

Wells 10-3211

DEPARTMENT OF ENVIRONMENTAL QUALITY  
STATE OF WYOMING

MAR 25 2010

IN THE MATTER OF THE )  
ADMINISTRATIVE ORDER ON CONSENT )  
ISSUED TO BILL BARRETT CORPORATION )

DOCKET 4648-10

**FILED**

MAR 25 2010

Jim Ruby, Executive Secretary  
Environmental Quality Council

ADMINISTRATIVE ORDER ON CONSENT

NOTICE IS HEREBY GIVEN THAT:

1. The Wyoming Department of Environmental Quality (DEQ), Water Quality Division (WQD) is issuing this Administrative Order on Consent (AOC) pursuant to W.S. 35-11-701(c), which provides that the Director may require the person responsible to correct or remedy within a specified time an alleged violation of the Wyoming Environmental Quality Act (Act) or any rule, regulation, standard or permit thereunder.
2. The DEQ issued an Authorization (WYG280001), dated May 1, 2007, authorizing Bill Barrett Corporation (BBC) to discharge produced water from BBC's coal bed methane (CBM) operation into Pumpkin Creek in Campbell County, in accordance with the terms and conditions of the Pumpkin Creek General Permit (WYG 280000), dated September 11, 2006.
3. The DEQ issued an Authorization (WYG290001), dated December 1, 2007, authorizing Bill Barrett Corporation (BBC) to discharge produced water from BBC's coal bed methane (CBM) operation into Willow Creek in Campbell County, in accordance with the terms and conditions of the Willow Creek General Permit (WYG 290000), dated September 11, 2006.
4. The Wyoming Environmental Quality Council (EQC) entered an Order dated August 12, 2008 in EQC Consolidated Docket No. 06-3816 calling for certain conditions of WYG 280000 and WYG290000 to be modified as prescribed in that Order, including particular effluent limits and terms for reservoir containment.
5. DEQ modified WYG 280000 and WYG290000 accordingly, with a deadline of December 31, 2009 for operators authorized under those general permits to be in compliance with the modified terms and conditions.
6. On August 16, 2009, DEQ proposed a modification to the effluent limits for EC and SAR based upon irrigation waivers as described in the Department's Agricultural Use Protection Policy.
7. On October 13, 2009, the U.S. Environmental Protection Agency objected to the proposed modification to general permits WYG280000 and WYG290000 effectively preventing DEQ's proposed modification.
8. Bill Barrett Corporation was unable to comply with the current terms of WYG280001 and WYG290001 by the December 31, 2009 compliance date without the construction of additional water treatment and/or containment facilities.

WHEREFORE IT IS HEREBY ORDERED THAT:

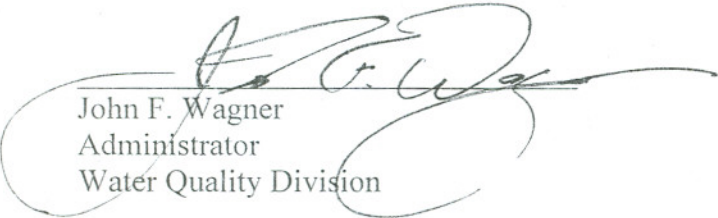
1. BBC shall achieve compliance with the effluent limits for EC and SAR on its discharges authorized under WYG 280001 and WYG290001 by completing the following corrective actions within the timetable specified below:
2. BBC shall eliminate all on-channel discharges in the Pumpkin and Willow Creek drainages by re-piping discharges to existing off-channel containment facilities in addition to the construction of additional off-channel pits as expeditiously as possible on the following schedule:
  - a) Wildlife stipulations prevent drilling in most areas from Feb. 1<sup>st</sup> - July 31<sup>st</sup>. BBC will start consulting with landowners on potential placement of off-channel pits immediately. BBC will commence drilling of exploratory groundwater monitor wells on Aug. 1<sup>st</sup> (or earlier where allowed) and have all groundwater investigation completed by September 30, 2010.
  - b) Determination of sites based on findings of groundwater investigation, surveying of those sites, engineered designing for those sites and submittal of plans to BLM by December 31, 2010.
  - c) It will take approximately eight months for BLM approval of off-channel pits so construction of pits and additional pipelines will commence by August 31, 2011.
  - d) All construction of pipelines and off-channel containment facilities shall be completed and compliance with all permit limits and conditions shall be achieved by December 31, 2011.
3. Alternatively or in addition to construction of additional off-channel pits, BBC, as an option, shall install or contract for produced water treatment to meet applicable effluent limits on the following schedule:
  - a) BBC has already built a water treatment site in Willow Creek for Drake Water Technologies, LLC.
  - b) A full-scale commercial Drake Process Unit (DPU) shall be deployed to the Willow Creek water treatment site by September 1, 2010.
  - c) DPU commissioning and performance verification shall be completed by October 15, 2010.
  - d) Treatment of produced water to WYG290001 outfall 003 discharge limits shall commence by November 1, 2010. If this treatment option is unsuccessful BBC will continue on with the off-channel containment facilities plan as described above in number 2 (a-d).
4. BBC shall provide DEQ with documentation confirming timely achievement of *each* requirement under this AOC within 30 days of implementation.
5. DEQ will modify BBC's authorizations under WY280001 and WY290001 to reflect changes in BBC's facilities and operations in accordance with this AOC upon confirmation of their completion.
6. This AOC does not relieve BBC of its obligations to comply with all other terms of its authorizations under the referenced general permits and applicable DEQ rules and regulations.

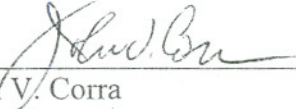
This Order is binding upon Bill Barrett Corporation, its successors and assigns.

This order is final unless, not later than ten (10) days after the date it is served, the person or persons named therein request, in writing a hearing before the Wyoming Environmental Quality Council, directed to:

Environmental Quality Council, Chairman  
Herschler Building, First Floor West  
122 West 25<sup>th</sup> Street  
Cheyenne, WY 82002

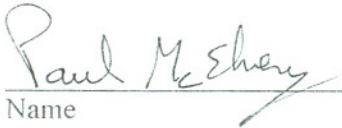
Dated this 12 day of MARCH, 2010

  
John F. Wagner  
Administrator  
Water Quality Division

  
John V. Corra  
Director  
Dept. of Environmental Quality

CONSENTED TO BY BILL BARRETT CORP.:

The undersigned certifies that he or she is authorized to bind this party to this administrative Order on Consent.

  
Name  
Position

Water Resources Engineer  
Bill Barrett Corporation

Date: 3-19-10

WJD/rm/10-0201