



# COALBED METHANE DEVELOPMENT: Landowner Profiles

## ONE RANCH FAMILY'S STRUGGLE WITH COALBED METHANE NANCY AND ROBERT SORENSEN

We have lived for the last 29 years on a cattle ranch in the Powder River Basin in northern Wyoming, and my husband's family has pioneer roots reaching back over 100 years. This semi-arid environment only allows so much disturbance before the land is stressed to the point that a living cannot be made. My husband's family listened to the land and has persevered for four generations.

Our ranch is typical of many in the West in that the mineral and surface rights to the same parcel of land are often held by different parties (known as a "split estate"). We share mineral ownership 50-50 with Shriners Hospitals for Children under 2,500 acres of our ranch, and the federal Bureau of Land Management and State of Wyoming own the minerals under 200 and 160 acres of our ranch, respectively.

In October 1999, we were approached by a coalbed methane company to drill on a state-owned section of land that we lease. After consultation with the State Lands Office we attempted to reach a surface use agreement with the company that was in line with our philosophy of sustainability. After a long negotiation, an agreement was

sent to the company management that we understood they had approved. The company rejected the agreement, and the State Lands Office allowed development operations to begin. A substantially weaker agreement was later offered to us by the company which the state urged us to sign. We did.



Being denied a reasonable agreement was only the first defeat. Next, we tried to get the company to live up to the agreement that it had authored. Prior to commencing operations the company was supposed to provide us with a map. We finally received one six months after commencement of operations. There were to be no overhead power lines, but the company went ahead and constructed them anyway. The company also failed to discuss water management plans with us prior to beginning operations as it had agreed. Over time the company has violated at least eight

provisions contained in its agreement.

The problem as we see it is the overwhelming advantage of the mineral owner against the surface owner. We need regulations that give surface owners a more equitable bargaining position for surface damages.

***Special thanks to the members and staff of the Powder River Basin Resource Council and the Northern Plains Resource Council for sharing their experiences and making this project possible.***

## COALBED METHANE DESTROYS RETIREMENT DREAM

### RON MOSS

My wife and I moved to Gillette, Wyoming fifteen years ago and bought a house and 20 acres in a rural subdivision ten miles west of Gillette. During the first ten years living in our home we were very happy.

Then it started. Drilling for coalbed methane began east of our home. I met with three coal bed methane producers and each one assured me that nothing would happen to our drinking water; but we started to get methane in our water after they started drilling.

Was it a coincidence? I think not. The methane was so bad in our well that the water hose I used for filling the horse tank would blow out of the tank unless I held onto it. A State of Wyoming official told my wife not to light a match near the source of water.

I talked to the methane producer and was told they would be happy to monitor our well, but that I would have to

prove they were the cause of our problems.

The dreadful noise generated by a nearby large compressor station was also a problem. I am talking about noise that sounds like a jet plane circling over our house 24 hours a day, and drives people to the breaking point. My neighbor called the sheriff, state officials, and even the governor and was told nothing could be done about the noise.

We are finally licked. In 2001, my wife suffered severe asthma attacks on four different occasions. Even with medication and the use of a Breathalyzer she nearly had to go to the hospital emergency ward to get help to breathe.

Why is this happening now and not before coal bed methane development? Could it be because the clean air that once existed has been degraded during the height of coal bed methane development? Our dream of living in our retirement home has been shattered.



## COALBED METHANE WATER WREAKS HAVOC DOWNSTREAM

### ED SWARTZ

I own a ranch in Campbell County, Wyoming. The really good feature of our ranch is Wildcat Creek, which meanders about eight miles through the ranch. It flows only during snowmelt or violent storms, and it is typically dry nine or more months of the year. I have water rights on alluvial meadows, which provide winter hay supplies and a lot of our winter grazing.

In early October 1999, coalbed methane discharge water started flowing across my ranch from a neighbor's property. This water ran all winter and finally stopped in late April 2000. When this water evaporated in the spring and summer of 2000, I noticed that all the vegetation and grasses which I usually graze in the winter were dead.

This usually dry streambed's soil could not stand water for such a long period of time. Alkali was drawn from the clay soils, and salts and sodium were dropped out of the water. This caused the vegetation to die and left white salt and alkali deposits on the surface. The next flood will wash these deposits out on my hay meadows and probably kill my alfalfa and grass hay. These same meadows have been irrigated in every flood since

about 1901 and there has never been a loss of vegetation or as much salt and alkali deposits as I got with just seven months of what the agencies say is drinkable coalbed methane water.

Other coalbed methane companies, probably knowing what damage the water could cause, started building reservoirs in the drainages above my water rights to store the water. An employee of the Wyoming State Engineer's office (which is in charge of water rights) told me that there were at least 30 new, unpermitted reservoirs above my water rights.

When I started raising hell about interference with my water rights, the State Engineer allowed the coalbed methane companies to permit these reservoirs as permanent livestock reservoirs instead of industrial coalbed methane water storage reservoirs, which could be removed once development is complete.

One day's coal bed methane water would supply my ranch's water needs for 127 years—in dry years with no reservoir water. Can we afford to lose this much groundwater? What damages will be caused to the soils and vegetation from this much water? It's way past time for action. I and other ranchers have too much to lose.



## RANCHER NOT INFORMED ABOUT MINERAL LEASING

### JEANIE ALDERSON

My father and two sisters own Bones Brothers Ranch, a cow/calf ranching operation in southeastern Montana. Like many ranches in this part of Montana, ours has been built over the last 110 years. We own and pay taxes on 8,435 acres, and lease grazing land on the Custer National Forest. While we own some of the minerals below our land, other family members and the federal government own the rest. Many of the federal minerals are under land that is very close to our homes.

