

Examples of Agreements Required and Issues to be Addressed in the Development of Ventilation Air Methane Oxidation Projects

Planning and implementing a ventilation air methane (VAM) oxidation project will require that a number of formalized agreements be entered into by the various project participants (e. g., the project owner, the mine owner, a contractor, an operator). Such agreements can be complex documents incorporating a host of requirements of and commitments by the involved parties. In practice such agreements will constitute legally binding contracts that specify roles and responsibilities, payment terms for service, performance guarantees, and penalties for inadequate performance.

Since each project will be different and the various parties' responsibilities will vary from project to project, CMOP makes no representation that the following list is comprehensive or that projects will need all the types of agreements listed. VAM project agreements also may need to include a number of standard clauses, such as Force Majeure, Indemnification, Insurance, Assignments, Dispute Resolution, Notices, and Confidential Information Protection. Some of the key elements to consider incorporating into typical project agreements are listed below.

Letter of Intent (between Project Developer and Mine Owner)

- Brief description of the project
- Preliminary terms and conditions for the purchase and sale of VAM

Project Agreement (between Project Developer and Mine Owner)

- Ownership of VAM rights
- Sale of VAM rights to Project Developer
- Royalty payments to Mine Owner
- Design, construction, and operation of the VAM project
- Responsibility for obtaining permits

VAM Sales Agreement and Site Lease (between Project Developer and Mine Owner)

- Sale of VAM rights to Project Developer
- Mine Owner's and Project Developer's specific responsibilities
- Responsibility for testing and verifying VAM destruction
- Term of agreements
- Payment terms and conditions
- Requirements and responsibilities for use of mine property

Power Purchase Agreement (between Project Developer and Utility Company)

- Terms and conditions for the delivery, sale, and purchase of generated power
- Interconnection facility requirements
- Method of metering generated power
- Description of equipment and facilities owned by Mine Owner and Project Developer
- Requirements and responsibilities for use of mine property

Owner's Engineer Agreement (*between Project Developer/Owner and Project Engineer*)

- Engineer's responsibility
- Project Developer's responsibility
- Charges for service and payment terms and payment schedule
- Requirements and responsibilities for use of mine property

Engineering, Procurement, and Construction (EPC) Contract (*between Project Developer and Contractor*)

- Contractor's responsibility
- Project Developer's responsibility
- Contract amount and payment terms and payment schedule
- Term of contract
- Documents to be supplied
- Construction schedule
- Equipment warranties
- Requirements and responsibilities for use of mine property

Vendor Supply Agreement (*between Contractor and Vendor*)

- Vendor's responsibility
- EPC Contractor's responsibility
- Contract amount, payment terms, and payment schedule
- Equipment performance testing
- Equipment guarantees and warranties
- Operator training
- Requirements and responsibilities for use of mine property

Operations and Maintenance (O&M) Agreement (*between Project Developer and Operator*)

- Operator's responsibility
- Charges for services and payment terms and payment schedule
- Term of contract
- Equipment performance guarantee
- Requirements and responsibilities for use of mine property

Vendor Maintenance Agreement (*between Operator and Vendor*)

- Operator's responsibility
- Vendor's responsibility
- Contract amount, payment terms, and payment schedule
- Equipment warranties
- Requirements and responsibilities for use of mine property