BEFORE THE

DEPARTMENT OF ENVIRONMENTAL QUALITY

STATE OF WYOMING

IN THE MATTER OF THE NOTICE OF VIOLATION & ORDER ISSUED TO:

Mr. Peter G. Schoonmaker
CEO, President
Pinnacle Gas Resources, Inc.
1East Alger Street, Suite 206
Sheridan, Wyoming 82801

DOCKET NUMBER 3858-06

NOTICE OF COMPLIANCE

The Department of Environmental Quality (DEQ), Water Quality Division (WQD) issued Notice of Violation Docket Number 3858-06 on May 2, 2006, to Pinnacle Gas Resources, Inc. (Pinnacle). The NOV alleged that Pinnacle discharged coal bed methane (CBM) produced water to "waters of the state" in violation of the Wyoming Environmental Quality Act (Act) and applicable Wyoming Water Quality Rules and Regulations (WWQRR).

The Notice of Violations required Pinnacle to pay a total penalty of twenty-two thousand five hundred dollars and no cents ($22,500.00) to the DEQ and an additional fifty-two thousand five hundred dollars and no cents ($52,500.00) for a Supplemental Environmental Project (SEP). Based on the May 12 and June 21, 2006 letters, and receipt of the penalty and SEP payments, Pinnacle has complied with the conditions of the Settlement Agreement for Docket Number 3858-06 and the DEQ finds that all terms have been satisfied.

Dated this 14th day of August, 2006.

Brian R. Bohlmann, P.E.
WYPDES Compliance & Enforcement Coordinator
Water Quality Division
Wyoming DEQ

cc: Brian R. Bohlmann, P.E., WYPDES Compliance & Enforcement Coordinator
Colleen Gillespie, 8ENF-W-NP, EPA Region 8
James B. Eisenhauer, Sheridan DEQ Office
John Barnes, Surface Water Administrator, SEO
Bill J. DiRienzo ▶ Brian K. Lovett ▶ Leah J. Krafft
IPS (for scanning) ▶ Docket 3858-06
Keith Guille, DEQ Public Information Officer