



# Department of Environmental Quality



To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.

Dave Freudenthal, Governor

John Corra, Director

CERTIFIED MAIL

September 21, 2006

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

**RE: Notice of Violation and Order, Docket Number 3920-06**

Dear Mr. Schoonmaker:

Attached is a Notice of Violation and Order, Docket Number **3920-06**, for continuing to submit discharge monitoring reports (DMRs) with invalid flow rates by Pinnacle Gas Resources, Inc. (Pinnacle). The flow rates on DMRs submitted for WYPDES permits WY0043711, WY0043770, WY0043842, WY0043851, WY0046213, WY0046639, WY0046698, WY0047767, WY0051764, WY0052477, WY0053201 and WY0053961 from the 1<sup>st</sup> Semester, 2004 through the 1<sup>st</sup> Semester, 2006 have repeatedly been submitted with the monthly average flow rates higher than the daily maximum. Additionally, the units used to report the flow rates on the DMRs were something other than the required million gallons per day (MGD). Part I. of the WYPDES discharge permits concerning permit definitions states that MGD, for monitoring requirements, is defined as million gallons per day. By failing to report flow in terms of MGD, Pinnacle is in violation of the discharge permit requirements.

**ANY APPEALS TO THE ENVIRONMENTAL QUALITY COUNCIL FROM THE ATTACHED ORDER MUST BE MADE IN WRITING WITHIN THE TEN (10) DAY TIME LIMIT PRESCRIBED BY W.S. 35-11-701(c).** Chapter I, Section 3 of the enclosed Department of Environmental Quality Rules of Practice and Procedure sets forth the requirements for the initiation of appeal proceedings. You are urged to review all of the provisions of the attached Rules of Practice and Procedures as they relate to this action.

To appeal this Order and request a hearing, you must file two (2) copies of your written petition. The first petition shall be mailed to the Chairman of the Environmental Quality Council at Room 1714, Herschler Building, 1st Floor West, 122 West 25th Street, Cheyenne, Wyoming 82002. The second petition should be sent to John V. Corra, Director, Wyoming Department of Environmental Quality, Herschler Building, 4th West, 122 West 25th Street, Cheyenne, Wyoming 82002. Both petitions must be sent by certified mail, return receipt requested.

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Herschler Building • 122 West 25th Street • Cheyenne, WY 82002 • <http://deq.state.wy.us>

ADMIN/OUTREACH  
(307) 777-7758  
FAX 777-3610

ABANDONED MINES  
(307) 777-6145  
FAX 777-6462

AIR QUALITY  
(307) 777-7391  
FAX 777-5616

INDUSTRIAL SITING  
(307) 777-7369  
FAX 777-6937

LAND QUALITY  
(307) 777-7756  
FAX 777-5864

SOLID & HAZ. WASTE  
(307) 777-7752  
FAX 777-5973

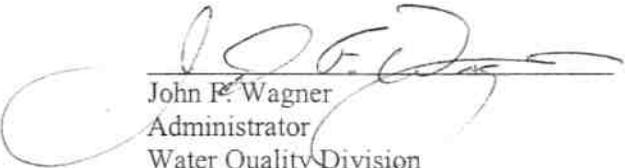
WATER QUALITY  
(307) 777-7781  
FAX 777-5973



*Pinnacle Gas Resources, Inc.*  
*September 21, 2006*  
*Page L-2*

**PLEASE DIRECT ALL INQUIRIES TO:** Brian R. Bohlmann, P.E., WYPDES Compliance & Enforcement Coordinator at the Wyoming Department of Environmental Quality, Water Quality Division, Herschler Building, 4<sup>th</sup> Floor West, 122 West 25<sup>th</sup> Street, Cheyenne, Wyoming 82002. Telephone 307-777-8669.

  
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John V. Corra  
Director  
Department of Environmental Quality

  
\_\_\_\_\_  
John F. Wagner  
Administrator  
Water Quality Division

JVC/JFW/BRB/bb/6-0828.LTR

Enclosure: Notice of Violation & Order  
November 19, 2004 LOV  
December 30, 2005 LOV

cc: Colleen Gillespie, 8ENF-W-NP, EPA Region 8  
Brian R. Bohlmann, P.E., WYPDES Compliance & Enforcement Coordinator  
James B. Eisenhauer, WYPDES Inspection Coordinator, Sheridan DEQ office  
Bill J. DiRienzo ► Brian K. Lovett ► Leah J. Krafft  
IPS (for scanning) ► Docket 3920-06  
Keith Guille, DEQ Public Information Officer (PDF File Only)  
DEQ Director  
Environmental Quality Council

