

**CBM Water Quantity Issues:
Powder River Basin Controlled Groundwater Area**

WATER POLICY INTERIM COMMITTEE

JANUARY 13-14, 2010

DNRC created the Powder River Basin Controlled Groundwater Area on December 15, 1999 to protect existing water users from potential impacts of CBM development. The following is a summary of the final controlled groundwater area order and its implementation.

Conclusions

- Excessive groundwater withdrawals are very likely to occur in the near future. As a result, water levels in targeted aquifers could be reduced near project areas for long periods of time in a water scarce area.
- Withdrawals must be monitored and controlled where existing beneficial uses of water are adversely affected.
- Withdrawal of groundwater associated with CBM production will be under prior jurisdiction of the Montana Board of Oil and Gas (Board).
- DNRC may petition the Board for hearings when coal bed methane development wells could affect existing water rights.

Order

- Standards for CBM development include an inventory and hydrologic assessment of existing wells, springs, and streamflow that could be impacted.
- CBM operators must offer water mitigation agreements to owners of water wells and natural springs within 1 mile of a CBM field, extended ½ mile beyond any adversely affected well.
- DNRC will designate a Technical Advisory Committee.

Technical Advisory Committee

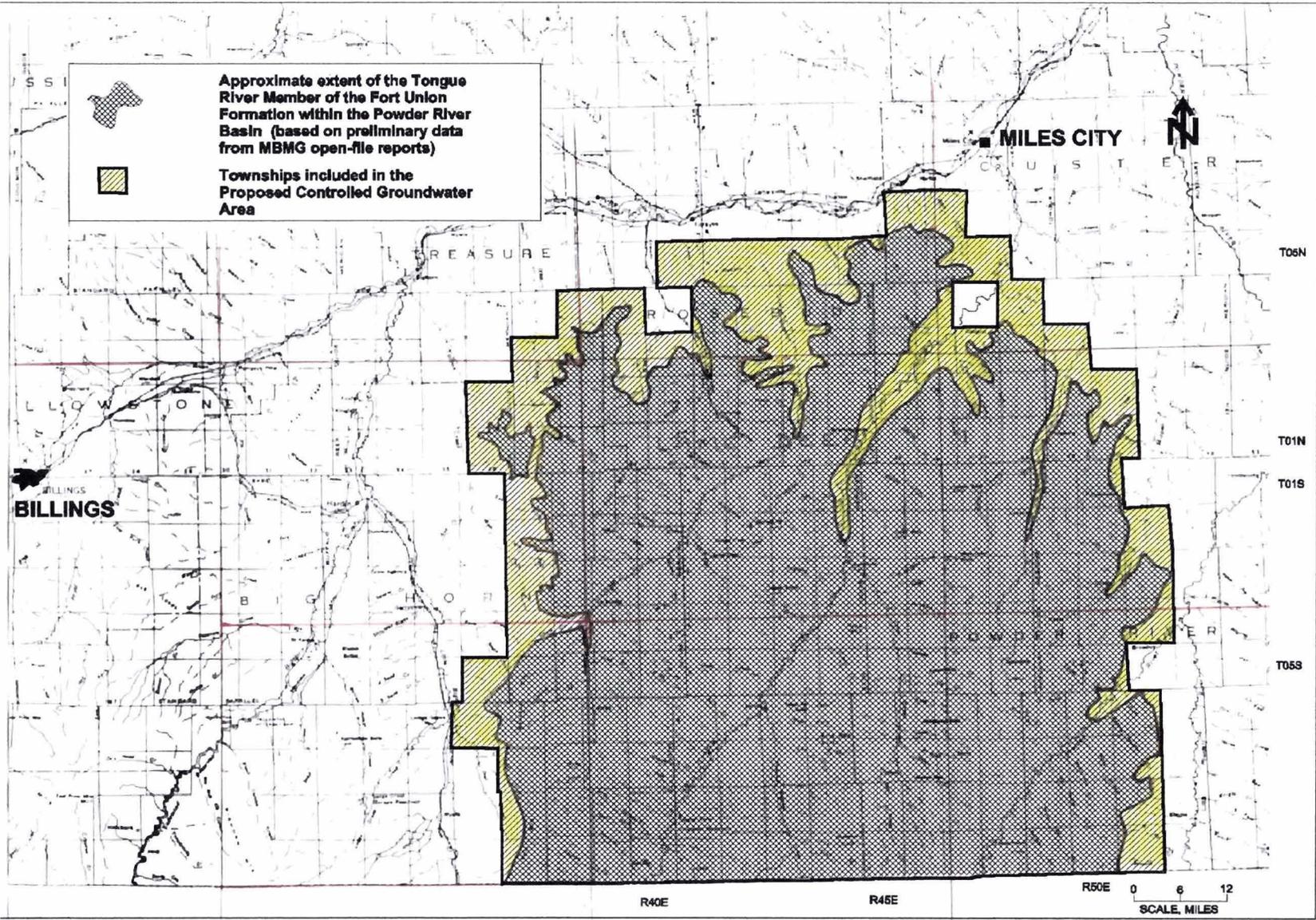
- Members with expertise in hydrogeology of coal aquifers and CBM extraction operations.
- Oversee groundwater characteristics and monitoring, and reporting requirements.
- Review groundwater data and scientific evidence and advise DNRC and the Board on administration of the area.

Groundwater Monitoring and Reporting Guidelines

- Describe process to collect data including groundwater levels and water quality data.
- Identify geographic area to be monitored based on site-specific hydrogeologic analysis.
- Compile an inventory of private wells and springs.
- Identify coal beds to be produced which are also water sources to private wells and springs.
- Describe network of monitoring wells within the proposed field and peripheral zone.
- Submit monitoring data and information to the Board, TAC, and MBMG.

Consolidated Annual CBM Regional Groundwater Monitoring Report

- Prepared by MBMG
- Reviewed by TAC



Russell Levens, WMB, DNRC