

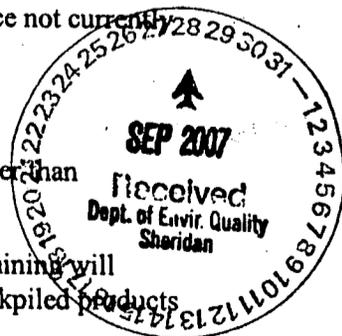
**WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY
LAND QUALITY DIVISION**

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Land Quality Division (WDEQ/LQD) and Melgaard Construction Company, Inc. a company authorized to do business in Wyoming, enter into this Settlement Agreement to fully and finally resolve without litigation the violations alleged in **Notice of Violation (NOV) Docket Number 4118-07, dated August 2, 2007**. The Notice of Violation (NOV) alleges that disturbances associated with Limited Mining Operation (LMO) 1180ET equaled approximately 11.3 acres as measured using a Global Positioning System, that an entrance sign was not erected at the entrance to LMO 1180ET, and that materials from the mining operation had been pushed over the natural escarpments and into ephemeral stream ravines just upstream from Crazy Woman Creek on the southern and northern boundaries of the area of disturbance at LMO 1180ET. The site of these violations is located in Sections 25 & 36, Township 50 North, Range 80 West. This is a violation of the Wyoming Environmental Quality Act (Act) and applicable Wyoming Department of Environmental Quality/Land Quality Non-Coal Rules and Regulations (WDEQ/LQD NC R&R).

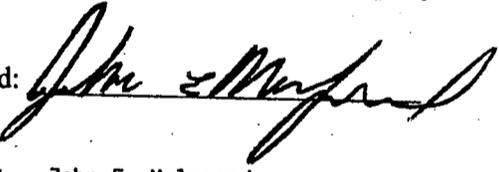
W.S. §35-11-901(a)(ii) authorizes the WDEQ to negotiate a stipulated settlement, including payment of a penalty, in lieu of litigation. To that end, Melgaard Construction Company, Inc., and the WDEQ/LQD hereby stipulate and agree as follows:

1. The WDEQ, pursuant to W.S. §35-11-104, is a department in the executive branch of the state government of Wyoming and is principally situated in Cheyenne, Wyoming. DEQ is the agency with the responsibility for administering the Wyoming Environmental Quality Act including all provisions of the WDEQ/LQD R&R.
2. Melgaard Construction Company, Inc., (Melgaard) is the operator of a sand and gravel mining operation located in Johnson County, Wyoming, in Sections 25 & 36, Township 50 North, Range 80 West and Section 1, Township 49 North, Range 80 West. As part of its operation, Melgaard mines mineral from this site and distributes or sells the mineral mined for commercial use.
3. Conducting Limited Mining Operations in the State of Wyoming that disturb lands in excess of 10 acres is a violation of W. S. §35-11-401 (e)(vi).
4. Pushing or dumping materials over natural escarpments is a violation of the Department of Environmental Quality, Land Quality Division Noncoal Rules and Regulations Chapter 10, Section 4.(c)
5. Melgaard agrees to pay a total penalty of Two Thousand Dollars (\$2,000.00), One Thousand Dollars (\$1,000.00) for the violation stated in Item 3 above, and One Thousand Dollars (\$1,000.00) for the violation stated in Item 4 above, as a partial settlement for the resolution to this matter in lieu of litigation under W.S. §35-11-901(a)(ii). Melgaard shall pay \$2,000.00 directly to the WDEQ/LQD. Payment is due and payable within thirty (30) days of full execution of this Settlement Agreement. Payment to WDEQ/LQD shall be by check made payable to the Wyoming Department of Environmental Quality/Land Quality Division and shall be sent to: Richard A. Chancellor, Administrator, Wyoming Department of Environmental Quality, Land Quality Division, Herschler Building, 3 Floor-West, 122 West 25th Street, Cheyenne, Wyoming 82002.
6. Melgaard shall post an additional reclamation bond in the amount of Two Thousand Dollars (\$2,000.00) by September 10, 2007, to cover the additional 1.3 acres of disturbance not currently bonded under LMO 1180ET.
7. Melgaard must immediately begin reclamation of all lands in excess of 10 acres.
8. Melgaard shall erect an entrance sign at both pit locations for LMO 1180ET no later than September 10, 2007.
9. Melgaard will discontinue mining of gravel and sand from LMO 1180ET where mining will extend the area of disturbance beyond the approved ten acre limit (removal of stockpiled products is allowed).
10. By November 15, 2007, Melgaard will remove materials pushed over embankments onto native topsoil, minimizing additional disturbance of undisturbed soils or vegetation. Implementing required remediation practices to prevent erosion into ravines adjacent to LMO 1180ET will be allowed. If additional disturbances occur due to remedial activities additional bond will be required.



11. This signed Settlement Agreement and payment by Melgaard as specified above shall constitute full satisfaction for and resolution of all claims by the WDEQ/LQD against Melgaard, based on the violations alleged in Notice of Violation Docket No. 4118-07. Contingent upon Melgaard, compliance with the terms of this Settlement Agreement, the WDEQ/LQD will refrain from taking further enforcement action against Melgaard, for these particular violations cited in this Settlement Agreement. By this Settlement Agreement, the parties intend to resolve with prejudice all allegations that were asserted in NOV Docket No. 4118-07.
12. Melgaard waives any statute of limitations which may apply to an enforcement action by the WDEQ/LQD involving the specific matters described in Notice of Violation Docket No. 4118-07.
13. Nothing in this agreement precludes WDEQ/LQD from taking additional enforcement action, including the issuance of a Notice of Violation, Order and/or pursuing additional penalties, should Melgaard violate the Wyoming Environmental Quality Act or applicable rules and regulations in the future.
14. This Settlement Agreement shall be admissible by either party without objection by the other party in any subsequent action between these parties.
15. Notwithstanding any other language in this Settlement Agreement, the State of Wyoming and WDEQ do not waive sovereign immunity by entering into this Settlement Agreement with Melgaard and specifically retain all immunity and all defenses available as sovereigns under state and federal law.
16. Each party shall bear its own attorney fees and costs, if any, incurred through the date this Settlement Agreement is signed by both parties.
17. **This Settlement Agreement is binding upon Melgaard, its successors and assigns, and upon the WDEQ.**
18. The persons signing this Settlement Agreement certify that they are duly authorized to bind their respective parties to this Settlement Agreement.

FOR: Melgaard Construction Company, Inc.

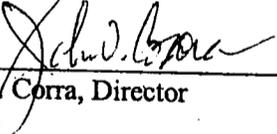
Signed: 

Date: September 17, 2007

Typed: John E. Melgaard

Title: President

FOR: The Wyoming Department of Environmental Quality


John V. Corra, Director
WDEQ

Date: 10/3/07


Richard A. Chancellor, Administrator
WDEQ/Land Quality Division

Date: 30/9/07

JVC/RAC/DS

cc: Mark Rogaczewski, WDEQ/LQD, District III
Docket Number 4118-07