

SNOW, CHRISTENSEN & MARTINEAU

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April 28, 2014

To Contact Writer:  
ds@scmlaw.com  
(801) 322-9151

***DELIVERED VIA EMAIL***

State of Wyoming  
Environmental Quality Council  
Attn.: Jim Ruby, Executive Secretary  
122 West 25th Street  
Herschler Building, Room 1714,  
Cheyenne, Wyoming 82002  
[Jim.ruby@wyo.gov](mailto:Jim.ruby@wyo.gov)

RE: Principal: High Plains Gas, LLC  
Surety: Fidelity and Deposit Company of Maryland  
Bond: LPM9050903  
Matter: **Notice of Proposed Bond Forfeiture  
*Demand for Hearing***

Dear Mr. Ruby:

This firm represents Fidelity and Deposit Company of Maryland (“F&D” or “Surety”) in connection with matters involving High Plains Gas, LLC. Specific reference is made to a March 28, 2013, letter from Mike Barrash, Sr. Assistant Attorney General for the State of Wyoming, addressed to Dennis Kerrigan, General Counsel for F&D, as well as to High Plains Gas, LLC, directly and through its registered agent, Ed Presley, advising of an action by the Wyoming Department of Environmental Quality seeking an order from the Environmental Quality Council to forfeit the referenced bond. (A copy of the referenced letter, received by F&D on April 2, 2014, is attached.)

We are also in receipt of correspondence or notice furnished to the Environmental Quality Council on Friday, April 25, 2014, on behalf of High Plains Gas, LLC, and demanding a hearing before the EQC, as allowed.

Please accept this letter as F&D’s joinder in the demand filed on behalf of High Plains Gas, LLC, requesting participation in any hearing relating to the

State of Wyoming  
Environmental Quality Council  
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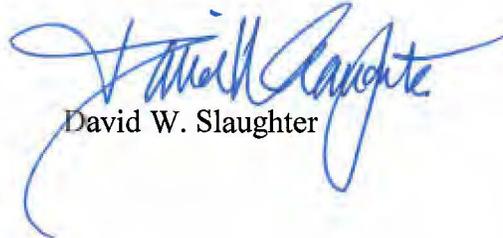
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forfeiture request. Please advise if you need any further information from this office or from F&D, relating to this demand.

Thank you for your attention to this request.

Very truly yours,

SNOW, CHRISTENSEN & MARTINEAU



David W. Slaughter

DWS:cs  
Enclosure

cc: Curte Ferguson (curte.ferguson@zurchna.com)  
Mike Barrash, Esq. (via fax: 307-777-3542)



RECEIVED BY  
GENERAL COUNSEL

APR 2 2014

## *Office of the Attorney General*

**Governor**  
Matthew H. Mead

Water and Natural Resources Division  
123 State Capitol  
Cheyenne, Wyoming 82002  
307-777-6946 Telephone  
307-777-3542 Fax

**Chief Deputy Attorney General**  
John G. Knepper

**Attorney General**  
Peter K. Michael

**Division Deputy**  
James Kaste

March 28, 2013

**CERTIFIED MAIL #  
RETURN RECEIPT REQUESTED**

Mr. Dennis Kerrigan  
General Counsel  
Fidelity and Deposit Company of Maryland  
1400 American Lane  
Schaumburg, IL 60196  
[dennis.kerrigan@zurichna.com](mailto:dennis.kerrigan@zurichna.com)

High Plains Gas, LLC  
P.O. Box 1564  
Gillette, WY 82717

Ed Presley  
Registered Agent for  
High Plains Gas, LLC  
77 E. Ridge Rd.  
Sheridan, WY 82801

**RE: Notice of Proposed Bond Forfeiture Relating to Certain WYPDES Permits and to  
Notice of Violation & Order No. 5158-13**

Dear Mr. Kerrigan and Mr. Presley:

On June 5, 2013, the Wyoming Department of Environmental Quality (DEQ), Water Quality Division issued Notice of Violation (NOV) & Order No. 5158-13 to High Plains Gas, LLC (High Plains Gas). The NOV alleged, among other things, that High Plains Gas was in violation of all 45 of its Wyoming Pollution Discharge Elimination System (WYPDES) permits for failure conduct required effluent monitoring and report the results and failure to pay

Mr. Dennis Kerrigan  
High Plains Gas, LLC  
Mr. Ed Presley  
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statutorily required discharge permit fees for those permits, and also in violation of WYPDES permit WY0051012 for discharges of coal bed methane produced water to certain unbonded on-channel reservoirs. The Order accompanying the NOV required High Plains Gas to, among other things, submit the delinquent monitoring reports, pay the delinquent discharge permit fees, and submit reclamation plans for DEQ approval and then reclaim 78 bonded on-channel reservoirs, the 16 permits authorizing discharges to which had expired or been terminated, and also reclaim the unbonded reservoirs under WYPDES permit WY0051012, which also had expired. The Order included a statement that High Plains Gas's failure to comply may result in termination of its remaining permits and bond forfeiture.

High Plains Gas did not contest the Order (No. 5158-13), which then became final pursuant to Wyo. Stat. Ann. § 35-11-701(c)(ii). Since then, DEQ terminated High Plains Gas's 28 remaining WYPDES permits, which had authorized discharges to the other 65 bonded on-channel reservoirs, for failure to submit required permit fees, failure to submit required monitoring reports, and failure to submit required reservoir reclamation plans and schedules, in violation of the Order. On February 25, 2014, the Wyoming Environmental Quality Council (EQC) approved the DEQ's January 14, 2014 request to ask the Attorney General's Office to initiate bond forfeiture proceedings in this matter.

The Wyoming Attorney General's Office is hereby notifying you that DEQ seeks an order from the EQC to forfeit High Plains Gas, LLC's reclamation performance bond, Bond No. LPM9050903, issued by Fidelity and Deposit Company of Maryland, in the amount of Two Million One Hundred Fifty Thousand One Hundred Fifty-Six and 21/100 dollars (\$2,150,156.21). The EQC will order the bond forfeited unless you make a written demand for a hearing to the EQC within thirty (30) days after receiving this notice. If the bond is forfeited, DEQ will apply the proceeds to High Plains Gas's reservoir reclamation obligations.

If you have any questions concerning this matter, you can call Jeremy Gross or me at 307-777-6946.

Sincerely,



Mike Barrash  
Sr. Assistant Attorney General

cc: Kevin Frederick  
Bill DiRienzo  
Jeremy Gross  
file