

**KNIGHTEN WELL SERVICE, LLC**

January 29, 2007

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Mr. Mark Gordon, Chairman
Wyoming Environmental Quality Council
Herschler Bldg., Room 1714
122 W. 25th Street
Cheyenne, WY 82002

Terri A. Lorenzon, Director
Environmental Quality Council

RE: Citizen Petition for Rulemaking
Powder River Basin Resource Council.

Dear Mr. Gordon,

We have performed reworking operations on CBM wells for many years. We employ an average of 15 employees in the Powder River Basin. If this petition is passed, not only will it affect our employees, but it will also affect our families and numerous Wyoming communities as well. There are so many people in this industry that rely on CBM as their sole source of income. The negative impact of this petition would not only be devastating on the communities of Wyoming but on our nation as a whole. Exploration and production in Wyoming can easily continue with laws and regulations that are reasonable. This petition is completely unreasonable.

Thank you in advance for your time and consideration.

Sincerely yours,

KNIGHTEN WELL SERVICE, LLC

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Vice President

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Devon Energy Production Company, L.P.
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Terri A. Lorenzon, Director
Environmental Quality Council

January 29, 2007

Ms. Sara Flitner
Hearing Officer, Environmental Quality Council
122 West 25th Street
Herschler Bldg., Rm. 1714
Cheyenne, Wyoming 82002

RE: Docket No. 05-3102: Rulemaking, Chapter 2 Appendix H

Dear Ms. Flitner:

Devon Energy Production Company, L.P. ("Devon") appreciates the opportunity to comment on the amendments proposed to the Department of Environmental Quality ("DEQ") Water Quality Rules, Chapter 2, Appendix H. Devon produces oil and natural gas throughout the state of Wyoming, including a significant amount of coal bed natural gas ("CBNG") from the Powder River Basin.

Devon is a participant in the INDUSTRY RESPONDENTS COMMENTS TO PETITIONERS' PROPOSED APPENDICES "H" AND "I" AS PUBLIC NOTICED FOR THE JANUARY 17-18, 2007 RULEMAKING HEARING and the INDUSTRY RESPONDENTS' SUPPLEMENTAL COMMENTS TO RECORD JANUARY 17-18, 2007 RULEMAKING HEARING filed by a group of interested Wyoming oil and gas producers. Devon is also a member of the Petroleum Association of Wyoming ("PAW"). By these comments, we join in the comments and presentations submitted by both groups and wholly incorporate them here, as well as Devon's previous comments in this matter. In addition, Devon asks the Council to consider the following comments and requests that they be made a part of the record in this matter.

I. The proposed rules, as written, ban all discharges

Despite the Petitioners' claims to the contrary, the current version of the proposed rules prohibit CBNG water discharges. This is because the rules prevent DEQ from issuing any permits for the discharge of water from CBNG production unless an applicant can prove that the discharge does not meet the statutory definition of "pollution," which has been inserted in the proposed rules at Appendix I, Section (a)(iii). However, DEQ and the Petitioners contend that water discharges do meet the definition of pollution in all circumstances except where the water is distilled. Consequently, the rules require CBNG producers to prove a regulatory impossibility.

In fact, if the water being discharged was distilled to the point of purity -- containing no chemical or chemical compound -- a discharge permit would not be necessary. Under Wyoming's Environmental Quality Act ("EQA"), if produced water could meet the standards set out in Appendix I, Section (a)(iii),

January 29, 2007

Devon Energy Production Company, L.P.

Re: Docket No. 05-3102: Rulemaking, Chapter 2 Appendix H

Page 2 of 3

CBNG producers could arguably discharge as much water as the waters of the state could carry *without* a permit. This is because the EQA does not prohibit the discharge of *pollution* without a permit, not the discharge of pure water. WYO. STAT. § 35-11-301.

We realize that the EQC has heard hours of testimony and read hundreds of comments from individuals, including landowners and oil and gas company employees, consultants, and attorneys, who are concerned about the devastating impact these rules would have. We also recognize that some members of the council have stated that it is not their intent to shut down the industry. However, DEQ, the agency who would be charged with administering this rule, believes that the language must be read to prohibit all discharges. The Petitioners have provided nothing to alleviate the fears of those who testified at the hearing and submitted written comments.

II. The credible data standard is not appropriate

The EQA specifically defines the term “credible data” to be “scientifically valid chemical, physical and biological monitoring data collected under an accepted sampling and analysis plan, including quality control, quality assurance procedures and available historical data.” WYO. STAT. § 35-11-103(c)(xix). The only place where the EQA provides that credible data must be used is in WYO. STAT. § 35-11-302(b). This statute specifically recognizes that obtaining “credible data” in ephemeral or intermittent watercourses is difficult, if not impossible.

