



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Buffalo Field Office
1425 Fort Street
Buffalo, Wyoming 82834-2436

In Reply Refer To:
3160

NOV 02 2004

Dear Operator:

This letter is being sent to clarify several issues relative to federal coal bed natural gas (CBNG) development.

First, in order to protect ground water that may exist beneath unlined CBNG-produced water impoundments, the Wyoming Department of Environmental Quality (WDEQ) put the following guidance into effect on August 1, 2004, "Compliance Monitoring for Ground Water Protection Beneath Unlined Coalbed Methane Produced Water Impoundments" (June 14, 2004). This guidance can be viewed on the WDEQ website.

If you haven't submitted a National Pollution Discharge Elimination System (NPDES) application to DEQ before August 1, 2004, you will need to comply with the DEQ guidance. This may require soil boring and installation of compliance monitoring wells at proposed impoundments. If you determine that this pre-siting investigation is required for planned impoundments that are proposed as a part of Federal plans of development (POD) or on public lands, you will need pre-approval from BLM to conduct this work. This work should be conducted prior to finalizing water management plans and POD submission. In order to assess the need for pre-approval, you will need to provide this office with your site-specific plans for this preliminary work. It is important that the company coordinate with the BLM regarding proposed impoundment placement, prior to water management plan development, in order to help prevent possible future delay during the POD approval process. We recognize that some of these sites may not be approved by WDEQ which may cause a need for alternative siting and additional investigative work.

The information you provide will be assessed by BLM to determine if site-specific environmental analysis will need to be completed prior to conducting the work. The information that we would need relative to this work may include:

- Description of actual pre-site investigative work to be completed
- Equipment to be used
- A map (1:24000 topographic) with proposed access route or routes, boring and monitoring well locations
- Extent of new road construction
- When you plan to conduct the work
- How long it will take
- Any other surface disturbance associated with the pre-site investigation
- Plans for reclamation of any disturbed lands
- Cultural resource inventory
- Wildlife surveys

In planning and conducting this work, consideration should always be given to minimizing surface disturbance.

If, in working with WDEQ, you determine that this type of work will be needed, it would be beneficial to submit the above information to us as early as possible in order to expedite the process. Appropriate BLM staff may need to visit the site prior to analysis work.

There are two Conditions of Approval that are attached to each POD approval that are rarely being adhered to, 1) the submittal of water quality samples from designated reference wells and geo-referenced spatial data depicting as built locations upon completion of the POD. These measures are part of the monitoring requirement from the approved Powder River Basin Oil & Gas Project EIS and RMP Amendment. This information is needed in order to validate our site-specific NEPA analysis relative to your Federal CBNG projects. Failure to provide this information to BLM is a violation that can result in a Notice of Incident of Noncompliance (INC) to the operator.

For clarification, the water quality requirement is as follows:

The first well to produce water from each targeted coal zone will be designated as the POD reference well. Designated reference wells must have the ability to be sampled at the wellhead. Water quality samples will be collected by the operator and submitted for analysis using WDEQ NPDES criteria within 30-60 days of initial water production. Results of the analysis will be submitted to the BFO-BLM Authorized Officer as soon as they become available. Electronic submittal is encouraged. The following information must be included for the sample:

- *Company name and address*
- *POD name*
- *Well location (Qtr/Qtr, Section, Township and Range)*
- *Well number*
- *Date collected*
- *Coal zone sampled*

Part of the monitoring program may include future sampling and analysis from the POD reference well as determined by the BLM Authorized Officer. The operators will provide or assist in collecting samples as requested.

The geo-referenced spatial data is as follows:

The companies will provide geo-referenced spatial data depicting as-built locations of all facilities, wells, roads, pipelines, power lines, reservoirs, discharge points, and other related facilities to the BLM upon completion of POD construction and development.

The EIS also requires the operator to certify that they have offered a water well agreement to all holders of registered water wells within the "circle of influence" of the CBNG well being drilled. The agreement that should be offered can be found in Appendix G of the EIS. It has come to our attention that offering of the agreement may not always be occurring. The agreement must be offered to all potentially affected well owners both on and off lease, within or outside the POD boundary, if the wells fall within the "circle of influence". In some cases, this could result in offering the agreement to many well owners.

We suggest that you document the offer of the agreement. One means of documenting the offering would be by obtaining a signature from the well owner.

If you have questions on either of these items, please contact our office. For questions on pre-site investigation work needs, call Willy Frank, Supervisory NRS at (307) 684-1162. For questions concerning the submittal of water quality information on designated reference wells, please contact Mike McKinley, Hydrologist, at (307) 684-1149.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael Madrid".

for Michael Madrid
Acting Field Manager