

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Air Quality Division ("DEQ/AQD"), Herschler Building, 122 West 25th Street, Cheyenne, WY 82002, and 212 Water Services, Inc. ("212 Water Services"), 2795 E. Cottonwood Parkway, Suite 310, Salt Lake City, UT 84121, enter into this Settlement Agreement ("Agreement") to fully and finally resolve without litigation the alleged violation cited in DEQ Notice of Violation Docket No. 4757-10 ("NOV"). As more fully set forth below, the NOV alleges that odors from 212 Water Services' Portable Water Distillation Facility ("Facility") located at the Ultra Riverside 16-3 production site in Sublette 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 2010) authorizes stipulated settlement, including payment of a penalty, implementation of compliance schedules or other settlement conditions in lieu of litigation. To that end, 212 Water Services and the DEQ/AQD hereby stipulate and agree as follows:

1. 212 Water Services is a Delaware 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 September 24, 2010, in response to an odor complaint, DEQ/AQD Inspector, Ms. Jennifer Frazier conducted odor monitoring around the Facility. At 8:53 a.m., Ms. Frazier conducted an odor monitoring evaluation at the fence line and detected odors at a 350:1 level. At 9:09 a.m., Ms. Frazier conducted a follow-up odor monitoring evaluation at the fence line and detected odors at a 15:1 level.

6. On November 2, 2010, the DEQ/AQD issued the NOV to 212 Water Services alleging that odors from the Facility on September 24, 2010, exceeded those allowed by the Act and the WAQSR.

7. In lieu of litigation under WYO. STAT. ANN. § 35-11-901(a)(ii), the DEQ/AQD and 212 Water Services agree that to resolve the violations alleged in the NOV, 212 Water Services will pay the DEQ/AQD a total of seven thousand five hundred dollars and no cents (\$7,500.00) as a stipulated civil penalty payable as follows:

a. 212 Water Services agrees to pay the DEQ/AQD two thousand five hundred dollars and no cents (\$2,500.00) as an Initial Settlement Payment Amount within thirty (30) days after 212 Water Services has been notified by the DEQ/AQD that the final signature has been affixed to this Agreement.

b. 212 Water Services agrees to pay the DEQ/AQD the remaining five thousand dollars and no cents (\$5,000.00) settlement balance amount over five equal payments of one thousand dollars and no cents (\$1,000.00) each. Payments are due on or before September 30, 2011, October 30, 2011, November 30, 2011, December 30, 2011, and the final payment on January 30, 2012.

c. 212 Water Services shall make each payment via check made payable to the Wyoming Department of Environmental Quality, Air Quality Division and shall mail each payment to Nancy Vehr, Sr. Assistant Attorney General, 123 Capitol Building, Cheyenne, WY 82002.

8. 212 Water Services, by entering this Agreement, does not concede or admit to any liability or fault, and this Agreement constitutes no admission of liability or fault.

9. Full compliance with this signed Agreement shall constitute full satisfaction for all claims by the DEQ/AQD against 212 Water Services based on the NOV and, solely in reliance on this Agreement, the DEQ/AQD will refrain from taking further enforcement action against 212 Water Services for these particular violations.

10. This Agreement shall be admissible by either 212 Water Services or the DEQ/AQD (hereinafter 212 Water Services 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 212 Water Services 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.

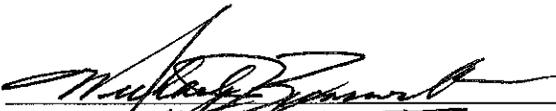
16. The Parties do not intend to create in any other individual or entity the status of third party beneficiary, and this Agreement shall not be construed so as to create such status. The rights, duties and obligations contained in this Agreement shall operate only between the Parties to this Agreement 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.

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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:

212 WATER SERVICES, INC.:

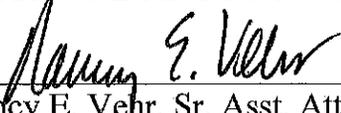
By:  7/21/2011
Name: Michael J. Lunn Date
Title: Executive Vice-President

STATE OF WYOMING, DEPARTMENT OF ENVIRONMENTAL QUALITY

By:  8-5-11
Steven A. Dietrich, AQD Administrator Date

By:  8-8-11
John Corra, DEQ Director Date

APPROVAL AS TO FORM:

 7/14/2011
Nancy E. Vehr, Sr. Asst. Attorney General Date
Attorney for DEQ/AQD