

## **Dept. Of The Interior Seeks Over \$500K From Gas Developer**

MEAD GRUVER, Associated Press

CHEYENNE, Wyo. (AP) — The Interior Department office that oversees revenue collection from oil and gas leases announced Thursday it is seeking a \$533,520 civil penalty against a gas developer the agency said failed to report production on federal leases in northeast Wyoming.

Interior's Office of Natural Resources Revenue sent a noncompliance notice to Highland, Utah-based CEP M Purchase, LLC, in April 2013. Penalties will accrue until required reports are submitted, according to the office.

In the meantime, the company has a right to request a hearing on the matter.

CEP M Purchase is a subsidiary of Gillette-based High Plains Gas, which through CEP M Purchase has acquired hundreds of coal-bed methane wells in the Powder River Basin.

Recently High Plains Gas acquired 1,400 coal-bed methane wells from Luca Technologies. The acquisition brought High Plains' coal-bed methane holdings to 3,000 wells, according to a May 29 release from the company.

High Plains planned to begin producing from all 3,000 wells within a year and a half, CEO Ed Presley said in the statement.

Messages left with CEP M Purchase and High Plains Gas about the Office of Natural Resources Revenue penalty weren't immediately returned Thursday.

"In this case — despite assurances by the company that it would file the necessary reports — it still has not done so, so the penalty continues to accrue," Office of Natural Resources Revenue Director Greg Gould said in the agency's statement.

Coal-bed methane production boomed in the basin starting the late 1990s. Production has declined significantly since 2010 amid soft prices for natural gas and diminishing reservoirs of recoverable gas in the basin's thick coal seams.

Bankrupt producers include Golden, Colorado-based Luca, which sought to pump nutrients underground and stimulate the reproduction of naturally occurring underground microbes that produce methane as they consume the coal.

**Source URL (retrieved on 11/21/2014 - 2:16pm):**

<http://www.chem.info/news/2014/06/dept-interior-seeks-over-500k-gas-developer>

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Published on Chem.Info (<http://www.chem.info>)

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