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MEMORANDUM

To: Coal Bed Methane/Water Policy Subcommittee Members

From: Mary Vandebosch
Resource Policy Analyst
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Date: May 9, 2002

Subject: Updates on Coal Bed Methane Studies and Activities

Water Quality Standards

Proposed Northern Cheyenne Water Quality Standards

The deadline for public comments on the proposed standards was February 3, 2002. A response to comments was sent out in April. Staff for the Northern Cheyenne Tribe are currently working on the final standards. They may present the final standards to the Tribal Council this month. The standards must be submitted to the U.S. Environmental Protection Agency (EPA) for approval.

State of Montana

Department of Environmental Quality (DEQ) staff are in the process of developing proposed water quality standards for sodium absorption ratio and electrical conductivity. The staff will present their proposal to the Board of Environmental Review (BER), which has the authority to set standards, at the June 7, 2002 BER meeting. If the BER decides to formally initiate rulemaking, a public hearing will be held some time after June 7, as required by the Montana Administrative Procedure Act (MAPA). The DEQ/BER are not pursuing a standard for bicarbonate at this time.

Flathead Lake Biological Station Study

The Flathead Lake Biological Station, located at Yellow Bay, is conducting a scientific study of the ecological integrity of streams and rivers in light of coal bed methane development. The researchers will be traveling to the region during the week of June 3 to collect samples and review existing information. A white paper based on the scientific research will be prepared for the 2003 Legislature.

Sen. Keenan would be happy to discuss this project with members of this subcommittee or other interested legislators.

Flathead Lake Biological Station: (406) 982-3301

EPA BPJ Study

Region 8 of the EPA is in the process of making a best professional judgment (BPJ) determination of effluent limitations that represent Best Available Technology Economically Achievable (BAT) for coal bed methane product waters. The determination will be used by EPA to write permits in Indian Country. The analysis will also be available to inform the states of the implementation of delegated permit programs. (The DEQ has been delegated the authority to issue permits outside of Indian Country in Montana.) I have described this analysis and provided information to the subcommittee previously. Information about the study is available on this web site:

<http://www.epa.gov/region08/water/wastewater/npdeshome/cbm/cbm.html>

The schedule for this determination has been revised again. The EPA is currently expecting that a draft analysis will be available in August 2002. The EPA has held public meetings regarding this study. More information is available on this web site:

<http://www.epa.gov/region08/water/wastewater/npdeshome/cbm/cbm.html>

Congressional Legislation

A list of proposed legislation introduced in Congress or considered by members of Congress is attached. This list was prepared by John Watts, consultant to the Senate Energy and Natural Resources Committee.

Draft General Discharge Permit for Coal Bed Methane Product Water

The Subcommittee was scheduled to be briefed on this topic May 8, 2002. The deadline for comments on the draft permit is May 15, 2002. More information is available on the web site:

<http://www.deq.mt.gov/coalbedmethane/PressRelease.asp> or call (406) 444-3080.

Draft Coal Bed Methane Environmental Impact Statement

The Subcommittee is schedule to be briefed on this May 9, 2002. The deadline for comments is May 15, 2002. More information is available on this web site:

<http://www.deq.mt.gov/coalbedmethane/EIS.asp>

Proposed Legislation Related to Coalbed Methane

4/2/2002

Conflicts between coal development and coalbed methane development

H.R. 2952, Powder River Basin Resource Development Act of 2001 (Rep. Cubin).
Status: Referred to House Resources Committee, subcommittee hearings held.

S. 675, Powder River Basin Resource Development Act of 2001 (Sen. Enzi).
Companion to H.R. 2952. Status: Referred to Senate Committee on Energy and Natural Resources, no hearings held.

Environmental Impacts of coalbed methane development

Section 607, S. 517: provision of Senate energy bill requiring National Academy of Sciences study of effects of coalbed methane development on surface and water resources. Status: in Senate energy bill.

Tax Credits

Section 3306, H.R. 4: provision of House energy bill extending and modifying section 29 tax credits for producing fuel from a nonconventional source (including coalbed methane). Status: in House-passed H.R. 4, similar provision marked up by Senate Finance Committee and expected to be inserted into S. 517.

Hydraulic fracturing

Sections 610-611, S. 517: provision of Senate energy bill requiring an EPA stud of hydraulic fracturing, with national Academy of Sciences review. Status: in Senate energy bill.

Surface use agreements

No legislation introduced as of this date.