The administrator, after receiving public comment and after consultation with the advisory board, shall recommend to the director rules, regulations and standards to promote the purposes of this act. The rules, regulations and standards shall prescribe:

(i) **A schedule for the use of credible data in designating uses of surface water** consistent with the requirements of the Federal Water Pollution Control Act (33 U.S.C. sections 1251 through 1387). **The use of credible data shall include consideration of soils, geology, hydrology, geomorphology, climate, stream succession and human influence on the environment. The exception to the use of credible data may be in instances of ephemeral or intermittent water bodies where chemical or biological sampling is not practical or feasible;**

(ii) The use of credible data in determining water body's attainment of designated uses. **The exception to the use of credible data may be in instances where numeric standards are exceeded, or in ephemeral or intermittent water bodies where chemical or biological sampling is not practical or feasible.**

The “credible data” standard does not apply in any other context than in stream classification, as DEQ representatives testified on January 18, 2007. Several EQC members also expressed concern. Even Petitioners acknowledge that a full set of data may not be possible, saying “granted they don’t have to use a complete set of data. But not using a complete set of data doesn’t mean using no data.” Unedited Realtime Rough Draft Transcript, EQC Hearing, January 18, 2007. Yet, the petitioners use a term

January 29, 2007

Devon Energy Production Company, L.P.

Re: Docket No. 05-3102: Rulemaking, Chapter 2 Appendix H

Page 3 of 3

which again takes the extreme, requiring the a full set of data necessary for *stream classification*, rather than defining the partial set of data that they may be demanding.¹

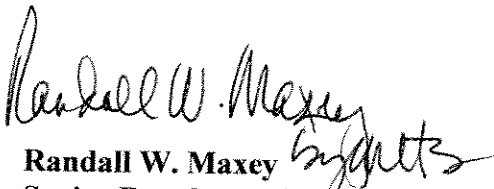
Furthermore, not only does this new “credible data” standard apply to determining the amorphous “unacceptable” impacts to water quality, it also requires proof of the water’s use in agriculture or wildlife propagation. Here, the petitioners also claim that the rule does not really mean what it says, but that they are just looking for a landowner to say they are using the water. Such a statement, however, does not meet the definition of “credible data.” Rather, to meet the “credible data” standard would require a significant intrusion into the privacy of landowners who use the water. We do not believe our landowners would want to disclose the location and quantity of wildlife that are using the water from the streams and reservoirs located on their property.

CONCLUSION

In conclusion, Devon urges the Council to summarily reject the rules proposed by the Petitioners. The rules propose to ban all CBNG water discharges in the state, which is certainly not the appropriate response to the complaints of the Petitioners. Despite the Petitioners latest claims that this is not their intent, they have failed identify language that would actually address their issues without harming the thousands of individuals who benefit from the water discharges and natural gas production. As was stated in testimony at the January 17 and 18 hearing: the Petitioners have a remedy if they or their property have been damaged. However, those that would be hurt by this rule do not have a remedy for the loss of benefits they will experience if this rule is enacted.

Thank you for the opportunity to submit our comments. Please do not hesitate to contact me should you have questions or require additional information.

Sincerely,


Randall W. Maxey
Senior Regulatory Specialist

¹ In addition, this comment implies that DEQ makes permitting decisions without any data, which is simply not true.

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Terri A. Lorenzon, Director
Environmental Quality Council

January 30, 2007

Mr. Mark Gordon
Chairman, Environmental Quality Council
122 West 25th Street
Herschler Bldg., Rm. 1714
Cheyenne, Wyoming 82002

RE: Docket No. 05-3102
Powder River Basin Resource Council Petition to Amend Water Quality Rules
Chapter 2, Appendix "H" and "I"
Supplemental Comments

Dear Mr. Gordon:

I presented oral testimony to the Environmental Quality Council ("EQC" or "Council") on January 18, 2007 at the rulemaking hearing in Docket No. 05-3102. My comments concerned water law and the impact the proposed rules will have on water rights. Mr. Pat Tyrell, State Engineer, also testified on water law issues. As you know, Wyoming's water law is very complex, and it is difficult to summarize in the very limited time allowed by the Council. I believe the comments Mr. Tyrell and I made are consistent. However, these supplemental comments will clarify water law as it pertains to produced water from coalbed natural gas operations in the Powder River Basin versus produced water from conventional oil and gas operations in the Big Horn Basin, as well as the rights of downstream water right owners.

