through the Ministry of Economy and coal mining projects concessionaires.



# 4. Technical training

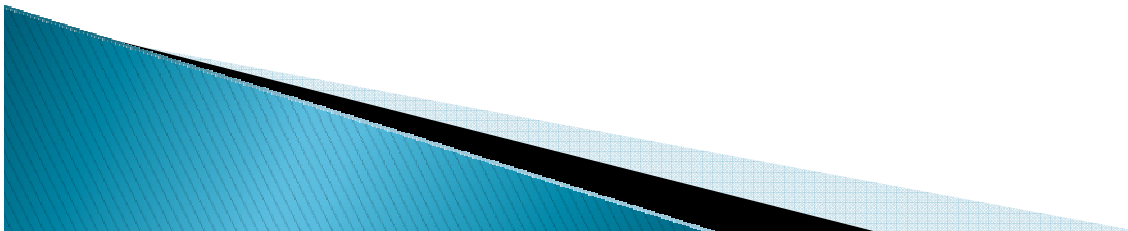


## Description:

Provide technical knowledge and the required expertise for the correct implementation of coal mine methane projects.

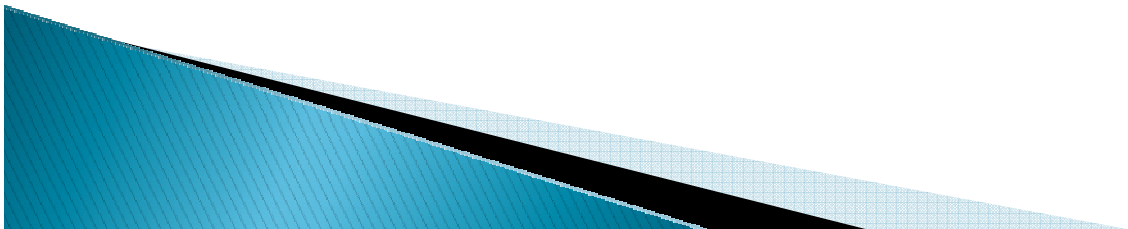
## Background:

Training is a necessary condition to provide people with the required knowledge and abilities to perform an activity. Training is necessary for the development of coal mine methane projects because of the novelty of the technologies and methodologies.



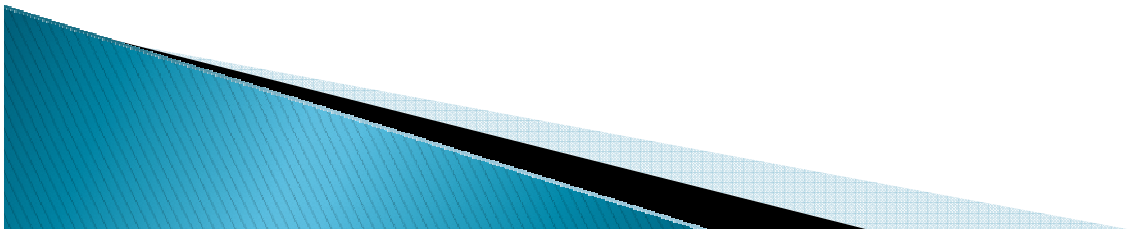
## Activities:

- ▶ Provide training and technical assistance to the mining sector participants.
- ▶ Workshops and survey visits to centers applying the technologies can be held as part of a training program.