I knew that the federal government owned minerals below our ranch; however, I knew nothing about the process of federal mineral leasing. In December 2000, I called a Bureau of Land Management (BLM) official in Miles City to find out if the minerals under our ranch had been leased for coalbed methane development. From the information I eventually received from this BLM official, I learned that five companies and individuals had leased the federal minerals below our land. Although the BLM does not distinguish between regular oil and gas leases and coalbed methane leases, all indications point to these minerals being leased for coalbed methane development.



BLM never informed me they were leasing minerals under our ranch. BLM never asked for input regarding lease stipulations. I was never told about the leasing process, nor did I receive any information about the relationship between surface owners and mineral owners in regard to the development of federal minerals.

Had we been able to be involved in the leasing process we could have provided helpful information about our ranching operation, and how leasing decisions will affect our ranch. We have an intimate knowledge of the landscape and could have provided information about wildlife habitat, native plants, unstable slopes, watersheds and so forth. We could have provided information about where not to allow drilling, and where it might be acceptable. This information could have guided the leasing in a more reasonable and, ultimately more effective, manner.

In the present situation, we had no input into a process that will ultimately affect our land, water, business and lives forever. It seems like common sense that landowners should have more say in what happens on their property, but the simple truth is that oil and gas rights take precedence over surface rights.

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## BUSINESS OWNER STRUGGLES WITH COALBED METHANE

### PHIL HOY

I moved to Gillette, Wyoming in 1972, where I have a welding shop and a 56-space mobile home park six miles north of town. I am in the middle of both coal mining and coalbed methane development.

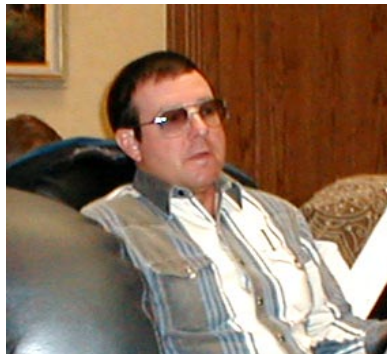
When I lost my drinking water well to the dewatering of a coal seam, I didn't know what had happened. I was forced to drill a new well at my own expense. I was advised to pursue the Eagle Butte coal mine for remediation, because federal law stipulates that coal companies replace affected or depleted water wells on adjacent properties. As it turned out, an investigation by the Wyoming Department of Environmental Quality (DEQ) revealed that my water well was depleted by a combination of coal mining and coalbed methane development. The coal and coalbed methane companies agreed to pay for the cost of the water well and its feeder lines.

Afterwards, I agreed to sign a release of liability for loss of the water well with both companies. This created a huge problem because the wording also released the coalbed methane company from future liability for property damages

which have occurred and are continuing to occur on my property.

Between 1997 and 2000, Barrett Resources discharged 163 million gallons of coalbed methane water, much of which traveled down gradient to my property. The shallow alluvial sands on my property were flooded by these discharges and an unlined instream impoundment reservoir, rendering my leach field unusable. In 1999, I had to install a sewage treatment plant.

I have been in regular contact with government officials in order to resolve these problems. For example, when I objected to the issuance of a coalbed methane water discharge permit by the Wyoming DEQ, I was told by state officials that the discharges did not violate state law and they had no authority to prevent damages to my property. When I wrote to the State Engineer's Office about the permitting of the impoundment reservoir, they not only neglected my concerns but did not require the company to use simple, common sense measures to protect my property. It's not right for state officials to issue permits when they know that other people's property will be damaged.



## REACHING AN AGREEMENT: LUCK OF THE DRAW PETE DUBE

My wife and I own an outfitting business in Buffalo, Wyoming, and about eight years ago we bought 5,000 acres in Campbell County as a place to run cows and winter the horses we use for outfitting. The bulk of the minerals under our land are owned by the Federal Bureau of Land Management (BLM).

My experience with coalbed methane was a two-year nightmare of negotiations. CMS, one of the biggest coal bed methane “players” at the time (Marathon bought CMS lease holdings in 2002) in the Powder River Basin,



approached us with a proposal to develop the southwest corner of our land. The company asked us to sign a surface use agreement that was one and one-half pages long. I came back with a more detailed agreement that would have required the company to prepare a water

discharge plan prior to drilling, only use existing two track roads, bury all electrical lines, and monitor our two water wells. It took me more than two years to reach an agreement with the company, and I spent at least \$5,000 in lawyer’s fees.

Then I discovered methane gas seeping up the side of my stock well. I was forced to dismantle the well cover to relieve the pressure of the venting gas, and the pipes to my stock tank froze. Finally CMS responded by fencing off the well and posting the enclosure with danger signs.

My well problems coincided exactly with coalbed methane drilling by CMS on a neighbor’s property, but the company initially refused to take responsibility. They were trying to tell me it was just a coincidence, and that my well had been improperly drilled. What irks me is you have to be the one to prove the company caused the problem. The company finally installed a new pump, and solved the problem.

It’s kind of the luck of the draw whether or not you can reach a good surface use agreement with a company. If you get a rancher friendly company, you might get along alright; if you get one that’s not, you’re in for a fight. If an agreement is not reached all the company has to do is post a bond to cover capping the gas wells and they can come on your property.

If I had the mineral rights there would be no development on this land. I don’t blame my neighbors for wanting to make some money on this. That’s their business. But for me, this is not about money. This is the only ranch I’ve got. I was out riding and looked down at what’s happening to the country, and I thought this must be how the Indians felt when they saw the covered wagons coming. There goes the neighborhood.



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