

## COAL BED NATURAL GAS DEVELOPMENT

### **PURPOSE OF THE BRIEFING DOCUMENT:**

Coal bed natural gas (CBNG) is in the early stages of development in the Powder River Basin of southeastern Montana. Production of CBNG began in 1999 from private and state wells and in 2003 from federal wells. Approximately 850 wells are producing CBNG from federal, state and private leases. At this time, Montana's approved/producing CBNG wells are operated by Fidelity Exploration & Production Company and Pinnacle Gas Resources, Inc. These wells are located either in the CX Field, operated by Fidelity, adjacent to the CX Field, or near the Hanging Woman drainage, operated by Pinnacle.

### **ISSUES:**

In order to analyze conventional oil and gas development as well as full field CBNG development, the BLM, Montana Board of Oil & Gas Conservation, and Montana Department of Environmental Quality prepared a joint environmental impact statement (EIS, 2003) and resource management plan (RMP) amendment. The BLM issued its record of decision (ROD) in April 2003. The ROD and supporting EIS are currently under litigation.

The U.S. District Court issued an order dated April 5, 2005, that directed the BLM to prepare a supplemental environmental impact statement (SEIS) to the 2003 EIS that analyzes the phased development of CBNG. The order also allowed the BLM to approve up to 500 federal and state production-related permits per year within a court-defined geographic area while it prepares the SEIS.

The BLM published a *Federal Register* notice on August 5, 2005, announcing its intent to plan and conduct public scoping for the SEIS. The draft SEIS was issued for a 90-day public comment period from February through May 2007. In April 2007, the EPA notified BLM that the draft SEIS was unacceptable due to air visibility impacts to Class I airsheds. To avoid a negative rating, BLM and EPA agreed to conduct additional air modeling work to investigate mitigation measures and reduce the predicted visibility impacts. The 90-day public review and comment period on the Supplemental Air Quality Analysis ended March 13, 2008. The BLM anticipates that the final SEIS will be issued in fall 2008, and the ROD signed in winter 2008, following the 30-day protest period.

Several local, state and federal agencies and tribes are designated cooperating agencies in the preparation of the SEIS: Rosebud, Carbon, Golden Valley, Powder River, Yellowstone, Musselshell, Big Horn and Treasure counties; Lower Brule Sioux and Crow tribes; Montana Department of Environmental Quality, and the Board of Oil and Gas Conservation; Bureau of Indian Affairs; Department of Energy; US Army Corps of Engineers; and the Environmental Protection Agency.

The BLM and the cooperating agencies and other collaborators met in September 2005 to develop a phased development alternative, which the BLM then provided to the public for comment. As a result of comments received from cooperating agencies, collaborators and the public, an additional phased development alternative was developed.

### **MAIN DECISION OR MESSAGE:**

The BLM Montana continues to process plans of development (PODs) for CBNG as they are received, preparing additional, site-specific environmental documentation as needed. Montana BLM can only approve permits for federal CBNG wells in accordance with the district court order until the ROD is signed for the SEIS. At this time, BLM is nearing completion of the Deer Creek North POD, 34 wells and associated infrastructure, and Decker Mine East, 14 wells and associated infrastructure. Both PODs are located within the CX Field.

Monitoring and mitigation are vital for ensuring that the decisions made in the EIS/RMP amendment adequately protect the affected environment. Interagency working groups established for water, air, aquatics and wildlife have been in place since 2003 to monitor effects from CBNG development. Working group participants include both Montana and Wyoming BLM and Departments of Environmental Quality; the US Geological Survey; Forest Service; National Park Service; the Natural Resources and Conservation Services in Montana, Wyoming and South Dakota; and Native American tribes. Protection measures and best management practices are in place for several resources including air, water and wildlife. Mitigation measures can be modified based upon the results of monitoring and technology.

### **BUREAU PERSPECTIVE:**

There is a high level of regional interest in CBNG production with most concerns focused on water and wildlife-related impacts, potential impacts to tribal resources, and the SEIS/Amendment.

### **CONTACT:**

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