

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Air Quality Division ("DEQ/AQD"), Herschler Building, 122 West 25th Street, Cheyenne, WY 82002, and The Western Sugar Cooperative ("Western"), 7555 E. Hampden Avenue, Suite 600, Denver, CO 80231, enter into this Settlement Agreement ("Agreement") to fully and finally resolve without litigation the alleged violations cited in DEQ Notice of Violation Docket No. 4095-07 ("NOV"). As more fully set forth below, the NOV alleges that odors from Western's Lovell Facility ("Facility") located in Big Horn County, Wyoming were in excess of that allowed by regulation thereby violating the Wyoming Environmental Quality Act ("Act") and Chapter 2, Section 11 of the Wyoming Air Quality Standards and Regulations ("WAQSR").

WYO. STAT. ANN. § 35-11-901(a)(ii) (West 2007) authorizes stipulated settlement, including payment of a penalty, implementation of compliance schedules or other settlement conditions in lieu of litigation. To that end, Western and the DEQ/AQD hereby stipulate and agree as follows:

1. Western is a Colorado corporation that owns and/or operates the Facility.
2. The DEQ/AQD is responsible for enforcing the Act and the WAQSR.
3. WYO. STAT. ANN. § 35-11-201 states, "No person shall cause, threaten or allow the discharge or emission of any air contaminant in any form so as to cause pollution which violates rules, regulations and standards adopted by the [environmental quality] council."
4. Chapter 2, Section 11(a) of the WAQSR states, "The ambient air standard for odors from any source shall be limited to: (i) An odor emission at the property line which is undetectable at seven dilutions with odor free air as determined by a scentometer as manufactured by the Barnebey-Cheney Company or any other instrument, device, or technique designated by the Division as producing equivalent results. The occurrence of odors shall be measured so that at least two measurements can be made within a period of one hour, these determinations being separated by at least 15 minutes."
5. On May 23, 2007, DEQ/AQD inspector Mr. Greg Meeker conducted odor monitoring at the Facility. At 8:47 a.m., Mr. Meeker conducted an odor monitoring evaluation at the south side of the Facility along Highway 14A and detected odors at a 7:1 dilution level. At 9:02 p.m., Mr. Meeker conducted an odor monitoring evaluation at the same location and again detected odors at a 7:1 dilution level. The DEQ/AQD alleges the odors from Western's Facility exceeded that allowed by regulation.

6. DEQ/AQD and Western agree that to resolve the alleged violations described above and more fully set forth in the NOV in lieu of litigation under WYO. STAT. ANN. § 35-11-901(a)(ii), Western will pay the DEQ/AQD twenty thousand dollars and no cents (\$20,000.00) as a stipulated cash settlement. Western shall pay the stipulated cash settlement by check made payable to the Wyoming Department of Environmental Quality, Air Quality Division, within thirty (30) days after Western has been notified by DEQ/AQD that the final signature has been affixed to this Agreement. Western shall mail the payment to Nancy Vehr, Sr. Asst. Attorney General, 123 Capitol Building, Cheyenne, WY 82002.

7. Western, by entering into this Agreement, does not concede or admit to any liability or fault, and this Agreement constitutes no admission of fault.

8. Full compliance with this signed Agreement shall constitute full satisfaction for all claims by the DEQ/AQD against Western based on NOV Docket No. 4095-07 and, solely in reliance on this Agreement, the DEQ/AQD will refrain from taking further enforcement action against Western for these particular violations.

9. Western waives any statute of limitations which may apply to an enforcement action by the DEQ/AQD involving the specific matters described in NOV Docket Nos. 4095-07 in the event that Western fails to fulfill its obligations under this Agreement.

10. This Agreement shall be admissible by either Western or DEQ/AQD (hereinafter Western and DEQ/AQD may be referred to individually as "Party" and collectively as "Parties") without objection by the other Party only in an action between these Parties relating to the violations alleged herein; provided, however, that nothing herein constitutes an admission by Western of liability or fault.

11. Neither Party hereto shall have any claim against the other for attorneys' fees or other costs incurred with the allegations resolved hereby, including costs incurred in the preparation of this Agreement. Each Party shall bear its own attorney fees and costs, if any, incurred through the date this Agreement is signed by both Parties. Each party assumes the risk of any liability arising from its own conduct. Neither party agrees to insure, defend or indemnify the other.

12. Any changes, modifications, revisions or amendments to this Agreement which are mutually agreed upon by the Parties shall be incorporated by written instrument, executed and signed by all Parties to this Agreement.

13. The construction, interpretation and enforcement of this Agreement shall be governed by the laws of the State of Wyoming. The Courts of the State of Wyoming

shall have jurisdiction over this Agreement and the Parties, and the venue shall be the First Judicial District, Laramie County, Wyoming.

14. This Agreement, consisting of four (4) pages represents the entire and integrated agreement between the Parties and supersedes all prior negotiations, representations, and agreements, whether written or oral.

15. The State of Wyoming and the DEQ/AQD do not waive sovereign immunity by entering into this Agreement and specifically retain immunity and all defenses available to them as sovereigns pursuant to WYO. STAT. ANN. § 1-39-104(a) and all other state law.

16. The Parties do not intend to create in any other individual or entity the status of third party beneficiary, and this Agreement shall not be construed so as to create such status. The rights, duties and obligations contained in this Agreement shall operate only between the Parties to this Agreement, and shall inure solely to the benefit of the Parties to this Agreement. The Parties to this Agreement intend and expressly agree that only Parties signatory to this Agreement shall have any legal or equitable right to seek to enforce this Agreement, to seek any remedy arising out of a Party's performance or failure to perform any term or condition of this Agreement, or to bring an action for the breach of this Agreement.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

17. Each Party represents that they are authorized to enter into this Agreement and agree to be bound hereby. This Agreement shall become binding upon the Parties once executed by all Parties.

IN WITNESS THEREOF, the Parties, by their duly authorized representatives, have executed this Agreement on the days and dates set out below, and certify that they have read, understood, and agreed to the terms and conditions of this Agreement:

THE WESTERN SUGAR COOPERATIVE

By: Inder K. Mathur 12-3-2007
Inder K. Mathur Date
President

STATE OF WYOMING, DEPARTMENT OF ENVIRONMENTAL QUALITY

By: Michael Stoll 12/13/07
for David A. Finley, AQD Administrator Date

By: John Corra 12/17/07
John Corra, DEQ Director Date

APPROVAL AS TO FORM:

Nancy E. Vehr 12/10/2007
Nancy E. Vehr, Sr. Asst. Attorney General Date
Attorney for DEQ/AQD