



# 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**

March 31, 2010

Mr. David Hill  
Pennaco Energy  
3601 Southern Drive  
Gillette, Wyoming 82718

*RE: Notice of Violation, Docket Number 4660-10*

Dear Mr. Hill:

Enclosed is a Notice of Violation, Docket Number 4660-10, issued to Pennaco Energy (Pennaco) for an unauthorized release of coal bed methane produced water into a water of the state. The event was reported to the Wyoming Department of Environmental Quality (DEQ) on March 9, 2010.

The DEQ has the authority to resolve violations with an out-of-court settlement agreement through the payment of a penalty by Pennaco. If Pennaco wishes to pursue resolution of the previously noted violation through such an agreement, please contact Mr. Kevin M. Wells, WYPDES Natural Resource Program Manager, at (307) 777-8669 within 21 days of the date of this letter to set up a meeting to discuss this matter.

John V. Corra  
Director  
Department of Environmental Quality

John F. Wagner  
Administrator  
Water Quality Division

JVC/JFW/KMW/bb/10-0258

Enclosure: Notice of Violation

cc: Natasha Davis, 8ENF-W-NP, EPA Region 8 (PDF)  
Jim Eisenhauer, Inspection Program Coordinator, Sheridan DEQ Office (PDF)  
Bill DiRienzo ► Kevin Wells (PDF)  
IPS (for scanning) ► NOV Docket 4660-10  
Keith Guille, DEQ Public Information Officer (PDF)



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

**IN THE MATTER OF THE NOTICE OF )  
VIOLATION ISSUED TO: )**

**Pennaco Energy )  
3601 Southern Drive )  
Gillette, Wyoming 82718 )**

**DOCKET NUMBER 4660-10**

**NOTICE OF VIOLATION**

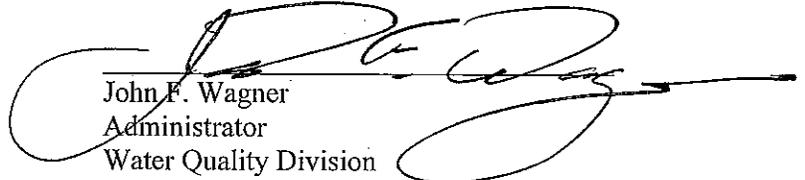
**NOTICE IS HEREBY GIVEN THAT:**

1. Pennaco Energy (Pennaco) is the owner/operator of Coal Bed Methane (CBM) production water pipeline associated with the Railroad Pod in Campbell County, Wyoming.
2. On March 9, 2010 Pennaco reported a pipeline release of CBM produced water associated with well #5-6-52-75 in the Railroad Pod. Upon release, the water ran approximately 100 yards downhill to Wild Horse Creek. It was estimated that 1900 barrels of water entered the creek.
3. Pennaco responded to the spill and shut in all contributing wells to the pipeline. Cause of the rupture was determined to be material failure of a fuse between the trunk line and a tee in the line. Following the release the Department of Environmental Quality (DEQ) received a written report from Pennaco, dated March 18, 2010, indicating what remediation efforts and repairs had been completed at the site of the release.
4. The discharge of CBM produced water to waters of the state is not permitted under any DEQ permits held by Pennaco from the location referenced above.
5. Wild Horse Creek is a "water of the state" as defined under W.S. 35-11-103 (c)(vi);
6. Production water is "pollution" as defined in W.S. 35-11-103 (c)(i);
7. By discharging pollution into waters of the state, Pennaco is in violation of W.S. 35-11-301 (a)(i) of the Wyoming Environmental Quality Act (Act) and Chapter 2 of the Wyoming Water Quality Rules and Regulations (WWQRR) which state that no person, except when authorized by a permit issued by the Department of Environmental Quality, shall cause, threaten or allow the discharge of any pollution or wastes into the waters of the state;
8. 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, as appropriate, 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 6 day of April, 2010.

  
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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:** Kevin M. Wells, WYPDES Natural Resource Program Manager, 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/10-0258

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