Water law may apply differently to water produced in association with oil and gas ("produced water") depending on several factors, including:

- (1) If the oil and gas company has a ground water right in the well;
- (2) If a landowner has a ground water right in the well;
- (3) If the produced water is "by-product" water, meaning it has not been put to a prior beneficial use, it remains entirely within the control of the oil and gas company, it is kept separate from all other surface water supplies, and it has retained its identity separate from other surface water supplies in the drainage; and
- (4) If the produced water returns to the channel or watercourse and becomes part of the surface water supply and may mix or commingle with other surface water supplies, has

Mr. Mark Gordon
January 29, 2007
Page 2

lost its identity as produced water; rather, and thus downstream landowners can call it through the drainage to their appropriated points of diversion or use.

It is my understanding that some of the water produced in association with conventional oil wells in the Big Horn Basin has the following factors:

- (1) The oil company is not required to obtain a ground water right from the State Engineer's office. Instead, it must obtain an oil and gas permit.
- (2) Landowners don't acquire ground water rights from the State Engineer's office in the well.
- (3) The produced water has not been put to a prior beneficial use, remains entirely within the control of the oil company, is kept separate from all other surface water supplies, and is by-product water. In this case, the produced water has retained its identity separate from other surface water supplies in the drainage. The oil company may enter into an agreement to provide the water to a landowner. The landowner acquires a water right for the first beneficial use from the State Engineer, identifying the produced water as the source of supply. Any water that is not consumed by the landowner's first beneficial use and returns to the channel or watercourse is return flow, becomes part of the surface water supply and is available for use by downstream landowners.

In my experience, water produced in association with coalbed natural gas in the Powder River Basin ("CBNG" or "CBM") has the following factors:

- (1) Landowners have ground water rights from the State Engineer's office in many wells drilled by CBM companies. Any volume of water not consumed by the landowner's second beneficial use is return flow.
- (2) The CBM company is required to obtain a ground water right in the well from the State Engineer. The production of natural gas is the first beneficial use of the ground water. Any volume of water not consumed in that first use is return flow.
- (3) Even if the CBM company stores the produced water in an off-channel reservoir from which there are no surface discharges, and the water remains entirely within the control of the CBM company, it is not byproduct water because it has already been put to a beneficial use (producing natural gas). While CBM companies may allow landowners to use the water for stock watering and irrigation, the landowners cannot acquire water rights with the produced water specifically identified as the source of supply.
- (4) Any volume of water from a well drilled by a CBM company that is not consumed by the CBM company (the first beneficial use) is return flow. When the return flow reaches the channel or watercourse, then it is in the drainage and becomes part of the state's surface water supply. In fact, the return flow mixes or commingles with surface water from numerous sources, including runoff, inflows to the channel from the water table, surface discharges from landowners' stock wells, irrigation return flows, etc. Landowners who have acquired water rights to the surface water supply in the channel or drainage may divert the commingled water, put it to use, and call it through the drainage to their points of diversion and use.

Mr. Mark Gordon
January 29, 2007
Page 3

As a practical matter, return flow from a well drilled by a CBM company that goes into the channel or watercourses is usually mixed with other surface water supplies. I told the Council that downstream landowners have the right to call the produced water through the drainage. Downstream landowners have water rights to the surface water supply in the channel or drainage, and therefore they can call the commingled water through the drainage to their points of diversion and use. I did not mean to suggest water from a well drilled by a CBM company is by-product water, or that landowners can acquire water rights in that water as the specific source of supply. It is only when the return flow from a well drilled by a CBM company has become part of the surface water supply that downstream water right owners can call it through the drainage to their points of diversion or use.

Mr. Tyrell testified that a water right must identify the source of supply. For example, the source of supply for a surface water right would be identified as the name of the creek, such as Dead Horse Creek or Rawhide Creek. Hearing Transcript (Jan. 18, 2007) (Unedited Real Time Rough Draft) Vol. II at p. 120, lines 13-22. Recognizing there are competing demands for limited supplies of water, the State Engineer looks to the source of the water supply in determining which water right owner has the prior right to use it. Hearing Transcript (Jan. 18, 2007) (Unedited Real Time Rough Draft) Vol. II at p. 117, lines 12. The source of supply for water rights that existed prior to CBM development was, more likely than not, the natural flow in the channel. Hearing Transcript (Jan. 18, 2007) (Unedited Real Time Rough Draft) Vol. II at p. 117, lines 24-25.

Mr. Tyrell testified that, under normal situations, he doesn't distinguish between coalbed water or natural flow. Hearing Transcript (Jan. 18, 2007) (Unedited Real Time Rough Draft) Vol. II at p. 121, lines 19-24. However, to ensure the downstream pre-CBM water rights are able to call natural flow volumes through on-channel reservoirs, the State Engineer makes sure the on-channel reservoirs can pass through the volume of natural flow. Where a CBM company may have to store water in a reservoir under another agency's permit requirements, the State Engineer makes sure there is a way to get the volume of natural flows down to senior water rights. Hearing Transcript (Jan. 18, 2007) (Unedited Real Time Rough Draft) Vol. II at p. 118, lines 11-14, p. 121, lines 7-12.

