

**WESTERN SLOPE ENVIRONMENTAL RESOURCE COUNCIL
WESTERN COLORADO CONGRESS
HIGH COUNTRY CITIZEN'S ALLIANCE**

FOR IMMEDIATE RELEASE

April 14, 2004

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Paonia, CO – Three community groups reached a settlement today with the U.S. Forest Service and Bureau of Land Management over a gas company's attempt to drill a controversial coalbed methane (CBM) well in the Grand Mesa National Forest. The well, known as Leon Lake #2 is located within the watershed for the town of Cedaredge.

The citizens' groups filed suit last April challenging Forest Service and BLM decisions that would have allowed Gunnison Energy Corporation to rework an old conventional natural gas well for coalbed methane exploration. Coal bed methane is extracted by pumping water off of a coal seam to release methane located there. This water is often contaminated with hydrocarbons, salts, or other naturally occurring chemicals. The community groups argued that the federal agencies had not conducted the required environmental analysis and that the original 1981 analysis for the Leon Lake #2 gas well did not address the unique impacts of coalbed methane development, which can include damage to water supplies.

“The agencies simply cannot rely on outdated environmental analyses that ignore the specific impacts of more recent technologies, such as coalbed methane development,” said Sam Sorkin, Public Lands Director for High Country Citizens' Alliance.

The settlement includes stipulations that the gas company will not explore for coalbed methane from the Leon Lake #2 well for at least nine months. If after nine months the company desires to drill into the coal seams for coalbed methane, they've agreed to advise the USFS and BLM, and to prepare and fund an environmental assessment if required.

Rob Peters, Executive Director of the Western Slope Environmental Resource Council (WSERC), noted that citizens had won a victory in keeping coalbed methane development out of the watershed that provides clean drinking water for the local

community. “We’ve let the Forest Service and BLM know that we won’t let them shirk their duties to study and regulate the impacts of coalbed methane,” said Peters.

The agreement was the result of discussions between WSERC and Gunnison Energy. “We were able to cut through the acrimony and have some meaningful talks with Gunnison Energy,” said Peters. “They made a good-faith effort and so did WSERC. We hope this is a first-step toward more substantive talks and agreements with the company over tangibles - like reduced noise levels from compressor stations or how many gas wells we can expect in the next five to ten years.”

The company drilled four test wells on private land across the south flank of the Grand Mesa last summer and has applications pending to drill four production wells on private land near the Leon Lake #2 well this summer. Eight miles of pipeline is also proposed.

Western Colorado Congress’s Matt Sura noted that the Gunnison Energy owns nearly 90,000 acres of mineral leases on the Grand Mesa National Forest. “We will do everything in our power to ensure that the Forest Service analyzes the effects of coalbed methane drilling on our water supply, wildlife and communities and takes the necessary steps to protect those resources,” said Sura.

The three citizens’ groups – the Western Slope Environmental Resource Council, Western Colorado Congress and High Country Citizens’ Alliance – are represented by Mike Chiropolos and Brad Bartlett of Western Resource Advocates. “Wells and watersheds are precious commodities in the Grand Mesa region,” said Chiropolos. “Public involvement is vital to ensure that coalbed methane and hydraulic fracturing operations don’t compromise water quality. We commend Gunnison Energy for its willingness to negotiate a settlement to the litigation.”