



Department of Environmental Quality



To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.

Dave Freudenthal, Governor

John Corra, Director

July 18, 2008

CERTIFIED MAIL #7007 1490 0001 0736 0081

Return Receipt Requested

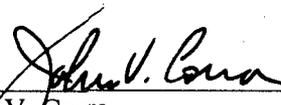
John McCarthy
Power Resources Inc.
P.O. Box 1210
Glenrock, Wyoming 82637

RE: Notice of Violation, Docket Number 4314-08; Permit #DN236

Dear Mr. McCarthy:

Attached is a copy of a Notice of Violation, Docket Number 4313-08, issued to Power Resources Inc. for failure to properly abandon drill hole sites, seal monitor wells and submit annual abandonment reports.

The Land Quality Division has the authority to resolve violations with an out-of-court settlement agreement. If Power Resources desires to pursue resolution of the previously noted violation through such an agreement, please contact Mr. Lowell Spackman, District 1 Supervisor, in writing by July 31, 2008 to set up a meeting to discuss this matter. He can be contacted at the Department's Cheyenne Office located at the letterhead address.



John V. Corra
Director
Department of Environmental Quality



Donald R. McKenzie
Administrator
Land Quality Division

DRM:bb

Enclosure: Notice of Violation

xc: Lowell Spackman, Cheyenne
Keith Guile, DEQ Public Information Officer

Herschler Building • 122 West 25th Street • Cheyenne, Wyoming 82002 • <http://deq.state.wy.us>

ADMIN/OUTREACH
(307) 777-7758
FAX 777-3610

ABANDONED MINES
(307) 777-8145
FAX 777-6462

AIR QUALITY
(307) 777-7391
FAX 777-5616

INDUSTRIAL SITING
(307) 777-7368
FAX 777-6937

LAND QUALITY
(307) 777-7756
FAX 777-5864

SOLID & HAZ. WASTE
(307) 777-7752
FAX 777-5973

WATER QUALITY
(307) 777-7781
FAX 777-5973



DEPARTMENT OF ENVIRONMENTAL QUALITY
STATE OF WYOMING

NOTICE OF VIOLATION

IN THE MATTER OF THE NOTICE OF)
VIOLATION ISSUED TO)
Power Resources Inc.)
P.O. Box 1219)
Glenrock, Wyoming 82637)
RE: Drilling Notification DN236)

DOCKET NO. 4314-08

NOTICE

NOTICE IS HEREBY GIVEN THAT:

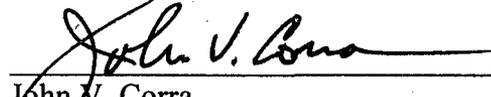
1. Notice of Violation (NOV) is being sent to you pursuant to the Environmental Quality Act (ACT), Wyoming Statute (W.S.) §35-11-701(c)(i), which requires that a written notice be issued in the case of failure to correct or remedy an alleged violation.
2. On June 26, 2008 an inspection of Drilling Notification (DN) 236 was conducted by Jennifer Bowers of the Wyoming Department of Environmental Quality, Land Quality Division (LQD), District I office. The areas covered during the inspection were located in Township 35N, Range 74W, Section 18 and Township 37N, Range 74W, Section 35 and 36 in converse County.
3. Drill holes were not properly abandoned. This is a violation of W.S. § 35-11-404(c)(i-iii).
4. Drill holes were not immediately capped following drilling. This is a violation of W.S. § 35-11-404(h).
5. Monitoring wells lacked a proper well cap and inadequate surface seals, which are violations of Chapter 11 Section 6 (b) (A) (ii) and (c) of the LQD Noncoal Rules and Regulations.
6. Drill hole sites were not properly backfilled, contoured and seeded for surface restoration. This is a violation of W.S. § 35-11-404(c)(v).
7. Plugging and abandonment had not occur as reported in the 2007 abandoned drill hole report and drill holes were incorrectly reported in the DN236 2007 abandoned drill hole report. This is a violation of W.S. § 35-11-901(k).
8. In addition, a records search found PRI has failed to submit abandoned drill hole reports to the LQD for 2002, 2003 and 2004 report periods. This is violation of W.S. § 35-11-404 (e).
9. W.S. § 35-11-901(a) provides that any person who violates any provision of the ACT or any rule, standard, permit, license or variance adopted there under is liable to a penalty of ten thousand dollars (\$10,000.00) for each day of violation, which penalty may be recovered in a civil action brought by the Attorney General in the name of the People of the State of Wyoming.

NOTHING IN THE NOTICE shall be interpreted to in any way limit or contravene any other remedy available under the ACT, nor shall this NOV be interpreted as being a condition precedent to any other enforcement action.

DATED THIS 17 day of July, 2008.



Donald R. McKenzie
Administrator
Land Quality Division



John V. Corra
Director
Department of Environmental Quality

PLEASE DIRECT ALL INQUIRIES regarding this Notice of Violation to Lowell Spackman, Land Quality Division District 1 Supervisor, 122 West 25th Street, Cheyenne, WY 82002, telephone (307) 777-7052.

Attachment: June 26, 2008 Inspection Report