To protect the rights of senior downstream water owners, the State Engineer requires the volume of natural flow to be delivered down the channel. Because return flow from wells drilled by CBM companies is usually commingled with surface water from other sources, the water passed through on-channel reservoirs to senior downstream water rights is a mixture of produced and other water. For example, if snowmelt results in runoff at a flow rate of 20 cubic feet per second, then senior downstream water right owners can call 20 cfs through the drainage—and the water that will flow through the drainage is a mixture of produced water and other surface water.

I contend that, once the return flow from wells drilled by CBM companies becomes part of the surface water supply, downstream senior water right owners can call for their full appropriation of water to be delivered through the drainage to their point of diversion or use. Once it enters the

Mr. Mark Gordon
January 29, 2007
Page 4

channel and commingles with other surface waters, CBM produced water loses its identity. If there is a quantity of surface water available, senior downstream water users have the right to call for delivery of the water.

I agree with the State Engineer that appropriators who acquired water rights on the stream prior to CBM development do not have a water right in the CBM wells, or to require a CBM company to continue to produce and discharge ground water from a CBM well. Downstream water right owners cannot call for produced water before it has become part of the surface water supply by being discharged into the drainage, like other return flows.

Mr. Tyrell testified that, once the gas is produced, the water from a well drilled by a CBM company is a return flow. When the return flow gets back to a natural channel—and it is often already in a natural channel—other people are making use of it. The State Engineer does not characterize that as a waste of water. Hearing Transcript (Jan. 18, 2007) (Unedited Real Time Rough Draft) Vol. II at p. 128, lines 9-19. Once the return flow of water from a well drilled by a CBM company gets in the channel other people can make use of it. Landowners can file a permit on the creek channel and divert the water. Hearing Transcript (Jan. 18, 2007) (Unedited Real Time Rough Draft) Vol. II at p. 126, lines 14-15, 17-19.

Mr. Tyrell said that, when the return flow from a well drilled by a CBM company reaches a downstream headgate, intake, spreader dike, or reservoir, the owner of those downstream water rights can make use of it. Anyone that has a water right permit saying that the channel is the source of supply can divert water that is at their headgate and, if coalbed water shows up there, they can certainly divert it. People can put coalbed water to use under the current statutes, and it is being put to use. Hearing Transcript (Jan. 18, 2007) (Unedited Real Time Rough Draft) Vol. II at p. 11, lines 19-21, p. 121 lines 14-18; p. 125, lines 15-18.

The proposed rules would prohibit the return flow from wells drilled by CBM companies from being discharged. For several years, this return flow has become part of the surface water supply and has been beneficially used by downstream water right owners. By prohibiting these return flows, the Council will take the rights of downstream water users to put the water to beneficial use.

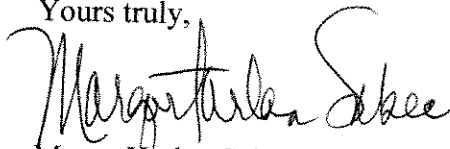
As I said, landowners have water rights in over 14,000 wells drilled by CBM companies. They have the right to produce and discharge 25 gallons per minute from wells drilled by CBM companies. Hearing Transcript (Jan. 18, 2007) (Unedited Real Time Rough Draft) Vol. II at p. 55, line 25; p. 56, lines 2-4. The landowners' water rights in these wells are for stock watering, irrigation, and domestic use. Under the proposed rules, the water discharged to the surface by a landowner from a well would be characterized as pollution, and thus would be prohibited. Hearing Transcript (Jan. 18, 2007) (Unedited Real Time Rough Draft) Vol. II at p. 58, lines 6-22. The proposed rules would prohibit the discharge of return flow from the beneficial use of water by landowners.

Mr. Mark Gordon
January 29, 2007
Page 5

When natural gas stops being produced from a CBM well, the CBM company's water right in the well will be abandoned. However, the landowners' water rights in these wells are valuable property rights, and the landowners will continue to produce ground water and discharge return flows to the channel or watercourse. These return flows become part of the surface water supply, commingle with other surface waters and are available for use by downstream landowners. If the Council adopts the proposed rules, it will result in a taking of the landowners' water rights in the wells and downstream landowners' water rights to put return flows in the surface water supply to beneficial use.

Therefore, I ask the Council to deny the petition for rulemaking.

Yours truly,



Margo Harlan Sabec

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2 need to see what you're doing there before we grant the
3 first permit, it's not a practice of ours.

4 So clarifying a little bit further some remarks I
5 heard earlier today about the beneficial use of this water,
6 we certainly encourage and we see the beneficial use of a
7 lot of water produced from wells and out of reservoirs that
8 got there as a result of this industry.

