DEPARTMENT OF ENVIRONMENTAL QUALITY
STATE OF WYOMING

NOTICE OF VIOLATION

IN THE MATTER OF THE NOTICE OF	)	
VIOLATION ISSUED TO	)	
Wagner & Watts	)	
Mrs. Wilma Wagner and Ms. Shelly C. McLain	)	**DOCKET NO. 4200-07**
15700 Jamaica Dr, Brighton, CO 80602-7416	)	
License to Explore, LE-181	)	

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 License to Explore 181-LE was issued to Mr. Reuben Watts, November 3, 1987. After Mr. Watts passed away, the permit was taken over by Mr. Wagner. Mr. Wagner has since passed away. In addition, Mr. Patrick Morgan was allowed by the estate trustee to operate in the exploration area in the fall of 2005. LQD attempts to resolve the compliance issues with Mrs. Wagner and Mr. Wagner's daughter, Ms. Shelly C. McLain have failed. LQD attempted to resolve the compliance issues on July 13, 2007, September 13, 2007 and November 9, 2007 either through certified mail or by telephone.

3. This Notice of Violation is being issued for failure to file Annual Reports, for failure to complete the reclamation of the mining activities, and failure to submit the required reclamation bond for the latest exploration.

4. Noncoal Rules & Regulations Ch.5, Sec.4(a) requires that the operator file an Annual Report with the Administrator on or within 30 days prior to the anniversary date of each permit. The operator has not filed an Annual Report since October 21, 2004.

5. Wyoming Statute §35-11-415(b) requires the operator reclaim the affected land as mining progresses. Annual Inspections indicate that no reclamation has occurred within the past 18 years.

6. Wyoming Statute §35-11-415(c) requires the operator to submit the reclamation bond established by the Administrator. Requests were made to increase the bond by letters dated December 6, 2005, August 31, 2006, and September 28, 2006. The bond was not increased.

7. 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 28th day of DECEMBER, 2007

N Finley for JVC

John V. Corra
Director
Department of Environmental Quality

Donald R. McKenzie
Administrator
Land Quality Division

Please direct all inquires regarding this Notice of Violation to Mr. Lowell Spackman, District I Supervisor, Wyoming Department of Environmental Quality/Land Quality Division, Herschler Building, 3rd W, 122 West 25th Street, Cheyenne, WY 82002

CERTIFIED MAIL # 7007 1490 0001 0735 9085
RETURN RECEIPT REQUESTED
DOCKET NO. 4200-07

cc: Lowell Spackman, LQD