BEFORE THE  
ENVIRONMENTAL QUALITY COUNCIL  
STATE OF WYOMING

IN THE MATTER OF THE NOTICE OF )  
VIOLATION AND ORDER ISSUED TO: )

Pinnacle Gas Resources, Inc. )  
1 East Alger Street, Suite 206 )  
Sheridan, Wyoming 82801 )

DOCKET NUMBER 3920-06

NOTICE OF VIOLATION

AND

ORDER

**NOTICE IS HEREBY GIVEN THAT:**

1. Pinnacle Energy Inc. (Pinnacle), is the owner/operator of coal bed methane (CBM) facilities located in portions of Sections 5 & 19, Township 53 North, Range 73 West (Sec. 5 & 19, T53N, R73W), Campbell County, Sec. 6, 31 & 34, T54N, R73W, Campbell County, Sec. 4, 7, 9, 18, 19 & 20, T55N, R73W, Campbell County, Sec. 1, T54N, R74W, Campbell County, Sec. 1, 13, 24 & 36 T55N, R74W, Campbell County, and Sec. 15, 28, 29 & 31, T54N, R79W, Sheridan County Wyoming. Between June 21, 2001 and March 13, 2006, WYPDES permits WY0043711, WY0043770, WY0043842, WY0043851, WY0046213, WY0046639, WY0046698, WY0047767, WY0051764, WY0052477, WY0053201 and WY0053961 were either renewed, issued and/or transferred to Pinnacle;
2. A Letter of Violation (LOV) was issued to Pinnacle on November 14, 2004 concerning the reporting of flow rates on discharge monitoring reports (DMRs) submitted to the Wyoming Department of Environmental Quality (DEQ), Water Quality Division (WQD). The LOV indicated that flow values for WYPDES permits WY0043711, WY0043842, WY0043851, WY0046213, WY0046698 and WY0047767 were reported incorrectly for the discharging outfalls for the 1<sup>st</sup> Semester, 2004. Flows reported on the DMRs indicated the monthly average flow rates were higher than the daily maximum and the units used to report the flow rates on the DMRs were something other than the required million gallons per day (MGD);
3. A LOV was issued to Pinnacle on December 30, 2005 concerning the reporting of flow rates on DMRs submitted to the WQD. The LOV indicated that flow values for WYPDES permits WY0043711, WY0043842, WY0043851, WY0046213, WY0046639, WY0046698, WY0047767 and WY0051764 were reported incorrectly for the discharging outfalls for the 1<sup>st</sup> Semester, 2005. Flows reported on the DMRs indicated the monthly average flow rates were higher than the daily maximum and the units used to report the flow rates on the DMRs were something other than the required MGD;
4. The WQD has reviewed the DMRs for WYPDES permits WY0043711, WY0043842, WY0043851, WY0046213, WY0046639, WY0046698, WY0047767, WY0051764, WY0052477 and WY0053201 for the 2<sup>nd</sup> Semester, 2005. Flows reported on the DMRs indicated the monthly average flow rates were higher than the daily maximum and the units used to report the flow rates on the DMRs were something other than the required MGD;

5. The WQD has reviewed the DMRs for WYPDES permits WY0043711, WY0043770, WY0043842, WY0043851, WY0046639, WY0046698, WY0047767, WY0051764 and WY0053961 for the 1st Semester, 2006. Flows reported on the DMRs indicated the monthly average flow rates were higher than the daily maximum and the units used to report the flow rates on the DMRs were something other than the required MGD;
6. Part I. of the WYPDES discharge permits concerning reporting of routine monitoring requires Pinnacle to submit DMRs to the WQD for review on a semi-annual basis throughout the life of the permits. Part I. of the WYPDES discharge permits concerning permit definitions states that MGD, for monitoring requirements, is defined as million gallons per day. By failing to report flow in terms of MGD, Pinnacle is in violation of the discharge permit requirements;
7. This Notice is being sent to you pursuant to W.S. 35-11-701(c)(i), which requires that in any case of the failure to correct or remedy an alleged violation, the director of the Department of Environmental Quality shall cause a written notice to be issued and served upon the person alleged to be responsible;