9 We view it, however, not necessary -- even though
10 it's waters of the state -- because ground water and
11 surface water both constitutionly are the property of the
12 state -- they are from different sources and water that
13 comes out of the ground and is put in reservoirs, etc. is
14 not necessarily callable through a system by an existing
15 senior downstreat water right because it's, for all
16 practical purposes, imported water to the natural drainage.

17 It wouldn't have been there absentee efforts of
18 the industry. That doesn't mean it doesn't get used. It
19 doesn't mean we don't encourage; and if it's at somebody's
20 headgate or at thier intake or at thier spreaderdike or at
21 their reservoir that that can't make use of it.

22 The slight distinguishing feature is that if
23 there were to be a call for regulation on one of these
24 ephemeral channels, we would not be, in my opinion,
25 required to send coalbed water down to satisfy that call

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2 because their source of supply, more likely than not, is on
3 the natural flow of that channel, which will only be there
4 after a rain event or a snowmelt event.

5 These channels are somewhat different than
6 perennial channels where you have a base flow, but we do
7 get those flows in these kind of times. And that's the
8 water, generally speaking, to which those earlier rights
9 are entitled.

10 We've done quite a bit of work, in my opinion, to
11 try to make sure these systems can get better at
12 functioning to deliver that water down through the system
13 past the reservoirs; and it's because of that recognition
14 of the two different sources that we've done that.

15 Other than that, as a general introduction, it is
16 a pleasure to be here today; and I would entertain some
17 questions. As I said earlier in announcing that I would be
18 here and be available, I didn't have any printed or written
19 remarks for the council; but I did feel like you may have
20 some questions.

21 MS. FLITNER: I think you're right about
22 that.

23 Wendy, go ahead.

24 MS. HUTCHINSON: Okay. My question
25 pertains -- we've had a lot of testimony on what is our

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2 of the ground and the beneficial use has been established
3 through production of natural gas and flows down a
4 drainage, whether or not a water right can be filed on that
5 flow coming down the drainage -- and we heard testimony
6 earlier today that seemed to -- people are applying for
7 water rights and that by virtue of establishing a water
8 right from the produced water that anything we did that
9 would reduce that flow would impact on the water rights
10 system and water law.

11 Can you clarify that?

12 MR. TYRRELL: Well, I can try.

13 The -- basically, the water right has to
14 establish what is the source of supply. It says right on
15 the application, What is your source of supply?

16 For example, let's go back to precolbed days.
17 The source of supply would be dead horse creek or the
18 bellface river or raw hide creek or -- pick it -- you pick
19 a name. And that would be, then, a water right that falls
20 in the priority system along that creek. And if it's an
21 ephemeral channel, they would get water when that channel
22 is flowing and hopefully -- well, they would need to make
23 beneficial use of it.

24 But in a setting like that, it's very difficult
25 if not impossible to actually go out and administer or

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2 regulate if we ever got called because of the ephemeral
3 nature of the water being there. You get out in muddy
4 conditions, you try and see who's first, second, third in
5 prior and by then the storms over and floods.

6 So we do encourage and work to try to make these
7 systems that we've put in. We've done quite a bit of work
8 to make sure reservoirs in areas where, for example, they
9 may have to store water under other permits or other
10 requirements can have a way to get the natural drainage or
11 leave parts of it unbanned so that we can get water down to
12 those senior rights. It's not easy, but we do work in that
13 direction.

14 But I think that anybody, then, that has a permit
15 on the channel, with that channel that's the source of
16 supply, can divert water that's at thier headgate. That is
17 different; and if coalbed water shows up there, they can
18 certainly divert it.

19 We don't distinguish between water that's
20 necessarily coalbed or natural flow under normal
21 situations, unless there's, like I said, a call for
22 regulation, in which case, that call from people's whose
23 source of supply is that creek, it's going to be on the
24 natural water, not on coalbed water, in my view.

25 So to say that they're filing on that water is

121

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2 back to this question that we would look at it as -- once
3 it gets into the surface system, it's more of a -- an
4 imported water source should we get asked to regulate on
5 its behalf as opposed to the natural flow of the channel.

6 MR. GORDON: Okay. Well, I found a -- and
7 I just wanted -- I don't know if this is still in effect.
8 It's a April 26, 2004 memo, and it stays, Unless specified
9 in the groundwater permit, water produced in the production
10 of coalbed methane gas has no other implied use and is
11 considered to be unappropriated waters of the state of
12 Wyoming.

13 MR. TYRRELL: That would be correct,
14 because once they lose control of that, it's in the channel
15 and other people can make use of it.

16 MR. GORDON: Okay.

17 MR. TYRRELL: If they're there, they can
18 file a permit on that creek channel and they can certainly
19 divert it.

20 MR. GORDON: Okay. And then it goes on
21 under groundwater, which is next. It says, If CBM produced
22 water will be discharged and not used for any other
23 beneficial purposes no further groundwater permitting is
24 required.

