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WATER QUALITY DIVISION
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August 26, 2008

David Waterstreet
Wyoming Department of Environmental Quality
Water Quality Division
122 West 25th St., Herschler Bldg – 4W
Cheyenne, WY 82002

Re: Comments on Proposed Revisions to Chapter 1, Wyoming Water Quality Rules and Regulations Surface Water Quality Standards

Dear Mr. Waterstreet:

Williams Production RMT Company (“Williams”) appreciates the opportunity to submit comments to the Wyoming Department of Environmental Quality, Water Quality Division (“DEQ”) regarding proposed revisions to Chapter 1 of the Wyoming Water Quality Rules and Regulations (“WQRR”) Surface Water Quality Standards. Williams is a significant operator in Wyoming and, in particular, in the Powder River Basin (“PRB”). Williams is concerned about the proposed revisions to Chapter 1 and the related procedures described in Appendix H to implement Section 20. The proposed revisions have the potential to impose significant financial and technical burdens on Williams’ coalbed natural gas operations.

During the past four years, DEQ, the Water and Waste Advisory Board (“WWAB”) and stakeholders have spent countless hours to develop a workable solution to the implementation of Chapter 1, Section 20’s prohibition against a measurable decrease in crop or livestock production. Williams has been an active participant in these proceedings and incorporates by reference its comments submitted through the public comment process to DEQ and the WWAB. See Attachment 1. During the process, Williams has identified the following issues of concern:

- **100% Crop Yield** – The proposed rule states that Tier 1 default EC limits will be based upon 100% yield threshold values for soil EC as reported by the USDA Agriculture Research Service Salt Tolerance Database. Williams does not believe that the use of default EC limits should be based on tolerance values for the most sensitive crop or upon 100% yield threshold values. The assumption of 100% crop yields is faulty, given the growing conditions in the PRB e.g., a lack of precipitation, poor alkaline and saline soils and intermittent flows. To the extent such criteria are used, calculated values should be based on data which more accurately reflects soil chemistry and crop production in the PRB and Wyoming, not California which is the source of the USDA Database.

- **Selective Grandfathering of Discharges** – DEQ will not use Appendix H to establish new effluent limits on discharges that began prior to January 1, 1998. The proposed rule arbitrarily protects certain historical conventional oil and gas discharges while expressly targeting coalbed natural gas operations for application of the more stringent standards. The proposed rule should not apply to valid and existing permits as of the date of the adoption of the proposed rule.

- **Protection of Illegal Irrigation** – The purpose of Chapter 1, Section 20 is to protect irrigation that existed prior to an application for a Wyoming Pollutant Discharge Elimination System (“WYPDES”) permit. The proposed rule continues to authorize DEQ’s historic practice of recognizing irrigation without confirmation of a valid Wyoming water right.

- **Season of Use** – The definition of irrigation season is overly broad. It is not reasonable to assume that the irrigation season in Wyoming is year-round for passively irrigated lands, given the variation and intensity of storm events supplying water to ephemeral or intermittent drainages used for irrigation purposes.

All these concerns remain valid. However, Williams wishes to focus its comments on (1) the value of the tiered approach and (2) the reasonable application of Appendix H.

I. Tiered Approach

Appendix H establishes a tiered approach which is designed to provide a process by which effluent limits and other conditions in WYPDES permits meet Section 20’s narrative standard of no measurable decrease in crop or livestock production. Williams believes that the tiered approach for determining irrigation limits is essential to address the variety of background water quality conditions and quality of discharges in different drainages throughout Wyoming, and particularly, the PRB. In certain but not all circumstances, a proposed discharge of produced water may be deemed relatively good quality or the irrigated crops potentially affected are salt-tolerant. In these cases, the Tier 1 default EC and SAR limits may be achievable.¹

Tier 1 is not sufficient for most situations in the PRB. There are multiple PRB drainages where the pre-existing background water quality at the point of diversion is worse than the effluent quality of the produced water discharged. In these instances, an operator should not be required to treat its discharges to reach the Tier 1 default limits which are higher than the quality of the water mother nature provided. Tier 2 in

¹ The Tier 1 approach continues to be overly conservative and proposes the application of effluent limits to achieve an end beyond that required in Section 20 and without sufficient supporting credible evidence. The default limits remain questionable.

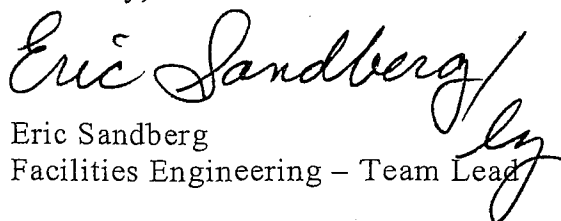
Appendix H is designed to provide an important alternative permitting option to address naturally occurring conditions. Similarly, Tier 3 provides a truly site-specific permitting option. The tiered approach provides the necessary flexibility for meeting the no measurable decrease standard while recognizing the reality of the background water quality and the discharged effluent quality.

II. Reasonable Application

The revisions to Chapter 1 have the potential to impose significant costs and operational challenges upon operators. While Williams supports the tiered process, Williams continues to have reservations about whether the proposed revisions to Chapter 1 present a road map to DEQ and operators for a workable and predictable process for implementing the narrative no measurable decrease standard. In support of its WYPDES permit application, an operator is required to collect "a minimum amount of data" to identify existing irrigation uses, including the location of naturally irrigated acreage. Williams remains concerned about the broad presumption of naturally irrigated lands. Appendix H states that infra-red imagery, surficial geologic maps, wetland mapping, landowner testimony, site-specific assessment or any combination of these sources may be used to establish that lands are naturally irrigated. Each of these information sources presents a snapshot of conditions at a specific time, and conditions may have changed e.g., wetlands mapping.² In addition, a permit applicant has no method by which it could disprove the presumption of sub-irrigation presented in Appendix H. The application of EC and SAR effluent limits should not be applied unless there is some presence and evidence of the ability to irrigate with a surficial flow. Williams strongly encourages DEQ to evaluate multiple sources of information rather than one source e.g., infra-red aerial imagery, when confirming the existence of naturally irrigated lands.

Williams appreciates the opportunity to comment on the proposed revisions to Section 20, Agricultural Water Supply in the form of a new Appendix H. Williams appreciates your consideration of our comments and would be pleased to discuss our comments further with you and respond to any questions you may have.

Sincerely,


Eric Sandberg
Facilities Engineering – Team Lead

Attachment
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² The DEQ should not be able to rely solely upon landowner testimony which is inherently biased to establish the existence of naturally irrigated lands.