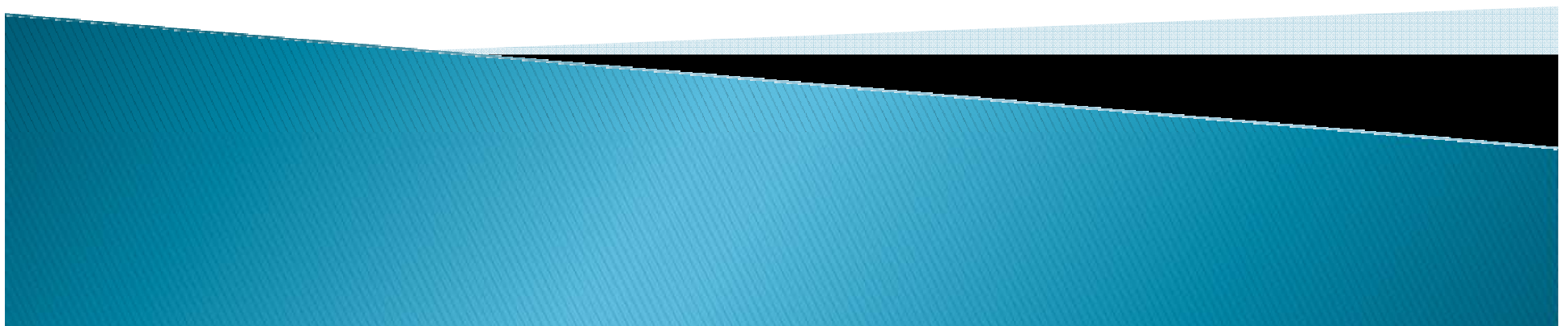


## Resources:

- ▶ Resources can be obtained from the Ministry of Economy, the Ministry of Energy, and the Ministry of the Environment and Natural Resources.
- ▶ Methane to Markets partnerships' technical and economical assistance should be needed.



# 5. Financial and tax grants. Capital increases for mining



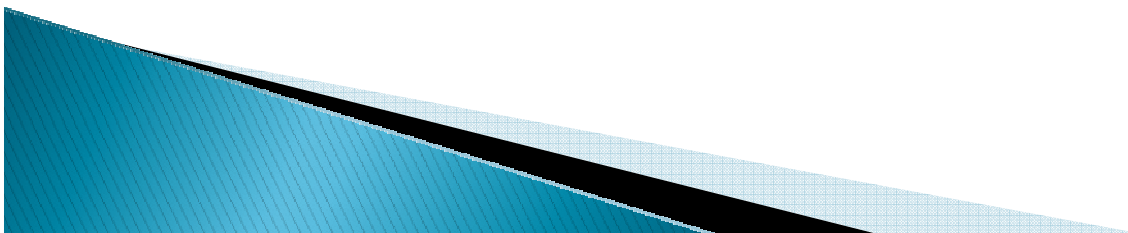


## Description:

Provide coal mine methane projects with economical and technological resources for its implementation.

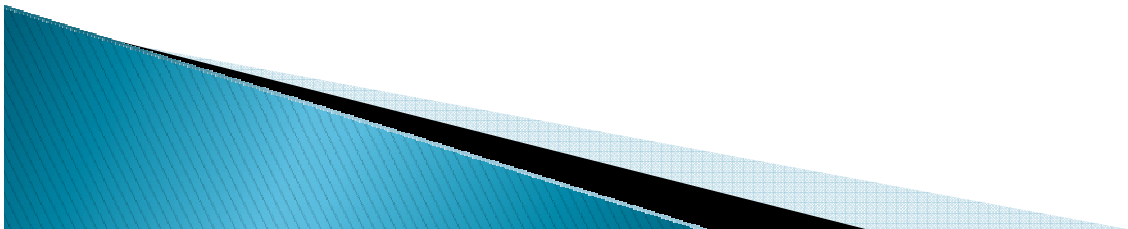
## Background:

Coal mine methane projects are implemented according to its technical, economical, financial, and environmental feasibility.



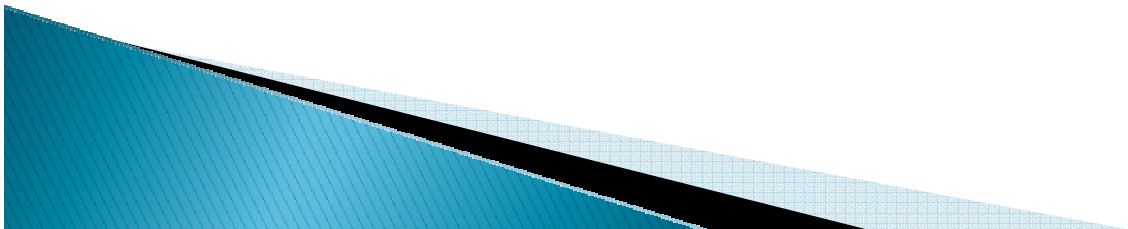
## Activities:

- ▶ Generate and promote risk capital schemes for companies and/or projects, especially during exploration and exploitation stages.
- ▶ Disseminate information about financial alternatives to promote the implementation of high efficiency systems and devices.



## Resources:

- ▶ Ministry of Economy, Ministry of Energy, and Ministry of the Environment and Natural Resources, technology providers.
- ▶ Some kind of international assistance may be needed.



# Plan for Update and Communicate the Strategy