25 MR. TYRRELL: That's correct.

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2 surface water side of things -- that if you are irrigating
3 and your return flows are -- or even your active irrigating
4 is going into a swamp and -- somebody -- a barrow ditch
5 along the highway where it's not going to beneficial use on
6 your property, we can come in and stay, Stop that. Get it
7 back on your ravine, get it back on your alfalfa, because
8 this going into the barrow ditch stuff is a waste of water.

9 The question, of course, we've had put to us, is
10 the production of the water after it's produced -- that's
11 in the act of using the water. In the coalbed natural gas
12 field, once the gas is produced, what you essentially have
13 is a return flow. And where -- if we can get that back to
14 a natural channel -- and often it already is in a natural
15 channel -- we, at that point, because other people have
16 been making use of the water -- and certainly the question
17 here is have they been making use of all of it -- we have
18 not characterized that as a waste of water, because the
19 beneficial use hasn't been made.

20 Now it's a problem of dealing with the return
21 flow. We do have a statute also that allows -- it's under
22 the authorities of our superintendents to allow the -- or
23 to require the construction or the returning of the curve
24 flows back to a drain or stream channel if they are causing
25 problems.

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JAN 29 2007

To: Mr. Mark Gordon, Chairman
 Wyoming Environmental Quality Council
 122 W. 25th St.
 Herschler Bldg, Room 1714
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Terri A. Lorenz
 Environmental

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I would like to respond to the Powder River Basin Resource Councils Petition for rule on water quality, Chapter 2, appendix H. I would like my comments considered with as much emphasis as those submitted for change of the Wyoming Water Quality Rules. I personally oppose the Citizen Petition for Rulemaking.

I would like to speak from two different points of view. First, from the aspect as an employee of CBM industry and also from the view as member of a homestead ranching family and mineral owner.

As a employee of the CBM industry I see these rule changes as stoppage of all water discharges. Consequently this would eliminate my livelihood and have devastating economic consequences for myself and my family. Who knows how widespread this economic impact would be to me or the thousands of employees that touch this industry thru goods or services directly or indirectly.

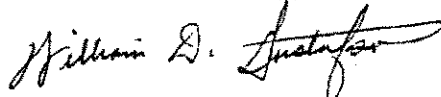
From a ranching land owner family and mineral owner I would like to address these aspects. First, I would like to speak of beneficial use. It has greatly increased the utilization of our pasture ground by cattle due to water being more plentiful and placed in strategic locations. Also if it had not been for CBM water discharges in the past six years my cattle would have to travel great distances to seek daily water. Also over this period of time cattle has utilized this water in pasture grazing and confinement with no ill health effects. I have asked both producers on our property to maintain total containment of this water as I want it and see beneficial use of it. Wild life, especially deer, has also increased on our 1800 acres in the recent past due to this abundant water storage. It has been my experience that when you work with the production companies they will diligently strive to accomplish your goals also. As for being stewards of the land we know the problems associated with our property to address SAR, water quality, and quantity problems and have been highly successful in working together. If water discharge were to stop this would require downsizing our herd capacity and impact the family economically.

This industry has also greatly helped our family by finally seeing some of the mineral ownership that has been there for 80 years with royalty income. To eliminate water is to eliminate this also.

As you can see we are opposed to this petition. I don't think people understand the economic magnitude this would have on the State, Counties, and individual. It would be devastation of a great magnitude that would be felt for long term. I also have concerns

that these changes would also affect conventional water wells with over flows associated with stock tanks, etc.

William D. Gustafson

A handwritten signature in cursive script that reads "William D. Gustafson". The signature is written in black ink and is positioned below the printed name.

247 Montgomery Rd.
Gillette, WY 82716

FILED

JAN 29 2007

Dear Mr. Gordon:

I am providing comments based on a petition that was proposed to the Environmental Quality Council (EQC) by the Powder River Basin Resource Council (PRBRC) concerning effluent limits put on CBM discharged water. There are many proposals in the petition that I strongly oppose and I am stating in summary those items. It seems that that PRBRC has not put a lot of thought or good science into their proposals. I am employed by a consulting firm that works directly with CBM operators, Wyoming Department of Environmental Quality (WYDEQ), and landowners that have CBM leases on their lands. In my experience of dealing with CBM operators and landowners through the process of creating Plans of Development, I have seen that most, if not all landowners involved, welcome the additional water and storage that CBM discharges create. The following points describe the potentially damaging thought processes that the PRBRC has proposed to the EQC.