### ORDER

#### BEFORE THE ENVIRONMENTAL QUALITY COUNCIL – STATE OF WYOMING

#### WHEREFORE IT IS HEREBY ORDERED THAT:

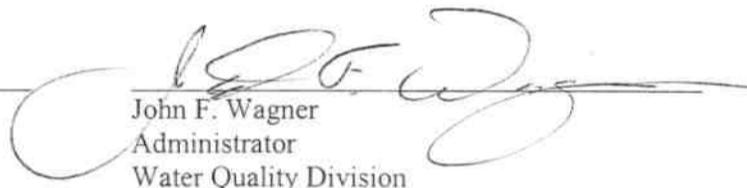
1. Pinnacle Gas Resources, Inc. (Pinnacle), when submitting discharge monitoring reports (DMRs) to the Wyoming Department of Environmental Quality (DEQ), Water Quality Division (WQD), shall report all flow rates for all permits issued to Pinnacle in terms of million gallons per day (MGD). Pinnacle shall determine the amount of water discharged from every outfall for each calendar day. The monthly average flow rate, in terms of MGD, shall be determined by calculating the total amount of water produced for an individual outfall and dividing that amount by the total number of days during the calendar month that water was discharged. The daily maximum flow rate, in terms of MGD, shall be determined by the maximum amount of water discharged during a calendar day for each month.
2. Pinnacle shall submit, to the WQD, discharge monitoring reports (DMRs) with corrected monthly average and daily maximum flow rates for WYPDES permits WY0043711, WY0043842, WY0043851, WY0046213, WY0046698 and WY0047767 covering the 1<sup>st</sup> Semester, 2004.
3. Pinnacle shall submit, to the WQD, DMRs with corrected monthly average and daily maximum flow rates for WYPDES permits WY0043711, WY0043842, WY0043851, WY0046213, WY0046639, WY0046698, WY0047767 and WY0051764 covering the 1<sup>st</sup> Semester, 2005
4. Pinnacle shall submit, to the WQD, DMRs with corrected monthly average and daily maximum flow rates for WYPDES permits WY0043711, WY0043842, WY0043851, WY0046213, WY0046639, WY0046698, WY0047767, WY0051764, WY0052477 and WY0053201 for the 2<sup>nd</sup> Semester, 2005.
5. Pinnacle shall submit, to the WQD, DMRs with corrected monthly average and daily maximum flow rates for WYPDES permits WY0043711, WY0043770, WY0043842, WY0043851, WY0046639, WY0046698, WY0047767, WY0051764 and WY0053961 for the 1st Semester, 2006.
6. All DMRs shall be addressed to Brian R. Bohlmann, P.E., WYPDES Compliance & Enforcement Coordinator at the Wyoming Department of Environmental Quality, Water Quality Division, Herschler Building, 4<sup>th</sup> Floor West, 122 West 25<sup>th</sup> Street, Cheyenne, Wyoming 82002. The corrected DMRs shall be received by the WQD on or before November 15, 2006.

This ORDER is final unless, no later than ten (10) days after the date this notice is received, it is appealed by filing two written requests for a hearing before the Environmental Quality Council. If a hearing is requested, the first hearing petition shall be mailed to the Chairman, Wyoming Environmental Quality Council, Room 1714 Herschler Building, 1<sup>st</sup> Floor West, 122 West 25<sup>th</sup> St., Cheyenne, Wyoming 82002. The second petition shall be mailed to the Director, Wyoming Department of the Environmental Quality, Herschler Building, 4<sup>th</sup> Floor West, 122 West 25<sup>th</sup> St., Cheyenne, Wyoming 82002. Both petitions must be sent by certified mail, return receipt requested.

**NOTHING IN THIS NOTICE OF VIOLATION (NOV) AND ORDER** shall be interpreted to in any way limit or contravene any other remedy available under the Environmental Quality Act, nor shall this NOV AND ORDER be interpreted as being a condition precedent to any other enforcement action.

Signed this 20 day of September, 2006.

  
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John V. Corra  
Director  
Department of Environmental Quality

  
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John F. Wagner  
Administrator  
Water Quality Division

**PLEASE DIRECT ALL INQUIRIES TO:** Brian R. Bohlmann, P.E., WYPDES Compliance & Enforcement Coordinator at the Wyoming Department of Environmental Quality, Water Quality Division, Herschler Building, 4<sup>th</sup> Floor West, 122 West 25<sup>th</sup> Street, Cheyenne, Wyoming 82002. Telephone 307-777-8669.

JVC/JFW/BRB/bb/6-0828.NOV-O

cc: Colleen Gillespie, 8ENF-W-NP, EPA Region 8  
Brian R. Bohlmann, P.E., WYPDES Compliance & Enforcement Coordinator  
James B. Eisenhauer, WYPDES Inspection Coordinator, Sheridan DEQ office  
Bill J. DiRienzo ► Brian K. Lovett ► Leah J. Krafft  
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Keith Guille, DEQ Public Information Officer (PDF File Only)  
DEQ Director  
Environmental Quality Council