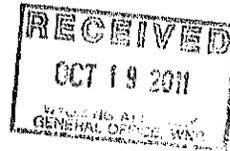


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IN THE FIRST JUDICIAL DISTRICT COURT
IN AND FOR LARAMIE COUNTY, STATE OF WYOMING

FILED

OCT 18 2011

SANDY LANDERS
CLERK OF THE DISTRICT COURT

PEOPLE OF THE STATE OF)
WYOMING,)

Plaintiff,)

v.)

SINCLAIR WYOMING REFINING)
COMPANY, a Wyoming corporation,)

Defendant.)

Docket No. 178-804

CONSENT DECREE

The Wyoming Department of Environmental Quality, Air Quality Division ("DEQ/AQD"), in the name of the People of the State of Wyoming as Plaintiff, pursuant to Sections 901(a) and 903(c) of the Wyoming Environmental Quality Act ("Act") WYO. STAT. ANN. §§ 35-11-901(a) and 903(c) (West 2010), has filed a Complaint against Defendant Sinclair Wyoming Refining Company, a Wyoming corporation ("Sinclair"), alleging that Sinclair failed to comply with certain conditions of Permits MD-1381A, MD-1381A2 and Waiver AP-9297 at the Sinclair Wyoming Refinery facility ("Facility") located in Carbon County, Wyoming. DEQ/AQD and Sinclair (collectively referred to hereinafter as "Parties"), and the Court by entering this Consent Decree finds, that this Consent Decree has been negotiated by the Parties at arms length and in good faith and will avoid or settle certain litigation among the Parties, and this Consent Decree is fair, reasonable, and in the public interest.

THEREFORE, the Parties, by and through their respective attorneys, have agreed to the following terms for resolving this litigation prior to trial, before the taking of

evidence, without adjudication or admission of any issue of fact or law, and with the consent of the Parties,

IT IS HEREBY ORDERED, ADJUDGED and DECREED as follows:

I. Jurisdiction and Venue

This Court has jurisdiction over the subject matter and parties in this civil action under Section 901(a) of the Act. WYO. STAT. ANN. § 35-11-901(a). Venue is proper in Laramie County under Section 903(c) of the Act. WYO. STAT. ANN. § 35-11-903(c).

II. Parties

A. Sinclair is a Wyoming corporation and is the owner and operator of the Facility located in Carbon County, Wyoming

B. DEQ/AQD is the agency of Wyoming state government responsible for enforcing the Act, the Wyoming Air Quality Standards and Regulations ("WAQSR"), the State Implementation Plan ("SIP") adopted pursuant to the federal Clean Air Act as amended, and permits issued pursuant to those provisions including Permits MD-1381A, MD-1381A2 and Waiver AP-9297.

III. Background

A. Sinclair

1. Sinclair owns and operates the Facility located in Carbon County, Wyoming.

2. Sinclair is a "person" as defined in Section 103(a)(vi) of the Act and WAQSR, Ch. I § 3(a). WYO. STAT. ANN. § 35-11-103(a)(vi).

3. Sinclair holds various DEQ/AQD permits relating to the Facility, including Permits MD-1381A, MD-1381A2 and Waiver AP-9297.

B. DEQ Permits MD-1381A, MD-1381A2 and Waiver AP-9297

1. The Act establishes a statutory scheme which is designed in part to enable the State of Wyoming to prevent, reduce and eliminate pollution; to preserve and enhance the State of Wyoming's air, water and land resources; and, to allow the State of Wyoming to plan the development, use, reclamation and enhancement of its air, land and water resources. WYO. STAT. ANN. § 35-11-102.

2. Wyoming's construction permit program requires that persons obtain a DEQ air quality construction permit prior to commencing construction of any new facility or modifying any existing facility capable of causing or increasing air pollution in excess of standards established by the DEQ/AQD. WYO. STAT. ANN. § 35-11-801; WAQSR, Ch. 6, § 2.

3. WYO. STAT. ANN. § 35-11-801(a) provides in pertinent part, "[i]n granting permits, the [DEQ] director may impose such conditions as may be necessary to accomplish the purpose of [the Wyoming Environmental Quality Act] which are not inconsistent with the existing rules, regulations and standards."

4. Chapter 6, Section 2 of the WAQSR prescribes the applicability and procedures for issuing permits to sources under the DEQ/AQD's construction and modification permitting program.

5. Chapter 6, Section 2(f) allows reasonable conditions to be imposed upon construction or modification permits, including emission limits and emission testing and monitoring requirements.

6. Chapter 6, Section 2(k)(viii) provides that permitting requirements may be waived for minor sources determined to be insignificant in both emission rate and ambient air quality impact.

