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To: Mr. Mark Gordon
Chairman
Wyoming Environmental Quality Council
122 W. 25th St.
Herschler Bldg., Rm. 1714
Cheyenne, WY 82002

Fax: 307-777-6134

RE: Opposition to Citizen Petition for Rulemaking - Powder River Basin Resource Council et. al. Revised Version - WQD Chapter 2

Dear Mr. Gordon:

I am the Wyoming and Montana Project Manager for Pinnacle Gas Resources, Inc. (Pinnacle), a Coal Bed Natural Gas (CBNG) operator in the Powder River Basin of Wyoming and Montana. We have been following the petition from the Powder River Basin Resource Council (PRBRC) and the recent hearing in Cheyenne on this topic. We are deeply concerned that that the Environmental Quality Council (EQC) may be preparing to make decisions on issues that have the potential to completely eliminate current and future CBNG development in Wyoming and have a potentially crippling impact on the conventional oil & gas industry in the state.

During the recent hearing, the EQC heard testimony from Dr. Raisbeck from the University of Wyoming. Although Mr. Raisbeck may be an authority on livestock and wildlife, the EQC should recognize that produced water from oil & gas development is used extensively throughout Wyoming for livestock and wildlife watering. Research and investigation conducted through the federal NEPA process and U.S. Department of Energy research shows that using produced water has had a positive effect on livestock and wildlife. Clearly there may be instances where livestock and/or wildlife may be harmed by produced water that is of poor quality or by gaining access to pits containing waste. However, existing standards have provided the only means of water in many areas for livestock and wildlife while allowing both livestock and wildlife to flourish in areas previously having limited water supplies and sources.

Produced water discharges have a long history in Wyoming. Water from several basins in Wyoming has been supplying water to livestock and wildlife for nearly 100 years. In areas of the Powder River Basin, field reconnaissance shows that many ranchers have used coal seam water for livestock watering for well over 50 years. This scenario is also the case in other parts of the country (e.g., Montana).

It is also clear that the WDEQ, other equivalent state environmental agencies, and the U.S. EPA have regulated quantity in relation to it's impact on quality since the promulgation of the Clean Water Act and the NPDES program. Furthermore, consistency is also a factor that Pinnacle

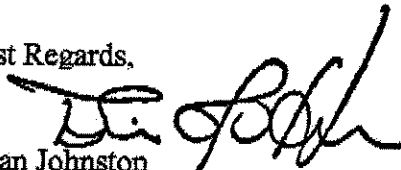
strongly urges the EQC to consider. Regulating water quality differently for CBNG water opposed to water produced from conventional oil & gas or some other industry is a clear demonstration that the PRBRC's intent is to disrupt or cause the cessation of CBNG development in Wyoming. Such inconsistencies are most concerning to Pinnacle and the CBNG industry in general.

During the recent EQC hearing in January, the EQC heard testimony from Dr. Raisbeck claiming that produced water was indeed causing harm to livestock and wildlife. It is our opinion that Dr. Raisbeck has not done sufficient research to make such accusations. Further, his research approach is concerning as it is not clear that his research results will do more than suggest that confined animal feeding operations (CAFOs) are not the best atmosphere for livestock. The EQC also heard a report on water treatment technologies from the Wyoming Geological Survey. This report was also concerning as it was an engineering topic being researched and presented by Geologists. This is an issue that Pinnacle intends on taking up with the Wyoming State Engineers Office and the State Board of Professional Engineers.

In closing, we are prepared to roll up our sleeves and provide whatever assistance we can. We have had to keep these comments brief due to the short comment period. We suggest that the EQC openly discuss issues and topics that require research and further investigation and that those issues and topics be studied in an open process by individuals that are not seeking long-term funding and that are unbiased. We are concerned that is not the case with Dr. Raisbeck.

If Pinnacle can be of further assistance, please don't hesitate to contact me.

Best Regards,



Brian Johnston
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