



# 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**

April 25, 2008

**St. Mary Land and Exploration Company  
550 North 31<sup>st</sup> Street  
Billings, MT 59101**

**RE: Notice of Violation 4250-08**

Dear Mr. Duane Zimmerman:

Enclosed is a Notice of Violation, Docket Number **4250-08**, for the breach of a reservoir resulting in an unauthorized release of coal bed methane (CBM) production water by St. Mary Land and Exploration Company (St. Mary). The reservoir is a full containment unit permitted under WYPDES permit WY0052407. This is a violation of the Wyoming Environmental Quality Act (Act), the Wyoming Water Quality Rules and Regulations (WWQRR), and Part I.A.1b. of WYPDES permit WY0052407.

While neither the attached Notice of Violation nor this letter constitutes an order, it is the recommendation of this office that you take action to eliminate the alleged violation as follows:

1. St. Mary shall inform the Water Quality Division (WQD) in writing of the steps taken to ensure violations of this type do not occur in the future. This information shall be received by the WQD within 30 days of the date of this letter.
2. St. Mary shall complete an inspection of all their containment units and provide the WQD with a complete analysis of all problems encountered along with their corresponding plan of action to correct any problems. This information shall be received by the WQD no later than 60 days from the date of this NOV.

The WQD has the authority to resolve violations with an out-of-court settlement agreement through the payment of a penalty by St. Mary. If St. Mary wishes to pursue resolution of the previously noted violation through such an agreement, please contact the DEQ/WQD, within 21 days of the date of this letter to set up a meeting to discuss this matter.

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

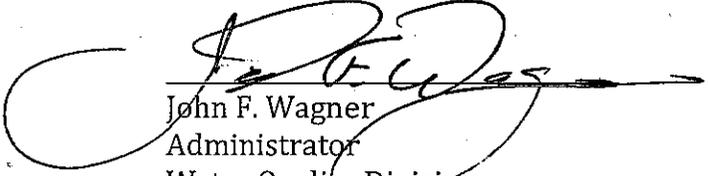
ADMIN/OUTREACH (307) 777-7937 FAX 777-3610	ABANDONED MINES (307) 777-6145 FAX 777-6462	AIR QUALITY (307) 777-7391 FAX 777-5616	INDUSTRIAL SITING (307) 777-7369 FAX 777-5973	LAND QUALITY (307) 777-7756 FAX 777-5864	SOLID & HAZ. WASTE (307) 777-7752 FAX 777-5973	WATER QUALITY (307) 777-7781 FAX 777-5973
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St. Mary Land & Exploration Company  
April 25, 2008  
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**PLEASE DIRECT ALL INQUIRIES TO:** Kevin M. Wells, WYPDES Compliance & Enforcement Program 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.

  
\_\_\_\_\_  
John V. Corra  
Director  
Department of Environmental Quality

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

JVC/JFW/KMW/bb/8-0317

Enclosure: Notice of Violation

cc: Lee Hanley, 8ENF-W-NP, EPA Region 8 (PDF)  
James B. Eisenhower, WYPDES Inspection Program Coordinator, Sheridan (PDF)  
Bill DiRenzo ► Brian K. Lovett ► Leah J. Krafft (PDF)  
NOV Docket 4250-08  
Keith Guille, DEQ Public Information Officer (PDF)

**BEFORE THE**  
**DEPARTMENT OF ENVIRONMENTAL QUALITY**  
**STATE OF WYOMING**

IN THE MATTER OF THE NOTICE OF )  
VIOLATION AND ORDER ISSUED TO: )  
St. Mary Land and Exploration Co. )  
550 North 31<sup>st</sup> Street )  
Billings, MT 59101 )

DOCKET NUMBER 4250-08

**NOTICE OF VIOLATION**

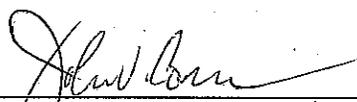
**NOTICE IS HEREBY GIVEN THAT:**

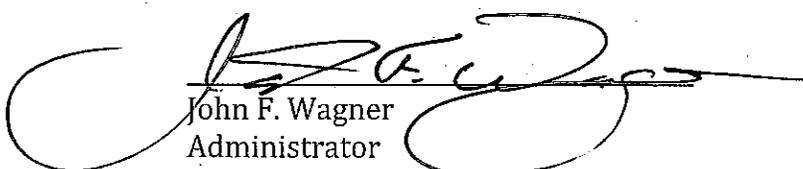
1. St. Mary Energy Group LLC (St. Mary) is the owner of a coal bed methane (CBM) facility that discharges CBM produced water to a off channel full containment unit (CU) P58-80-20-12 in the Randall Prong POD. The CU is located in Section 20, Township 58 North, Range 80 West, Sheridan County, Wyoming and is permitted under WYPDES Permit WY0052407.
2. St. Mary notified the DEQ on April 8, 2008 of a reservoir breach at CU P58-80-20-12 of the Randall Prong POD. The CU is associated with outfall 044 of WYPDES Permit WY0052407.
3. The cause of the breach was due to failure in the wall of the containment unit due to an existing seep and was not weather related. Personnel from St. Mary visited the reservoir on April 7, 2008 and discovered the breach. DEQ personnel visited the site on April 10, 2008 and completed an inspection of the breach and affected areas resulting from the released CBM water. Approximately 35 acre feet (11,500,000 gallons) of produced water and sediment were released from the CU. The released material entered the confluence of Lotspeich Prong of Waddle Creek and Randall Prong of Waddle Creek. Waddle Creek (Class 3B) is a tributary to Hanging Woman Creek (Class 3B) which is a tributary to the Tongue River (Class 2AB) and enters the state of Montana approximately four-tenths of a mile below the confluence of the Prongs that form Waddle Creek.
4. Part I.A.1b of WYPDES permit WY0052407 states "***Discharge from the off-channel containment unit is not allowed except during those periods of time that a precipitation event equal to or greater than a 50 year, 24 hour storm event causes the reservoirs to overfill and top.***" By discharging from the containment unit in the absence of a 50 year/ 24 hour storm event St. Mary is in violation of WYPDES permit WY0052407.

5. 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.
  
6. Pursuant to Wyoming Statute 35-11-901(a), any person who violates, or any director, officer, or agent of a corporate permittee who willingly and knowingly authorizes, orders, or carries out the violation of any provision of the Environmental Quality Act (Act), or any rule, regulation, standard, or permit adopted hereunder or who violates any determination or order of the council pursuant to this act or any rule, regulation, standard, permit, license or variance is subject to a penalty not to exceed ten thousand dollars and no cents (\$10,000.00) for each violation for each day during which the violation continues, a temporary or permanent injunction, or both a penalty and an injunction. The 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 herein shall preclude the department from negotiating stipulated settlements involving the payment of a penalty, implementation of compliance schedules, or other settlement conditions, in lieu of litigation.

**NOTHING IN THIS NOTICE OF VIOLATION (NOV)** 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 29 day of APR, 2008.

  
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John V. Corra  
Director  
Department of Environmental Quality

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

**PLEASE DIRECT ALL INQUIRIES TO:** Kevin M. Wells., 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/KMW/bb/8-0317

cc: Lee Hanley, 8ENF-W-NP, EPA Region 8 (PDF)  
James B. Eisenhauer, WYPDES Inspection Coordinator, Sheridan DEQ Office (PDF)  
Bill J. DiRienzo ► Brian K. Lovett ► Leah J. Krafft (PDF)  
IPS (for scanning) ► Docket 4250-08  
Keith Guille, DEQ Public Information Officer (PDF File Only)  
DEQ Director