

Conoco enters alliance to develop coal-bed gas

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WED 07/06/1994 HOUSTON CHRONICLE, Section Business, Page 8, 2 STAR Edition

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Conoco is joining an Alabama company in an alliance to develop natural gas from underground coal beds. Conoco and Energen Corp. of Birmingham signed an agreement to share expertise and experience in hopes of improving their existing coal-bed methane projects and pursuing additional investments.

Houston-based Conoco, the energy subsidiary of DuPont, is one of the world's biggest players in the coal-bed methane industry, with nearly 1,000 wells in the United States, United Kingdom, France and Germany, said Eric Miller, a project director in Houston.

In the United States, Conoco is producing methane from coal beds in the San Juan Basin in New Mexico and in Virginia, he said.

Energen operates nearly 1,000 coal-bed methane wells in Alabama, said Julie Ryland, Energen spokeswoman in Birmingham.

Taurus Exploration, Energen's oil and gas exploration and production subsidiary, will provide Conoco with consultation and training. The firm expects to receive about \$1.2 million from Conoco over the next two years.

Extracting methane from coal is an unconventional way to produce natural gas. Although all underground coal contains methane, it's not always economically feasible to extract.

The gas is held on the surface of the coal by water. The methane is released as the water is pumped. Extraction involves fracturing the coal formation so the cracks can serve as a conduit for the water and gas, Ryland said.

Originally, the purpose of extracting methane from coal was to get rid of the gas, which is dangerous to miners. The business of capturing it as a fuel took off in the late 1980s when the federal government started offering a tax credit.

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