

FILED

JUL 07 2008

*Terri A. Lorenzon, Director
Environmental Quality Council*

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

**IN THE MATTER OF THE APPEAL)
OF CLABAUGH RANCH, INC.)
FROM WYPDES PERMIT NO. WY0049697)**

Docket No. 08-3802

**REPLY OF DEPARTMENT OF ENVIRONMENTAL QUALITY/WATER
QUALITY DIVISION**

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 Clabaugh Ranch, Inc.'s (Clabaugh) appeal of Lance Oil and Gas Company's WYPDES Permit No. WY0049697, issued by the DEQ/WQD and states to the Environmental Quality Council (EQC) the following:

1. The DEQ admits the allegation contained in paragraph 1 of Clabaugh's appeal.

2. The DEQ admits the allegation contained in paragraph 2 of Clabaugh's appeal.

3(a). The DEQ admits the allegation contained in paragraph 3(a) of Clabaugh's appeal.

3(b). The DEQ admits the allegation contained in paragraph 3(b) of Clabaugh's appeal.

COPY

3(c). The DEQ admits the allegation contained in paragraph 3(c) of Clabaugh's appeal.

3(d). The DEQ admits that the outfalls are located up drainage from Clabaugh's ranch but denies the remainder of the allegations contained in paragraph 3(d) of Clabaugh's appeal.

3(e). The DEQ admits that discharge water may reach Clabaugh's ranch. The DEQ can not admit or deny whether discharge water will pass through Clabaugh's ranch for several miles as alleged in paragraph 3(e) of Clabaugh's appeal.

3(f). The DEQ admits that discharge water may reach Clabaugh's ranch. The DEQ is without sufficient knowledge to be able to either admit or deny whether discharge water will pass through areas of Clabaugh's ranch that serve as important grazing pastures of livestock as alleged in paragraph 3(f) of Clabaugh's appeal. The DEQ denies all other allegations contained in paragraph 3(f).

3(g). The DEQ denies the allegation contained in paragraph 3(g) of Clabaugh's appeal.

3(h). The DEQ denies the allegation contained in paragraph 3(h) of Clabaugh's appeal.

3(i). The DEQ denies the allegation contained in paragraph 3(i) of Clabaugh's appeal.

3(j). The DEQ denies the allegation contained in paragraph 3(j) of Clabaugh's appeal.

3(k). The DEQ denies the allegation contained in paragraph 3(k) of Clabaugh's appeal.

3(l). The DEQ denies the allegation contained in paragraph 3(l) of Clabaugh's appeal.

3(m). The DEQ denies the allegation contained in paragraph 3(m) of Clabaugh's appeal.

3(n). The DEQ denies the allegation contained in paragraph 3(n) of Clabaugh's appeal.

3(o). The DEQ denies the allegation contained in paragraph 3(o) of Clabaugh's appeal.

3(p). The DEQ denies the allegation contained in paragraph 3(p) of Clabaugh's appeal.

3(q). The DEQ denies the allegation contained in paragraph 3(q) of Clabaugh's appeal.

3(r). The DEQ denies the allegation contained in paragraph 3(r) of Clabaugh's appeal.

3(s). The DEQ denies the allegation contained in paragraph 3(s) of Clabaugh's appeal.

3(t). The DEQ denies the allegation contained in paragraph 3(t) of Clabaugh's appeal.

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

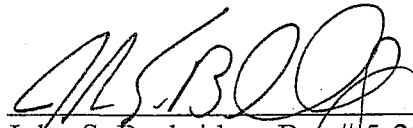
AFFIRMATIVE DEFENSES

1. Clabaugh has failed to state a claim upon which relief can be granted.
2. Clabaugh lacks standing to bring this appeal before the EQC.
3. The EQC lacks subject matter jurisdiction to hear Clabaugh's appeal.

WHEREFORE, the DEQ prays that the Environmental Quality Council enter an ORDER affirming the issuance of WYPDES Permit No. WY0049697 by the Department of Environmental Quality/Water Quality Division.

DATED this 7th day of July, 2008.

FOR THE DEPARTMENT OF
ENVIRONMENTAL QUALITY



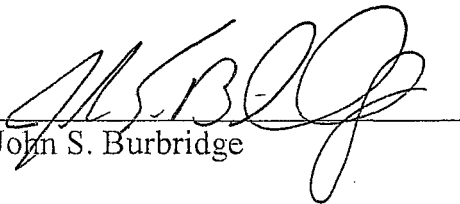
John S. Burbridge, Bar #5-2856
Senior Assistant Attorney General
Attorney General's Office
123 Capitol Avenue
Cheyenne, Wyoming 82002
307-777-6946

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 7th day of July, 2008:

Tom C. Toner
Yonkee & Toner, LLP
319 West Dow Street
P.O. Box 6288
Sheridan, Wyoming 82801-6288

Patrick J. Crank
Speight, McCue & Crank, PC
2515 Warren Avenue, Suite 505
P.O. Box 1709
Cheyenne, Wyoming 82003-1709


John S. Burbridge