

**DEPARTMENT OF ENVIRONMENTAL QUALITY
STATE OF WYOMING**

NOTICE OF VIOLATION

IN THE MATTER OF THE NOTICE OF)	
VIOLATION ISSUED TO)	
MELGAARD CONSTRUCTION CO., INC.)	DOCKET NO. 4118-07
ATTN: MR. JOHN MELGAARD)	
P.O. BOX 2408)	
GILLETTE, WYOMING 82717)	
1180ET - LIMITED MINING OPERATION)	

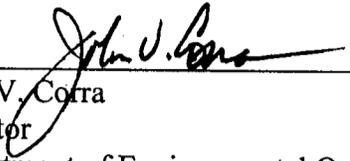
NOTICE

NOTICE IS HEREBY GIVEN THAT:

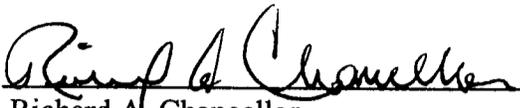
1. Notice of Violation (NOV) is being sent to you pursuant to Wyoming Statute §35-11-701(c)(i) which requires that a written notice shall be issued in the case of failure to correct or remedy an alleged violation.
2. The Wyoming Environmental Quality Act, W. S. §35-11-401 e.(vi) allows exempt surface mining operations, whether commercial or noncommercial, for the removal of sand, gravel, scoria, limestone, dolomite, shale, ballast or feldspar from an area of ten (10) acres or less of affected land.
3. During inspections performed on July 20 and 24, 2007, Mr. David Schellinger mapped the disturbances associated with Limited Mining Operation (LMO) 1180ET using a Global Positioning System. The mapped disturbances equaled approximately 12.6 acres; 2.6 acres greater than the 10 acres allowed under a LMO by state law.
5. The Department of Environmental Quality, Land Quality Division Noncoal Rules and Regulations Chapter 10, Section 4.(a) states that "A sign shall be posted and maintained at the entrance of the operation that, at a minimum, clearly shows: (i) The name, address and telephone number of the operator; (ii) The name of the operator's local authorized agent; and (iii) The LQD limited mining operation number."
6. During inspections performed on July 20 and 24, 2007, Mr. David Schellinger did not observe an entrance sign identifying the operator and operator's contact information, the name of the local authorized agent, or the LMO number at LMO 1180ET. A sign was requested to be erected during the August 1, 2005 inspection conducted by Mark Rogaczewski.
7. The Department of Environmental Quality, Land Quality Division Noncoal Rules and Regulations Chapter 10, section 4.(b) states that "In no case shall any materials be pushed or dumped over natural escarpments."
8. During the inspections performed on July 20 and 24, 2007, Mr. David Schellinger documented that materials from the mining operation had been pushed over the natural escarpments and into ephemeral stream ravines just upstream from Crazy Woman Creek on the southern and northern boundaries of the area of disturbance at LMO 1180ET. Numerous areas of erosion and deposits at the base of the escarpments and into ravine bottoms were observed. A similar condition was observed during the August 1, 2005 inspection conducted by Mark Rogaczewski when materials were observed spilled over the northeast edge of the north pit location.
9. Wyoming Statute §35-11-901(a) provides that any person who violates any provision of the Environmental Quality Act or any rule, standard, permit, license or variance adopted hereunder is liable to a penalty of ten thousand dollars (\$10,000.00) for each day of violation, which penalty may be recovered in a civil action brought by the Attorney General in the name of the People of the State of Wyoming.

NOTHING IN THE NOTICE shall be interpreted to in any way limit or contravene any other remedy available under the Environmental Quality Act, nor shall this NOV be interpreted as being a condition precedent to any other enforcement action.

SIGNED this 2 day of August, 2007



John V. Coira
Director
Department of Environmental Quality



Richard A. Chancellor
Administrator
Land Quality Division

Please direct all inquires regarding this Notice of Violation to Mr. Mark Rogaczewski, District III Supervisor, Wyoming Department of Environmental Quality/Land Quality Division, 1866 South Sheridan Avenue, Sheridan, WY, 82801

1180ET – LIMITED MINING OPERATION

cc: Mark Rogaczewski, LQD
file, 1180ET
Cheyenne LQD