



Alabama Coalbed Methane Monthly

February 1999

Federal court poised to force EPA to act against state on fracing

An order could come any day now from the 11th Circuit Court of Appeals in the next step of the hydraulic fracturing challenge brought by LEAF. In January, the three judge panel said it was inclined to grant the LEAF motion that the court order EPA to begin withdrawing permission for Alabama's underground injection control (UIC) program.

The court had ruled in 1997 that hydraulic fracturing is underground injection. Resulting in the conclusion that hydraulic fracturing should be regulated under a UIC program. The Alabama program (Class II administered by the State Oil & Gas Board) could be turned back

over to the EPA if it cannot be revised to satisfy federal regulations.

The timetable for the action is critical. Finding a way to fit new hydraulic fracturing regulations, that don't cripple industry operations, into the UIC program is complicated and potentially very time consuming. The UIC program could be taken from the state before changes are made.

To compound the issue the EPA has no program for regulating hydraulic fracturing and there is some doubt if the activity could be allowed to continue in the absence of regulations.

(EPA Continued on page 2)

99 legislative session to feature lottery bill and budget cuts

The new legislature that meets in Regular Session beginning on March 2 will be facing tremendous pressure to pass a lottery bill to be voted on by the people and hold the line on tight budgets. Governor Siegelman decided not to call a Special Session to consider just lottery legislation. This sets the stage for the second big fight of his Administration. His first fight was over control of the Alabama Senate. There is a debate about whether or not there are enough votes to get the lottery bill out of the Alabama Senate.

State agencies are once again being polled about budget cuts in the 5 to 10 percent range. The current Oil & Gas Board budget is about 90 percent salaries and benefits, so any cuts in their current budget could result in staff reductions.

The General Fund is under pressure from lower severance tax collections (due to dramatically lower prices) and the prospect of an unfavorable ruling for the state in a tax lawsuit. In addition, the state Medicaid program is reportedly in need of a tremendous amount of additional money to meet obligations.

International coalbed methane symposium on track for May

The world beats a path to our door again this May with the 1999 edition of the International Coalbed Methane Symposium. The semi-annual gathering will begin on May 3rd with several short courses. The actual symposium will get underway on May 4th with a welcome and opening reception at the Bryant Conference Center. Two days of concurrent sessions will follow as well as an EPA sponsored

workshop on International Coal Mine Methane Business Opportunities. More details on the symposium on page 2.

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Coalbed Methane Stats At A Glance

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The EPA, OGB, CMAA and many other groups have been meeting to try and come up with a solution. This issue may go nationwide as hydraulic fracturing is utilized in many other states for coalbed methane as conventional oil and gas operations.

The OGB filed a brief with the court a few weeks ago asking that the EPA be given the flexibility to work first on nationwide rules. This way Alabama would not be singled out by having to come up with a program prior to any federal standards as to what that program should be.

Many in the oil and gas industry are very concerned about the potential nationwide application of hydraulic fracturing regulations.

If you want to learn more about UIC regulations, please contact the CMAA office by email. We can send you parts 144 through 147 of the federal regulations that include information about state and federal UIC programs. You will need Adobe Acrobat reader to view and print these documents.

How to contact us

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1999 Symposium Schedule

Monday, May 3rd
AM/Short Courses
PM/Short Courses

Tuesday, May 4th
AM/Short Courses
PM/Short Courses
Evening/Welcome Reception

Wednesday, May 5th
AM/Concurrent Sessions
PM/Concurrent Sessions

Thursday, May 6th
AM/Concurrent Sessions
AM/EPA Workshop
PM/Concurrent Sessions

Friday, May 7th
AM/Field Trips
PM/Field Trips

Alabama coalbed stats at a glance

Production:

Oct. Total: 9.97 BCF
2,862 Wells Producing Gas
Daily Production

Average Well: 112 MCF
All Wells: 321 MMCF
Cumulative Coalbed
Production: 941 BCF

Spot Market Gas:

Average Black Warrior Basin
Aug 98 \$1.89
Sep 98 \$1.58
Oct 98 \$2.01
Nov 98 \$1.96
Dec 98 \$2.07
Jan 99 \$1.75
Feb 99 \$1.78

Events & Meetings

February 16

Alabama Environmental
Management Commission
1:30 p.m./Montgomery

February 23

CMAA Board Meeting
9:00 a.m.
CMAA Membership Meeting
Cypress Inn / Noon

March 2 - June 14

1999 Regular Session
Alabama Legislature
Montgomery, Alabama

March 3 & 5

State Oil & Gas Board
10:00 a.m.
Tuscaloosa, AL

March 14 - 16

1999 GWPC Annual Policy
Meeting / Arlington, VA
Info: (405) 516-4972

April 20 - 21

North American Coalbed
Methane Forum
Info: Ihor Havryluk
(412) 798-1391

May 3 - 7

International Coalbed Methane
Symposium
Bryant Conference Center
Tuscaloosa, Alabama

July 14-17

CMAA Annual Meeting
Hilton Garden Inn
Orange Beach, Alabama