



Office of the Attorney General

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March 28, 2013

**CERTIFIED MAIL #
RETURN RECEIPT REQUESTED**

Mr. Dennis Kerrigan
General Counsel
Fidelity and Deposit Company of Maryland
1400 American Lane
Schaumburg, IL 60196
dennis.kerrigan@zurichna.com

High Plains Gas, LLC
P.O. Box 1564
Gillette, WY 82717

Ed Presley
Registered Agent for
High Plains Gas, LLC
77 E. Ridge Rd.
Sheridan, WY 82801

**RE: Notice of Proposed Bond Forfeiture Relating to Certain WYPDES Permits and to
Notice of Violation & Order No. 5158-13**

Dear Mr. Kerrigan and Mr. Presley:

On June 5, 2013, the Wyoming Department of Environmental Quality (DEQ), Water Quality Division issued Notice of Violation (NOV) & Order No. 5158-13 to High Plains Gas, LLC (High Plains Gas). The NOV alleged, among other things, that High Plains Gas was in violation of all 45 of its Wyoming Pollution Discharge Elimination System (WYPDES) permits for failure conduct required effluent monitoring and report the results and failure to pay

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Jim Ruby, Executive Secretary
Environmental Quality Council


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statutorily required discharge permit fees for those permits, and also in violation of WYPDES permit WY0051012 for discharges of coal bed methane produced water to certain unbonded on-channel reservoirs. The Order accompanying the NOV required High Plains Gas to, among other things, submit the delinquent monitoring reports, pay the delinquent discharge permit fees, and submit reclamation plans for DEQ approval and then reclaim 78 bonded on-channel reservoirs, the 16 permits authorizing discharges to which had expired or been terminated, and also reclaim the unbonded reservoirs under WYPDES permit WY0051012, which also had expired. The Order included a statement that High Plains Gas's failure to comply may result in termination of its remaining permits and bond forfeiture.

High Plains Gas did not contest the Order (No. 5158-13), which then became final pursuant to Wyo. Stat. Ann. § 35-11-701(c)(ii). Since then, DEQ terminated High Plains Gas's 28 remaining WYPDES permits, which had authorized discharges to the other 65 bonded on-channel reservoirs, for failure to submit required permit fees, failure to submit required monitoring reports, and failure to submit required reservoir reclamation plans and schedules, in violation of the Order. On February 25, 2014, the Wyoming Environmental Quality Council (EQC) approved the DEQ's January 14, 2014 request to ask the Attorney General's Office to initiate bond forfeiture proceedings in this matter.

The Wyoming Attorney General's Office is hereby notifying you that DEQ seeks an order from the EQC to forfeit High Plains Gas, LLC's reclamation performance bond, Bond No. LPM9050903, issued by Fidelity and Deposit Company of Maryland, in the amount of Two Million One Hundred Fifty Thousand One Hundred Fifty-Six and 21/100 dollars (\$2,150,156.21). The EQC will order the bond forfeited unless you make a written demand for a hearing to the EQC within thirty (30) days after receiving this notice. If the bond is forfeited, DEQ will apply the proceeds to High Plains Gas's reservoir reclamation obligations.

If you have any questions concerning this matter, you can call Jeremy Gross or me at 307-777-6946.

Sincerely,

Mike Barrash
Sr. Assistant Attorney General

cc: Kevin Frederick
Bill DiRienzo
Jeremy Gross
file