7. On May 23, 2007, the DEQ/AQD issued Permit MD-1381A to Sinclair for the Facility.

8. Condition 29 of Permit MD-1381A requires that Sinclair annually verify the accuracy of each fuel gas meter using 40 C.F.R. pt. 60, app. A, Reference Methods 1-4 and 19.

9. On January 29, 2008, the DEQ/AQD issued Permit MD-1381A2 to Sinclair for the Facility.

10. Conditions 7 and 11 of Permit MD-1381A2 require that Sinclair test the 781 Reformer Stabilizer Heater within 30 days of achieving maximum firing rate, but no later than 90 days following initial startup.

11. Conditions 7, 10 and 11 of Permit MD-1381A2 require that Sinclair perform initial performance testing for the Hydrocracker Heater H1/H2, Hydrocracker Heater H3, Hydrocracker Heater H4 and Hydrocracker Heater H5 within 30 days of achieving maximum firing rate, but no later than 90 days following initial startup.

12. On April 20, 2009, the DEQ/AQD issued Waiver AP-9297 to Sinclair for the Facility. Waiver AP-9297 was issued to Sinclair to allow the hydrogen used by the #4 Hydro Desulfurization Unit (HDS) to go through heater 25-HT-101 until Sinclair could make repairs to heater 25-HT-102.

13. Condition No. 3 of Waiver AP-9297 requires that Sinclair perform EPA Reference Method Testing for nitrogen oxides (NOx) and sulfur dioxide (SO2) within 60 days of startup. Condition No. 3 also requires Sinclair to submit a test protocol at least 15 days prior to the scheduled test date.

C. DEQ Notice of Violation Docket No. 4655-10 (NOV)

1. Pursuant to WYO. STAT. ANN. § 35-11-701, the DEQ/AQD issued Notice of Violation Docket No. 4655-10 (NOV) to Sinclair on February 28, 2010, alleging in part that Sinclair violated the Act, the WAQSR and Permits MD-1381A, MD-1381A2 and Waiver AP-9297 by failing to comply with certain emission testing requirements.

2. Any person who violates any provision of Article 2 of the Act, the WAQSR or any standard or permit adopted pursuant to those provisions, "is subject to a penalty not to exceed ten thousand dollars (\$10,000.00) for each violation for each day during which violation continues, a temporary or permanent injunction, or both a penalty and an injunction[.]" WYO. STAT. ANN. § 35-11-901(a).

IV. Settlement

A. Within thirty (30) days after notice to Sinclair of entry by the Court of this Consent Decree, Sinclair, without admitting any of the facts alleged in the NOV or the Complaint and without admitting liability or failure to comply with any permit or waiver requirements, agrees to pay to the DEQ/AQD the sum of one hundred sixty-three thousand dollars and no cents (\$163,000.00) (Stipulated Civil Penalty) as a full and

complete cash payment to resolve this matter. The check shall be made payable to the Department of Environmental Quality and shall be delivered to Nancy Vehr, Sr. Asst. Attorney General, Wyoming Attorney General's Office, 123 Capitol Building, Cheyenne, WY 82002.

B. Payment of the Stipulated Civil Penalty shall constitute full satisfaction of Sinclair's obligations under this Consent Decree.

V. Release and Covenant Not to Sue and Dismissal with Prejudice

A. DEQ/AQD agrees that payment of the Stipulated Civil Penalty as specified in Section IV of this Consent Decree shall constitute full satisfaction of the claims against Sinclair that the People of the State of Wyoming alleged in the Complaint initiating this action or in the NOV.

B. In consideration of Sinclair's payment of the Stipulated Civil Penalty, the DEQ/AQD and the State of Wyoming hereby release and covenant not to sue Sinclair, its respective successors, assigns, affiliates, parents, officers, directors, employees, and representatives, as to any common law claims, statutory claims, or other claims or causes of action arising out of the facts, transactions, or events which were alleged in the Complaint initiating this action or in the NOV on the basis of knowledge DEQ/AQD actually had at the time of issuing the NOV.

C. This covenant not to sue is expressly conditioned upon the complete and satisfactory performance by Sinclair as specified in Section IV of this Consent Decree.

D. Within thirty (30) days after the complete and satisfactory performance by Sinclair of the terms of this Consent Decree, the DEQ/AQD will request that the Court terminate this Consent Decree and dismiss this action with prejudice as to all claims which were made in this lawsuit.

E. The terms of Section V shall survive the termination of the Consent Decree.

VI. Parties Bound

A. This Consent Decree shall apply to, and be binding upon Sinclair, its successors and assigns and upon the DEQ/AQD and the State of Wyoming.

