

FILED

OCT 18 2007

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

Terri A. Lorenzon, Director
Environmental Quality Council

**IN THE MATTER OF THE APPEAL OF)
PENNACO ENERGY, INC. OF)
CONDITIONS IN RENEWAL OF) Docket No. 07-3619
WYPDES PERMIT NO. WY0052361)**

RESPONSE OF THE DEPARTMENT OF ENVIRONMENTAL QUALITY

The Department of Environmental Quality (DEQ)/Water Quality Division (WQD) by and through its attorney, John S. Burbridge, Senior Assistant Attorney General, hereby responds to Pennaco Energy, Inc's. (Pennaco) appeal of conditions contained in renewal WYPDES Permit No. WY0052361, issued by the DEQ/WQD and states to the Environmental Quality Council (EQC) the following:

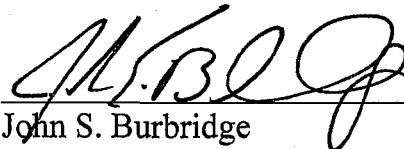
1. The DEQ admits the information contained in paragraph I of Pennaco's appeal.
2. The DEQ admits the information contained in subparagraph 1 of paragraph II of Pennaco's appeal.
3. The DEQ admits the information contained in subparagraph 2 of paragraph II of Pennaco's appeal.
4. The DEQ denies the information contained in paragraph II(1) of Pennaco's appeal.
5. The DEQ denies the information contained in paragraph II(2) of Pennaco's appeal.
6. The DEQ denies the information contained in paragraph II(3) of Pennaco's appeal.
7. The DEQ denies the information contained in paragraph II(4) of Pennaco's appeal.
8. The DEQ denies the information contained in paragraph II(5) of Pennaco's appeal.

9. The DEQ denies each and every allegation not specifically admitted to in this response.

WHEREFORE, the DEQ prays that the Environmental Quality Council enter an ORDER affirming the conditions placed on Pennaco's renewal WYPDES Permit No. WY0052361.

DATED this 18th day of October, 2007.

FOR THE DEPARTMENT OF
ENVIRONMENTAL QUALITY



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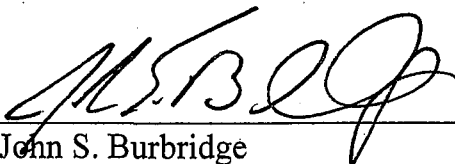
CERTIFICATE OF SERVICE

I, John S. Burbridge, certify that the foregoing Response was served by US. Mail, postage prepaid, and addressed correctly, to the following people on the 18th day of October, 2007:

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