

Coal Bed Methane (CBM) or Coal Bed Natural Gas (CBNG) exploration and production applications for new wells have significantly declined over the last four years. As natural gas prices depreciate, more wells are “shut-in” where no gas or water is produced and fewer new wells are drilled. CBM wells are unique in that the beneficial use of water is to produce gas. Since 2008, the SEO Ground Water Division reviewed 2,393 CBM wells for water and gas production rates in an effort to reduce unnecessary water production from coal. A combined 1,345 ground water permits were suspended or cancelled if the operators were unable to “show cause” for continued water use. CBM wells permitted after January 18, 2012 now require operators to annually report water-to-gas ratios in an effort to ensure water production is put to the beneficial use of producing natural gas. Many wells in the Powder River Basin are reverting to landowners and are being permitted for stock watering uses while others are being plugged and abandoned due to declining profits. The SEO staff anticipates continued cooperation with operators as CBM wells are permitted for new uses and many more are cancelled or plugged and abandoned.

