

COPY

BEFORE THE ENVIRONMENTAL QUALITY COUNCIL
STATE OF WYOMING

FILED

FEB 29 2008

IN THE MATTER OF THE APPEAL OF)
CHEVRON MINING INC.'S)
WELCH MINE PERMIT NO. 497-T4)
(F/K/A) THE PITTSBURG & MIDWAY)
COAL MINING CO.))

Terri A. Lorenzon, Director
Environmental Quality Council
Docket No. 07-4600

DEPARTMENT OF ENVIRONMENTAL QUALITY/LAND
QUALITY DIVISION'S PRE-HEARING MEMORANDUM

The Department of Environmental Quality (DEQ)/ Land Quality Division (LQD) by and through its attorney, John S. Burbridge, Senior Assistant Attorney General, hereby submit its Pre-Hearing Memorandum and states to the Environmental Quality Council (EQC) the following:

SUMMATION OF THE FACTS

On July 26, 2006, John C. Willson (Willson) filed a complaint with the LQD requesting investigation of potential falsifications by Pittsburg and Midway (P&M), now Chevron (Chevron) in its application for a mine permit, that Chevron did not have legal access to property allowing sufficient time to complete reclamation, that Chevron could not timely complete reclamation pursuant to its permit and that Chevron failed to control erosion during its reclamation efforts. LQD performed an investigation into Willson's complaints, including a site investigation on August 9, 2006. Because of the on site investigation, Willson filed an amended complaint on August 23, 2006. The LQD investigated the additional allegations and notified Willson on September 15, 2006 that

no action would be taken to revoke Chevron's mining permit. Willson requested a review of Chancellor's decision and the director of the DEQ (John Corra) responded on October 16, 2006, supporting the LQD's decision. Willson requested additional review and Corra made his final decision upholding the LQD's decision on January 3, 2007. Willson filed a Petition for Review on January 11, 2007, contesting Corra's final decision.

LEGAL ISSUE

Did the DEQ's decision not to pursue a revocation action against Chevron's mining permit comply with the Environmental Quality Act and the DEQ/LQD's administrative rules and regulations.

WITNESSES

WILL CALL:

John Corra
Director, Department of Environmental Quality
122 West 25th Street
Cheyenne, Wyoming 82002
307-777-7937

Mr. Corra is expected to testify regarding his informal review of Chancellor's decision and Willson's complaints.

Richard Chancellor
Administrator, Abandoned Mine Lands Division
122 West 25th Street
Cheyenne, Wyoming 82002
307-777-6145

Mr. Chancellor is expected to testify regarding his actions and review of Willson's complaints and his decision not to pursue the revocation of P&M's Welch mining permit.

MAY CALL:

The Division may call any witness listed by the objectors in the above-captioned matter. In addition, the Division may call any witness needed for rebuttal testimony.

EXHIBITS

State's Exhibit 1: May 8, 2006 letter to Giurgevich from Riggs

State's Exhibit 2: May 19, 2006 letter to Riggs from Chancellor

State's Exhibit 3: July 26, 2006 letter to Chancellor from Willson

State's Exhibit 4: August 23, 2006 letter to Willson from Chancellor

State's Exhibit 5: September 15, 2006 letter from Chancellor to Willson

State's Exhibit 6: September 20, 2006 letter to Chancellor from Willson

State's Exhibit 7: October 16, 2006 letter Willson from Corra

State's Exhibit 8: December 15, 2006 letter to Corra from Willson

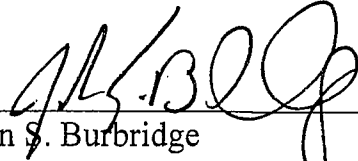
State's Exhibit 9: January 3, 2007 letter to Willson from Corra

State's Exhibit 10: January 11, 2007 letter to Corra from Willson

State's Exhibit 11: Surface Landowner's Consent dated July 26, 1999

State's Exhibit 12: Surface Use Agreement, Surface Mine Reclamation

DATED this 29th day of February, 2008.



John S. Burbridge
Senior Assistant Attorney General
123 Capitol Building
Cheyenne, Wyoming 82001
307-777-7823

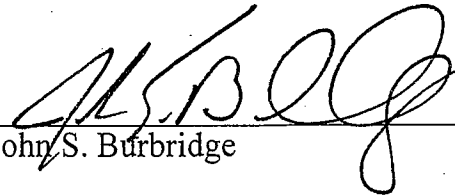
CERTIFICATE OF SERVICE

I, John S. Burbridge, certify that on this 29th day of February, 2008 the foregoing
PRE-HEARING MEMORANDUM was served by United States Mail, postage prepaid,
as follows:

Thomas F. Reese
Brown, Drew & Massey, LLP
159 N. Wolcott, Suite 200
Casper, Wyoming 82601

Tom Klepperich
P.O. Drawer 5059
Sheridan, Wyoming 82801

Scott M. Campbell
Poulson, Odell and Peterson, LLC
1775 Sherman St., Suite 1400
Denver, Colorado 80203



John S. Burbridge