

FEB 04 2008

**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)
WYPDES PERMIT NO. WY0048631)**

Docket No. 07-3623

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. WY0048631, 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 denies the information contained in subparagraph 1(A) of paragraph II of Pennaco's appeal.
3. The DEQ denies the information contained in subparagraph 1(B) of paragraph II of Pennaco's appeal.
4. The DEQ denies the information contained in subparagraph 1(C) of paragraph II of Pennaco's appeal.
5. The DEQ denies the information contained in subparagraph 1(D) of paragraph II of Pennaco's appeal.

6. 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. WY0048631.

DATED this 4th day of February, 2008.

FOR THE DEPARTMENT OF
ENVIRONMENTAL QUALITY



John S. Burbridge
Senior Assistant Attorney General
Attorney General's Office
123 Capitol Avenue
Cheyenne, Wyoming 82002
307-777-6946

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 4th day of February, 2008:

Brent R. Kunz
HATHAWAY & KUNZ. P.C.
2515 Warren Avenue, Suite 500
P.O. Box 1208
Cheyenne, Wyoming 82003

Duane A. Siler
John C. Martin
PATTON BOGGS LLP
2550 M Street, N.W.
Washington, D.C. 20037

David T. Hill
Pennaco Energy, Inc.
3601 Southern Drive
Gillette, Wyoming 82718



John S. Burbridge