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Terri A. Lorenzon, Director
Environmental Quality Council

January 26, 2007

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

RE: Citizen Petition for Rulemaking -- Powder River Basin Resource Council et al --
Revised Version -- WQD Chapters 2

Dear Mr. Gordon,

On behalf of Rowdy Pipeline Company (RPL), a subsidiary of Yates Petroleum Company, an independent oil and gas company operating within the Powder River Basin, opposes the Citizen Petition for Rulemaking -- Powder River Basin Resource Council et al -- Revised Version -- WQD Chapters 2. In a letter from John Wagner, DEQ Administrator, dated January 5, 2007, states two concerns regarding the petition: (1) the language would have the effect of prohibiting most, if not all coal bed methane discharges to the to the surface; and (2) no operator can discharge effluent which meets the definition of "pollution" or would cause "pollution" in the receiving stream. RPL opposes any rulemaking that requires a stricter standard for CBM water surface discharge and opposes rulemaking that reduces or eliminates the ability for coalbed produced water to be discharged and thus beneficially used by cattle, wildlife and agriculture.

RPL and its parent company know to be successful, they must strive to be a steward of the land and environment, and must strive with land-owner relations to benefit ranching operations and in most cases, landowners welcome and appreciate the water and development. RPL feels CBM development and surface disposal has a positive impact with the current surface discharge permit limits. This is obvious with the increase sightings of deer, antelope, eagles, hawks, rabbits, fox, bobcats, and all other wildlife species in the Powder River Basin. RPL respects the petitioners concerns and feel they have had a negative experience with CBM developers willing to "rape and pillage" the land for short-term company gains. RPL feels this is an exception and not the rule.

RPI. opposes setting unique standards on CBM surface discharge permits resulting in elimination of surface discharges. The economical and financial factors would have a detrimental effect on all CBM Producers and associated Service Companies, would impact State and Local Agencies tax bases, would impact indirect services from real estate to the family-owned businesses. The standards could eliminate over 30 full-time company employees paid competitive wages with insurance, and retirement packages, could eliminate 60 to 70 contract employees to install pipelines, compressors stations, and maintain daily operations, would force the company to liquidate company assets in an attempt to recover capital expenditures of over a hundred million dollars.

RPI. projects the life of Powder River CBM play will require an additional five years of development with peak gas rate obtained in 2010 and will approach an economical limit by the year 2020. RPL is experiencing questionable economics due to the high capital costs associated with CBM development, due to the over pricing of materials and labor associated with boom-bust cycles, due to the general cost of doing business associated with land relations, and State and Federal regulations, and the major factor is due to the changing market conditions in a supply-demand environment. Therefore with current conditions, the life of the project is limited and the total impact is going to be much less than initial estimates.

In summary, the beneficial use of CBM water is obvious with the increase sighting of wildlife throughout the Powder River Basin and in most cases, landowners' welcome CBM development, especially during severe drought conditions in the area. RPL strongly supports maintaining current discharge limits for all the waters of the State for beneficial use to ranchers, wildlife and agricultural. Thank you and the Environmental Quality Council for your efforts to protect the environment in Wyoming and for considering RPL's opposition towards the Citizens Petition for Rulemaking. If I can be of any assistance to the EQC, please call (307)682-4638 and ask for Roy Bellew.

Sincerely,



Roy Bellew
Rowdy Pipeline Company
Operations Manager