Terri A. Lorenzon, Director
Environmental Quality Council

1. The PRBRC proposes that "no discharge water may cause the release of any chemical or chemical compound". Show me a body of water in the state of Wyoming that contains no naturally occurring chemicals or chemical compounds received from typical run-off water. This proposal would effectively shut down nearly all of the CBM operations in the Powder River Basin. The petition proposes ridiculous limits on constituents such as barium to be one tenth of the drinking water standard. Again, how could this replicate naturally occurring bodies of water in an arid region such as Wyoming? The petition also proposes limitations that are not found in other realms of the oil and gas industry.
2. All items that the PRBRC proposes would have a dramatic effect (not in a good way) on private and government employment as well as local and state economies. There is a huge employment base revolving around CBM development that would be critically affected if policies reflecting the PRBRC's proposal were implemented. I believe that this would hurt all parties involved: BLM, WYDEQ, CBM operators, private consultants that mitigate the processes to discharge water, and local communities that have felt a positive impact from the influx of families that have moved to the area to work in the industry.
3. The PRBRC fails to realize that most of the CBM discharged water is used and welcomed by landowners for irrigation and stock-watering. This is considered beneficial use of this water. As everyone in the state knows, Wyoming has been experiencing a long-standing drought that appears to have no end. Who knows what the future holds for many landowners that have been relying on water from CBM discharges if CBM operators are no longer able to discharge to the surface. Similarly, wildlife populations that would normally be hard pressed to exist in some parts of the Powder River Basin have increased due to reservoirs that contain CBM discharged water.

That being said, I feel that the PRBRC doesn't seem to care about the outcome or subsequent events that would transpire if the CBM industry had to follow unreasonable discharge regulations based on unfounded science. There is hard scientific evidence that has been collected for nearly a decade that shows that with intelligent care, forethought, and sound science we can discharge CBM water on the surface and still minimize effects to our soils and waterways and benefit everyone involved. It would be unconscionable to let a group of people that refuse to stop and look at the facts, bring an industry to its knees that has brought so much to the state of Wyoming.

I thank you and the Council for the opportunity to comment on a situation that may affect myself and others in a very personal way.
We can all WIN!!

Beau J. Bergstrom
CBM Associates, Inc.
500 W. Lott St.
Buffalo, WY 82834

TO DEQ 307/777-6134

FILED

January 29, 2007

JAN 29 2007

Re: Proposed rule changes by the PRBRC.

Terri A. Lorenzon, Director
Environmental Quality Council

To Whom It May Concern:

Thank you for the chance to respond as you consider a petition for rule changes in regard to the definition of water and its contents as a pollutant. Please accept these comments from a layman with regard to the science, but also as an astute observer who has years in this area and in the CBM field.

With the initiation of CBM drilling in 1998 we also saw the beginning of a drought (could any problems that might exist be related to this more than anything else). During these last 7 or 8 years I have marveled at the increase in wildlife in the areas where CBM fields are developed and the produced water is collected in reservoirs, in spite of the drought. As we develop these fields one of the most requested items during surface contract discussions is the provision of water taps and reservoirs for agricultural uses. While my experience carries no statistical weight, it is interesting to me that I have never talked to a land owner that is opposed to CBM development except those who do not own the mineral rights or those in the dual estate situation who don't share in the development proceeds. I hope that we don't let pseudo scientific definitions be used as a club to beat on us in the name of environmental protection if the real issue is anti-development.

I do have a stake in the continued development of the CBM resource. I consult for pipeline companies in the development of gathering fields and compression stations. As Gillette has also seen a shortage in housing as this area grows, I am developing a subdivision that targets workers in search of affordable housing. Gillette is a wonderful place and is growing responsibly. Both the city and the county have learned from the booms and busts of the past and are regulating current growth in a good way.

I hope that the proposed rule changes will be rejected in that they are more restrictive than even the rules for drinking water in our community. Although I'm no scientist, I can't help but recognize that something is going terribly wrong when water that I drink every day would be considered a pollutant under the new rules. This is water that will be used to water livestock and wildlife as well as irrigate crops.

Please accept these comments against the adoption of the proposed rule changes.

Sincerely,



Randal P. Pope
905 Clarion Dr.
Gillette, WY 82718
307/680-3840

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

FILED

JAN 29 2007

Terri A. Lorenzon, Director
Environmental Quality Council

RE: Citizen Petition for Rulemaking – WQD Chapter 2
By: The Powder River Basin Resource Council

Dear Mr. Gordon:

This letter is in regards to the Citizen Petition for Rulemaking Filed 1-05-07.

I make my "living" in the methane play around Sheridan WY and Decker MT.

I strongly oppose this petition as the DEQ states it will shut in 99% of all surface discharges. This would put thousands of people, hundreds of businesses out of work and hundreds of mineral royalty owners without a check.

The standards already in place are below Human drinking water standards for many of the limits. The standards do not need lowered for livestock or wildlife.

