

**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 4182-07, dated January 15, 2008**. The site of the violations is located in Sections 6 and 7, Township 50 North, Range 77 West; and Sections 1 and 12, Township 50 North, Range 78 West.

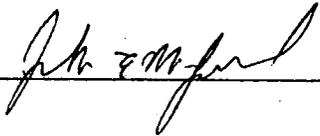
W.S. §35-11-901(a)(ii) authorizes the WDEQ to negotiate a stipulated settlement, including payment of a penalty, in lieu of litigation. To that end, Melgaard Construction Company, Inc., and the WDEQ/LQD hereby stipulate and agree as follows:

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 Section 7, Township 50 North, Range 77 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. Inadequate salvaging of topsoil from all areas to be affected by mining is a violation of Department of Environmental Quality, Land Quality Division Noncoal Rules and Regulations Chapter 3, Section 2(c)(i)(A).
5. 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).
6. Contracting an operator to mine without submitting the change of operation for approval by the LQD is a violation of Department of Environmental Quality, Land Quality Division Noncoal Rules and Regulations Chapter 10, Section 6(b).
7. Affecting land without written permission from the landowner is a violation of Environmental Quality Act, W. S. § 35-11-401(e)(vi).
8. Melgaard agrees to pay a total penalty of Four Thousand Dollars (\$4,000.00), 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 \$4,000.00 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: Donald R. McKenzie, Administrator, Wyoming Department of Environmental Quality, Land Quality Division, Herschler Building, 3 Floor-West, 122 West 25th Street, Cheyenne, Wyoming 82002.
9. Melgaard shall post an additional reclamation bond in the amount of Two Thousand Dollars (\$2,000.00) by February 29, 2008, to cover the additional 1.1 acres of disturbance not currently bonded under LMO 1228ET.

10. Melgaard shall remove all overburden currently bermed or otherwise placed on native topsoil along the disturbance boundary of LMO 1228ET. The exposed native topsoil shall be salvaged, stockpiled, signed and protected from loss due to wind and water erosion. Topsoil salvage shall be completed by April 15, 2008.
11. By April 15, 2008, Melgaard will remove materials pushed over escarpments onto native topsoil, minimizing additional disturbance of undisturbed soils or vegetation. Implementing required remediation practices to prevent erosion into ravines adjacent to LMO 1228ET will be allowed. If additional disturbances occur due to remedial activities additional bond will be required.
12. Melgaard shall immediately halt all mining associated activities at LMO 1228ET conducted by Croell Redi-Mix Inc. Croel Redi-Mix Inc., will be allowed to remove stockpiled products from LMO 1228ET for further processing.
13. Melgaard must provide the LQD documentation that grants surface owner consent to Melgaard for mining operations that have occurred in Section 6, Township 50 North, Range 77 West; and Sections 1 and 12, Township 50 North, Range 78 West by March 15, 2008.
14. Immediately upon receiving surface owner consent, Melgaard will commence reclamation of mining operations that have occurred in Section 6, Township 50 North, Range 77 West; and Sections 1 and 12, Township 50 North, Range 78 West. Reclamation through seeding must be completed by May 1, 2008.
15. 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. 4182-07. 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. 4182-07.
16. 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. 4182-07.
17. 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.
18. This Settlement Agreement shall be admissible by either party without objection by the other party in any subsequent action between these parties.
19. 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.
20. Each party shall bear its own attorney fees and costs, if any, incurred through the date this Settlement Agreement is signed by both parties.

21. **This Settlement Agreement is binding upon Melgaard, its successors and assigns, and upon the WDEQ.**
22. **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.

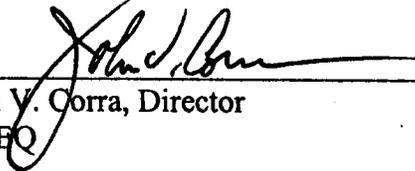
Signed: 

Date: 2/14/08

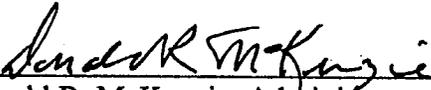
Typed: John E. Melgaard

Title: Pres.

FOR: The Wyoming Department of Environmental Quality


John V. Corra, Director
WDEQ

Date: 2/21/08


Donald R. McKenzie, Administrator
WDEQ/Land Quality Division

Date: 2-19-8

JVC/RAC/MR

cc: Mark Rogaczewski, WDEQ/LQD, District III
Docket Number 4182-07