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

C. Nothing in this Consent Decree relieves Sinclair of its duty to comply with the Act, the WAQSR, Wyoming's SIP, the federal Clean Air Act, and any rules, regulations and standards adopted thereunder including any permit requirements.

D. This Consent Decree is not and shall not be construed to be a permit or permit modification issued pursuant to any federal, state, or local statute, ordinance or regulation. Sinclair shall remain solely responsible for its compliance with the terms of this Consent Decree, all permits, and all applicable federal, state and local laws and regulations.

VII. Terms Not Severable

The terms of this Consent Decree, which embody the comprehensive stipulated settlement between the Parties, are not severable.

VIII. Reservation of Rights

A. By signing this Consent Decree, Sinclair does not admit that it violated any provision of the Act, the WAQSR, Wyoming's SIP, the federal Clean Air Act, or permits or waivers issued pursuant to such authority. By entering this Consent Decree, Sinclair does not admit or deny the validity of any allegation contained in the NOV or the Complaint.

B. DEQ/AQD and the State of Wyoming reserve all legal and equitable remedies available to enforce the provisions of this Consent Decree, including seeking injunctive relief and/or civil penalties.

C. DEQ/AQD and the State of Wyoming do not waive sovereign immunity by entering into this Consent Decree and retain immunity and all defenses available to them as sovereigns under all state and federal law, except that any of the Parties may bring an action to seek interpretation or enforcement of this Consent Decree. Each party shall bear its own costs, fees, and expenses in any such action.

IX. Termination of Consent Decree

Except as otherwise provided in Section V, the terms and conditions of this Consent Decree shall terminate upon the DEQ/AQD's filing of written notice to the Court confirming the completion of Sinclair's obligations under this Consent Decree and the Court's entry of a Termination and Dismissal Order.

X. Attorney's Fees/Costs of Action

Each party shall bear its own attorneys fees and costs of this action.

XI. Retention of Jurisdiction

This Court shall retain jurisdiction to enforce the terms and conditions of this Consent Decree, to enter such orders as are appropriate under the Consent Decree, and to resolve all disputes as may be necessary or appropriate for the construction or to carry out the terms of this Consent Decree until it is terminated as provided above.

XII. Authority

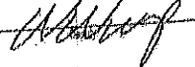
The signatories certify that they are duly authorized to bind their respective Parties to this Consent Decree.

DATED this 14 day of Oct, 2011.



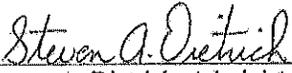
DISTRICT COURT JUDGE

STATE OF WYOMING COUNTY OF LARAMIE, SS CHEYENNE
I, Sandy Landers, Clerk of the District Court, and for the
County of Laramie, Wyoming, do hereby certify that the within and
attached is a true and correct copy of the original as the same
appears on file of record in my office, and that the
same is in full force and effect as of this date.
Witness my hand and seal of said court this 14 day of Oct, 2011.
BANDY LANDERS
Clerk of District Court

By 

WE HEREBY CONSENT to the entry of this Consent Decree;

FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:



Steven A. Dietrich, Administrator
Air Quality Division

9-30-11
Date



John Corpa, Director
Department of Environmental Quality

9/30/11
Date

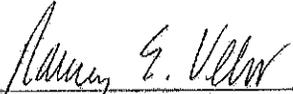
FOR SINCLAIR WYOMING REFINING COMPANY:



Mike Achacoso
Vice-President

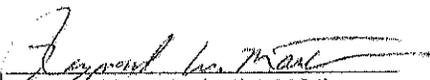
9.25.11
Date

APPROVAL AS TO FORM:



Nancy E. Vehr (#6-3341)
Attorney General's Office
123 Capitol Building
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(307) 777-6946
Attorney for DEQ/AQD

8/29/2011
Date



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P.O. Box 328
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Attorney for Sinclair Wyoming Refining Co.

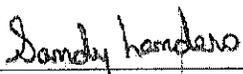
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CERTIFICATE OF SERVICE

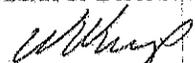
I hereby certify that on the 18 day of oct, 2011, a true copy of the foregoing *Consent Decree* was mailed, postage prepaid to the following:

Raymond W. Martin ^B
Sundahl, Powers, Kapp & Martin, LLC
P.O. Box 328
Cheyenne, WY 82003-0328

Wyoming Attorney General's Office ^m
Attn: Nancy E. Vehr
123 Capitol Building
Cheyenne, WY 82002



CLERK OF DISTRICT COURT


Deputy Clerk District Court