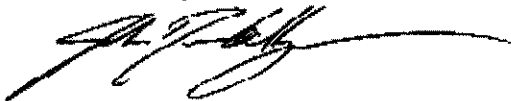
The State Engineers Office (SEO) issues the UW5 – appropriation permits with the beneficial use listed of pumping the water to surface to get the gas out of the coal. Livestock and wildlife uses are secondary beneficial uses.

I see many fields of irrigation using methane water producing two cuttings of alfalfa each summer.

I know of many ranchers that would be devastated in Sheridan County without the water in ponds, tanks for livestock and on hay fields to support their operation in this 20 plus yearlong drought.

Thank you for reading my comments and I strongly urge you to vote NO on this petition filed to circumvent the SEO and the WOGCC. This petition is not for the better good of the people or the land.

Cordially,



959 6th Ave E.
Sheridan, WY 82801

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

FILED

JAN 29 2007

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Environmental Quality Council

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Cordially,

Nick Auf

P.O. BOX 577

BIG HORN, WY 82833

FILED

JAN 29 2007

Terri A. Lorenzon, Director
Environmental Quality Council

January 29, 2007

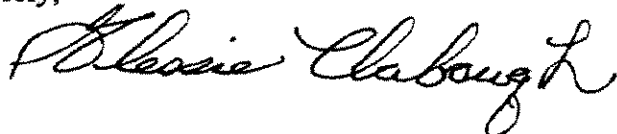
Mr. Mark Gordon
Chairman
Wyoming Environmental Quality Council
122 W. 25th Street
Herschler Bldg., Room 1714
Cheyenne, WY 82002

RE: Citizen Petition for Rulemaking – Powder River Basin Resource Council

Dear Mr. Gordon,

My name was wrongfully mentioned as a Landowner in this petition. I do not currently, nor have I ever had a problem with Coal Bed Methane. My family works in the methane industry, including my son and daughter-in-law. In fact, I was in contact with a law office representing the Powder River Basin Resource Council and specifically requested that if my name was on there, it be taken off. They assured me that my name was not on the petition. I intend to take any necessary action to clear my name from any involvement in this matter. I feel that since the majority of the Landowners mentioned in this petition have received benefits of some sort from the Coal Bed Methane Industry that I have to question the reasoning behind this petition. I look at the positive impact it has made in so many peoples' lives, including theirs and think how devastating these changes could be to so many others.

Sincerely,



Glessie Clabaugh
102 Oregon Street
Gillette, WY 82718

FILED

JAN 29 2007

Terri A. Lorenzon, Director
Environmental Quality Council

Mr. Mark Gordon
Wyoming Environmental Quality Council
122 W. 25th St.
Herschler Building, Room 1714
Cheyenne, WY 82002
Fax. 307.777.6134

Dear Mr. Gordon:

I am writing this letter to you regarding the petition, submitted by the Powder River Basin Council, to amend Wyoming Water Quality Rule, Chapter 2, In short, I do not agree the rule should be amended.

The petition is unfair to the landowners who benefit from the CBM discharged waters. It is unfair to the CBM industry, its operators and Wyoming citizens and their families who benefit from the quality jobs.

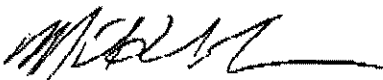
I work surveying reservoirs associated with the CBM industry in the Powder River Basin . I have worked on many ranches in the area and generally speaking the landowners are very interested in having the water for their livestock and or irrigation purposes. Many of the landowners are excited when the water development occurs on their ranches.

The newspapers and other media outlets seldom seem to publish any of the positive aspects of CBM development. I was working on the Floyd ranch along Wild Horse creek and the late Fred Floyd told me their yearling steers were averaging 50 pounds heavier after the development of CBM water on their ranch. He attributed it to his cattle having to trail shorter distances for water. The negative affects of cattle trailing to water can be seen all over the Powder River Basin with trails turning into deeply cut scars from overuse and the accompanying erosion from water and wind.

Many of the areas ranchers feel it is impossible to get a positive word in about the development that has occurred on their ranches. I have been told that Wyoming news outlets are not interested in publishing their stories. It certainly seems that way if you follow the only statewide newspaper in Wyoming. I have heard ranchers talk excitedly about water development on their places where drought and simple economics have kept them from utilizing large portions of their range holdings.

My job in the CBM industry has allowed me to provide for my family, plan for my kids future, and remain in Wyoming as a 5th generation native of this great State, along with providing additional jobs for other Wyoming citizens. I am not alone, thousands are benefiting from well paying jobs, the States coffers are flush with tax dollars providing services, investments, and hope for Wyomings future.

Thank you for the opportunity to comment,



Mike Lowham
MLSurveying LLC
307-761-0612 cell