

VIA FACSIMILE

February 14, 2007

Mr. Mark Gordon, Chairman
Wyoming Environmental Quality Council
122 W. 25th St.
Herschler Bldg., Room 1714
Cheyenne, WY 82002
Fax - 307-777-6134

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Terri A. Lorenzon, Director
Environmental Quality Council

RE: DEQ's Proposed Rule/Policy (Appendix H) regarding Chapter 1, Section 20.

Dear Mr. Gordon,

I am a business owner in Gillette, WY I have 9 children in Campbell County School District, I employ 20 people who's families depend on the CBM industry. I oppose the Department of Environmental Quality's proposed Rule (Appendix H) or Policy regarding Chapter 1, Section 20.

- I oppose any rulemaking that reduces or eliminates the ability for coalbed produced water to be discharged and thus beneficially used.
- Water has to be in the stream and constantly available to ranchers, livestock and wildlife if it is to be beneficially re-used.

I would also like to make the following points about this rule:

- Appendix H will eliminate a source of water needed by ranchers and will negatively affect livestock and wildlife uses
- Chapter 1, Section 20 and the Ag Use Protection Policy does not protect existing uses of CBM produced waters.
- If a rancher wants water to flow down his drainage, he may be prohibited to do so if WYDEQ arbitrarily sets SAR and EC limits that CBM produced water cannot meet.
- The section on "Naturally Irrigated Lands" would allow a single landowner or even a third party to deprive landowners from beneficial use of water suitable for wildlife and livestock.
- Natural rainwater flowing down the drainages during storms does not typically meet the default limits spelled out in the Draft Section 20 rule/Policy.
- This policy/rule has the effect of limiting the jurisdiction of the State Engineer and appropriated water rights.
- The Water and Waste Advisory Board suggested to WYDEQ that it consider water quality standards based on the Bridger Montana Study. This study is more appropriate for use in Wyoming as the study makes use of soils similar to that in Wyoming, rather than the California study currently being used. DEQ should heed the advice of the WWAB.

- This Rule/Policy places the Operator in a position where existing water management plans and structures such as reservoirs are made obsolete, resulting in substantial costs to replace, possibly making fields uneconomical.
- Operators recognize water management is a critical path to their development plans. Operators will not likely drill/construct projects until a water management plan can be firm'd up. This policy/rule will likely have a negative effect on future development of CBNG resources in the Powder River Basin.
- CBNG industry is already carrying a sizable regulatory burden. Further regulation puts further production at jeopardy. If further production/ development is in jeopardy economic impacts are likely to follow.
- Water management decisions need to be left to responsible landowners and operators. Don't take away use of reservoirs (which may not be capable of containing the 50 year/24 hour event and all produced water) as a viable water management tool.

Thank you for the opportunity to comment on this rule. Again, please register my opposition to making this a rule or policy. Please feel free to contact me at 307-685-0453 if you have any questions regarding my opinion. I love Wyoming and do not want to lose my ability to make a living in this wonderful state!

Sincerely,



Jonathan Peterson

Midnight Oil Field Service