

BEFORE THE
DEPARTMENT OF ENVIRONMENTAL QUALITY

STATE OF WYOMING

FILED

JUN 16 2005

Terri A. Lorenzon, Director
Environmental Quality Council

IN THE MATTER OF THE NOTICE OF)
VIOLATION ISSUED TO:)

Black Diamond Energy, Inc)
410 Mount Nebo Road)
Pittsburgh, PA 15237)

DOCKET NUMBER 3761-05

NOTICE OF VIOLATION

AND

ORDER

NOTICE IS HEREBY GIVEN THAT:

1. Black Diamond Energy, Inc (BDE) is the owner/operator of a coal bed methane (CBM) facility called the Michelena Project located in SWSE Quarter, Section 17, Township 51 North, Range 77 West (SWSE Qtr., Sec 17, T51N, R77W), Johnson County, Wyoming;
2. General permit authorization WYG390013 allows BDE to discharge CBM produced water into two off-channel reservoirs within the Michelena Project. The permit was issued on January 15, 2003 and expires on April 18, 2007. All discharged water is to be contained within the reservoirs, and the reservoirs are to be located at least a quarter mile (1,320 feet) from the nearest, outermost alluvium, and at least 500 feet away from any bank to bank ephemeral stream channel;
3. On January 27, 2004, Mr. Jim Eisenhauer of the Department of Environmental Quality's (DEQ's) Water Quality Division (WQD) inspected the reservoir associated with outfall 002 of WYPDES authorization WYG390013. The reservoir is located immediately adjacent to an unnamed ephemeral tributary to Kinney Draw and approximately 270 feet from Kinney Draw, a tributary to the Powder River, and is too close to be considered an off-channel reservoir;
4. As noted in the application for authorization WYG390013, the estimated distance from the reservoir associated with outfall 002 is 2,282.14 feet, and not the 270 feet noted during the inspection. This is a violation of Chapter 2, Section 4(i)(i)(F)(I) of the Wyoming Water Quality Rules and Regulations (WWQRR) and the "Off-channel, Unlined CBM Produced Water Pit Siting Guidelines" dated August 6, 2002;
5. This Notice is being sent to you pursuant to W.S. 35-11-701(c)(i), which requires that in any case of the failure to correct or remedy an alleged violation, the director of the Department of Environmental Quality shall cause a written notice to be issued and served upon the person alleged to be responsible;

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