


## MEMORANDUM

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**JAN 27 2014**

Jim Ruby, Executive Secretary  
Environmental Quality Council

**TO:** Todd Parfitt, Director

**FROM:** Kevin Frederick, WQD Administrator 

**DATE:** January 13, 2014

**SUBJECT:** Bond forfeiture for High Plains Gas, LLC

In 2010, High Plains Gas, LLC acquired extensive coal bed methane production facilities in the Powder River Basin. The operation of these facilities was regulated in part under 46 WYPDES discharge permits and 35 Underground Injection Control Permits issued by the Water Quality Division. High Plains' facilities included 390 CBM containment pits and reservoirs. High Plains provided to DEQ a surety bond in the amount of \$2,150,156.21 as financial assurance for the reclamation of 143 on-channel reservoirs. High Plains failed to bond an additional 31 reservoirs for which bonding was required and has also failed to provide the required 3% annual increase beyond 2011.

At some point in the second half of 2012, High Plains ceased operation of these facilities without notice to the department. On June 5, 2013, High Plains was issued a Notice of Violation and Order for multiple violations including:

1. Failure to comply with the monitoring and reporting requirements of 45 WYPDES discharge permits;
2. Failure to pay WYPDES permit fees for calendar years 2011 and 2012;
3. Failure to comply with the monitoring and reporting requirements of 35 UIC permits; and
4. Failure to properly bond 31 additional reservoirs.

High Plains was ordered to:

1. submit the required WYPDES and UIC reports within 40 days;
2. pay the delinquent permit fees within 40 days; and
3. submit a plan for the reclamation of all WQD bonded reservoirs for which the permits to discharge were terminated or expired, including the 31 additional reservoirs which had not been properly bonded.

High Plains did not respond in any way and remain in violation of the order by the Environmental Quality Council. As a result, High Plains was notified by certified letter dated September 10, 2013 of WQD's intent to revoke and terminate all remaining WYPDES permits. The certified letter was returned as undeliverable. A public notice of the intent to terminate the remaining High Plains permits was published on October 15, 2013 and the remaining permits were terminated on November 18, 2013.

Conclusion: All High Plains operations have ceased and the company has ignored an order to remedy multiple permit violations including the submission of a plan for the timely reclamation of their CBM reservoir facilities. The WQD is recommending that bond forfeiture proceedings be initiated in order for the department to begin the necessary reclamation.

Attachments: High Plains Bond Document

January 2, 2012 - Annual Bond Increase Letter for 2012

June 29, 2012 - Annual Bond Increase Letter for 2012, Second Notice

August 20, 2012 – Emails regarding delinquent permit fees and bond increases

November 8, 2012 – Certified notice of permit expirations

January 2, 2013 – Annual Bond Increase Letter for 2013

June 5, 2013 – NOV and Order

June 28, 2013 - Annual Bond Increase Letter for 2013, Second Notice

September 10, 2013 – Certified notice to revoke and terminate permits

October 15, 2013 – Public Notice to terminate permits

January 2, 2014 - - Annual Bond Increase Letter for 2014