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Industry: Action is 'fair'

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The state engineer's decision to require proof that produced coal-bed methane water actually contributes to the commercial production of gas appears to have support from both the industry and landowners who have criticized past management of the water.

One coal-bed methane industry leader called the state engineer's action this week "fair," while a Powder River Basin landowner called it too little, too late.

"I think it's a baby-step in the right direction. However, I feel like it's a little too late. This should have been done long ago. We've been talking about the waste of the groundwater for a long, long time," said Nancy Sorenson, a Campbell County rancher and Powder River Basin Resource Council board member.

In 1997, the state engineer determined that the co-production of methane gas and water from a coal aquifer was an actual "beneficial use" of that water. Until this week, the state allowed the production of coal-bed methane water without regard to the volume of groundwater dumped on the surface, or whether the volume was necessary to the production of coal-bed methane gas.

Now, producers will be held to a threshold water-to-gas ratio of 10 barrels of water per thousand cubic feet of gas, which must be achieved in the first two to three years of water production.

John Robitaille, vice president of the Petroleum Association of Wyoming, said the state engineer's action is "fair," because producers will be allowed to make their case in a "show cause" format, which is an opportunity to explain the specifics of each case.

"I think in those discussions there will be wells not producing at the ratio, but the wells will be necessary for production," Robitaille said.

Although some wells do produce only water, they are often on the outside of a network of wells and do contribute to the commercial production of the overall network.

"I would not be surprised to find that some wells are maybe not necessary for the production," Robitaille said.

Robitaille estimated that the 10 barrels of water per thousand cubic feet of gas threshold ratio will likely impact less than 10 percent of the wells in the basin.

"The state engineer, by allowing show-cause hearings, will become better informed as to the need for the wells," Robitaille added.

Gov. Dave Freudenthal has said he advocates a closer examination of non-gas producing wells.

"I am pleased that the state engineer is taking this step," Freudenthal said in a prepared statement. "It is a fair policy to ask these companies to show why they should be able to continue, and when

they expect to begin producing gas."

Sorenson said that while she's pleased that the state engineer will enforce a water-to-gas threshold, it sends a mixed signal to landowners. She noted that the state engineer is currently working with a legislative interim committee to give him authority to order the construction of channels through bottomland meadows to alleviate flooding.

"So on one hand he's facilitating the discharge of more water," Sorenson said. "I'm not sure exactly where he stands."

Sorenson also noted that the state engineer is fighting a lawsuit brought by two Powder River Basin families regarding the waste of groundwater in the production of coal-bed methane gas.

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