



Metro gets UCG exploration boost

Brisbane-based MetroCoal Ltd has boosted its holdings in the rich Surat Basin – after securing exclusive exploration rights to a portion of one of its own tenements.

As well as open pit coal mining Metro, a spin-off from Metallica Minerals Ltd, is focused on the emerging underground coal gasification technology (UCG).

Metro secured the exclusive rights to 60sq km of one of its existing coal tenements when an overlapping petroleum and gas tenement was relinquished.

Chief executive Mike O'Brien said securing the exclusive rights to the tenement – in the Wandoan area – was a significant boost for the emerging UCG sector because Metro was able to do so without confronting the unresolved issue of overlapping exploration rights on tenements by UCG and coal seam gas (CSG) proponents.

"We are very fortunate to now have the opportunity to aggressively drill the coal deposits in the tenement," he said.

According to O'Brien, the company had established an exploration target of between 220mt and 260mt of coal.

He said this would be capable of supporting a coal gas-to-liquids plant producing 20,000 barrels a day for at least 20 years.

"It is estimated that UCG can produce billions in royalties for Queensland alone over the next 20-plus years and could sup-

ply cleaner diesel, fertilisers and transport fuels.

"Australia is expected to require 600,000 barrels of oil a day by 2014-15 and Queensland will have the opportunity to meet this domestic demand right in its own backyard and it will be produced from otherwise stranded coal."

O'Brien said the fact that Metro's target area at Wandoan was close to a nearby CSG operation also provided an opportunity to prove that USG and CSG operations could operate effectively side by side.

"UCG requires considerably less land than the level sought by the CSG operators and our footprint will have minimal land impact."

UCG's footprint is minimal because the gas production process requires no open pit or underground mining.

The technique uses two drill holes 30-50m apart, linked together by the coal seam. Air or oxygen steam is injected into the first well, ignited. Gaseous material produced by the combustion travels through the coal seam – causing gasification – and the product gas is recovered from the second well.

Metro holds seven tenements covering about 4,000sq km in the Surat Basin.

Metallica raised \$1.5 million in seed capital for Metro in June last year, funds which Metro utilised to start an initial drilling programme in September.