

**FILED**

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Terri A. Lorenzon, Director  
Environmental Quality Council

February 14, 2007

Mr. Mark Gordon, Chairman  
Wyoming Environmental Quality Council  
122 W. 25<sup>th</sup> Street  
Herschler Bldg., Room 1714  
Cheyenne, WY 82002**RE: Citizen Petition for Rulemaking – PRBRC et al – WQD Chapter 1, Section 20**

Dear Mr. Gordon,

PRB Energy, Inc. ("PRB") is a relatively new CBM operator in the Powder River Basin. For the past several months we have been trying to summarize the impact of proposed policy and rule changes as submitted to the WEQC by the PRBRC. In previous correspondence to the WEQC, I had mentioned the potential for our company to drill approximately 250-300 CBM wells to a deeper coal in the eastern edge of the basin. In trying to evaluate the impact to our company of the petition, it is most probable that any "new" policy or rule changes will have a severe economical impact to us.

PRB is a relatively small operator with only 600 CBM wells in the basin and therefore we operate on a very small capital budget in comparison to some of the larger operators in the area. It appears, in summarizing the petition, any changes in applying for or the renewal of a CBM discharge permits will have a financial impact to our company. If the WEQC acts favorable for the present petition, it is apparent the cost to handle the discharge of CBM water in our operations will rise substantially. These are costs a small company like ours cannot absorb in our budget and would therefore have a significant impact to our proposed drilling program and our future in the State of Wyoming.

As stated in previous correspondence, PRB has a great working relationship with the landowners we presently operate on. All of our landowners have indicated to PRB that they want to continue to utilize CBM water discharged on their land and several have even asked for additional water. If PRB is successful in developing the deeper coals on our leases, we will be able to supply a water source to our landowners for the future. If the petition is successful in getting rule and policy changes, it appears PRB will not be able to supply a water source to our landowners for their beneficial use. More significantly, PRB will most likely not be able to economically develop the deeper coals if the industry is not permitted to discharge CBM water at the surface.

Thank you again for your valuable time and please feel free to call me anytime if you may have any questions.

Sincerely,

A handwritten signature in cursive script that reads 'Larry E. Sarc'. Below the signature, the name 'Larry E. Sarc' is printed in a standard font.  
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