

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Air Quality Division (DEQ/AQD), Herschler Building, 122 West 25th Street, Cheyenne, WY 82002, and Eighty-Eight Oil LLC (Eighty-Eight Oil), 455 N Poplar, Casper, WY 82601 (mailing address P.O. Drawer 2360, Casper, WY 82602), enter into this Settlement Agreement (Agreement) to fully and finally resolve without litigation the alleged violations cited in DEQ Notice of Violation Docket No. 5184-13 (Notice of Violation). The Notice of Violation alleged that Eighty-Eight Oil was in violation of Chapter 6, Section 2(a)(i) of the Wyoming Air Quality Standards and Regulations (WAQSR) when it began construction of its Fort Laramie Railcar Loading Station (Loading Station) without first obtaining a construction permit from the State of Wyoming, Department of Environmental Quality (DEQ).

Wyo. Stat. Ann. § 35-11-901(a)(ii) authorizes stipulated settlement, including payment of a penalty, implementation of compliance schedules, or other settlement conditions in lieu of litigation. To that end, Eighty-Eight Oil and the DEQ/AQD hereby stipulate and agree as follows:

1. Eighty-Eight Oil is a Wyoming limited liability company intending to construct and operate the Loading Station.
2. The DEQ/AQD is responsible for enforcing Article 2 of the Wyoming Environmental Quality Act and the Air Quality Rules. Wyo. Stat. Ann. § 35-11-110.
3. Chapter 6, Section 2(a)(i) of the WAQSR requires “[a]ny person who plans to construct any new facility or source, modify any existing facility or source, or to engage in the use of which may cause the issuance of or an increase in the issuance of air contaminants into the air of this state shall obtain a construction permit from the State of Wyoming, Department of Environmental Quality before any actual work is begun on the facility.”
4. On July 9, 2013, Eighty-Eight Oil had not yet obtained a construction permit for the Loading Station from the DEQ pursuant to Chapter 6, Section 2(a)(i) of the WAQSR.
5. On July 9, 2013, DEQ observed construction activities occurring at the site of the Loading Station in violation of Chapter 6, Section 2(a)(i) of the WAQSR.
6. Without admitting liability, and in lieu of litigation pursuant to Wyo. Stat. Ann. § 35-11-901(a)(ii), Eighty-Eight Oil agrees to pay to the DEQ/AQD the amount of five thousand dollars and no cents (\$5,000.00) as a stipulated penalty to resolve the violations alleged in the Notice of Violation. Eighty-Eight Oil agrees to make full payment by check made payable to the Wyoming DEQ/AQD, within thirty (30) days after Eighty-Eight Oil has been notified by DEQ/AQD that the final signature has been affixed to this Agreement. Eighty-Eight Oil agrees to mail the payment to Jeremiah Williamson, Assistant Attorney General, 123 State Capitol, Cheyenne, WY 82002.

7. Eighty-Eight Oil, by entering into this Agreement, does not concede or admit to any liability or fault, and this Agreement constitutes no admission of liability, fault, or noncompliance with any allegations, findings, determinations or conclusions contained in this Agreement or in the Notice of Violation. Except as specifically provided for herein, nothing in this Agreement shall prejudice, waive or impair any right, remedy, or defense that Eighty-Eight Oil may have against any entity.

8. Full compliance with this signed Agreement shall constitute full satisfaction for all claims by the DEQ/AQD against Eighty-Eight Oil and its contractors based on the Notice of Violation and, solely in reliance on this Agreement, the DEQ/AQD will refrain from taking further enforcement action against Eighty-Eight Oil and its contractors for these particular alleged violations. With this Agreement, the Parties intend to resolve with prejudice all allegations that were asserted in the Notice of Violation and otherwise set forth in this Agreement.

9. In the event that Eighty-Eight Oil fails to fulfill its obligations under this Agreement, Eighty-Eight Oil waives any statute of limitation claims that may apply in an enforcement action by the DEQ/AQD involving the specific matters described in the Notice of Violation and otherwise set forth in this Agreement.

10. This Agreement shall be admissible by either Eighty-Eight Oil or the DEQ/AQD without objection by the other only in an action between DEQ/AQD and Eighty-Eight Oil relating to the violations alleged herein.

11. Neither DEQ/AQD nor Eighty-Eight Oil 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 that 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 three (3) 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.

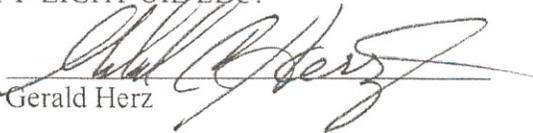
16. The parties do not intend to create in any other individual or entity the status of third party beneficiary, and this Agreement shall not be construed so as to create such status. The rights, duties and obligations contained in this Agreement shall operate only between the parties to this Agreement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

17. Each party represents that they are authorized to enter into this Agreement, agree to comply with and to be bound by the terms of this Agreement, and further agree that they will not contest the basis or validity of this Agreement. 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:

EIGHTY-EIGHT OIL LLC:

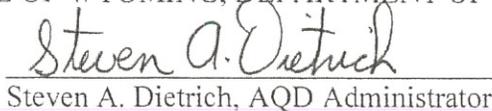
By:


Gerald Herz

10-7-13
Date

STATE OF WYOMING, DEPARTMENT OF ENVIRONMENTAL QUALITY

By:


Steven A. Dietrich, AQD Administrator

10-11-13
Date

By:


Todd Parfitt, DEQ Director

10/11/13
Date

APPROVAL AS TO FORM:


Jeremiah Williamson, Assistant Attorney General
Attorney for DEQ/AQD

10/2/13
Date