| 1 | SENATE BILL NO. 437 |

| 2 | INTRODUCED BY K. BALES |

3

4   A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS RELATED TO COAL BED METHANE

5   DEVELOPMENT; MODIFYING THE COAL BED METHANE WELL REQUIREMENTS; EXEMPTING THE USE

6   OF GROUND WATER PRODUCED IN ASSOCIATION WITH COAL BED METHANE WELLS FROM THE

7   PERMIT REQUIREMENTS; MODIFYING MITIGATION REQUIREMENTS; AMENDING SECTIONS 85-2-302

8   AND 85-2-521, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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10   BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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12   **Section 1.** Section 85-2-302, MCA, is amended to read:

13   **"85-2-302. Application for permit.** Except as provided in 85-2-306 and 85-2-521, a person may not

14   appropriate water or commence construction of diversion, impoundment, withdrawal, or related distribution works

15   except by applying for and receiving a permit from the department. The application must be made on a form

16   prescribed by the department. The department shall make the forms available through its offices. The applicant

17   shall submit a correct and complete application. The department shall notify the applicant of any defects in an

18   application. An application does not lose priority of filing because of defects if the application is corrected or

19   completed within 30 days of the date of notification of the defects or within a further time as the department may

20   allow, but not to exceed 90 days from the date of notification. If an application is made correct and complete after

21   the mandated time period, but within 90 days of the date of notification of the defects, the priority date of the

22   application is the date the application is made correct and complete. An application not corrected or completed

23   within 90 days from the date of notification of the defects is terminated."

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25   **Section 2.** Section 85-2-521, MCA, is amended to read:

26   **"85-2-521. Coal bed methane wells -- requirements.** (1) Coal bed methane production wells that

27   involve the production of ground water must comply with this section.

28   (2) Ground water produced in association with a coal bed methane well must be managed in any of the

29   following ways:

30   (a) with the consent of the surface owner of the land, used as irrigation or stock water or for other

1   ~~beneficial~~ uses ~~in compliance with Title 85, chapter 2, part 3~~;

2   (b) reinjected to an acceptable subsurface strata or aquifer pursuant to applicable law;

3   (c) discharged to the surface or surface waters subject to the permit requirements of Title 75, chapter

4   5; or

5   (d) managed through other methods allowed by law.

6   (3) The use of any ground water produced in association with a coal bed methane well is not subject

7   to the permit requirements of Title 85, chapter 2, part 3.

8   ~~(3)~~(4) (a) Prior to the development of a coal bed methane well that involves the production of ground

9   water from an aquifer that is a source of supply for appropriation rights or permits to appropriate under this

10   chapter, the developer of the coal bed methane well shall notify and offer a reasonable mitigation agreement

11   to each appropriator of water who holds an appropriation right or a permit to appropriate under this chapter that

12   is for ground water and for which the point of diversion is within:

13   (i) ~~1 mile~~ 2 miles of the coal bed methane well; or

14   (ii) ~~one-half~~ 1 mile of a well that is adversely affected by the coal bed methane well.

15   (b) The mitigation agreement must address the reduction or loss of water resources and must provide

16   for prompt supplementation or replacement of water from any natural spring or water well adversely affected by

17   the coal bed methane well. The mitigation agreement is not required to address a loss of water well productivity

18   that does not result from a reduction in the amount of available water because of production of ground water

19   from the coal bed methane well."

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21   NEW SECTION. **Section 3. Effective date.** [This act] is effective on passage and approval.

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