

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

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Land Quality Division (WDEQ/LQD) and Melody Ranch Investments III, LLC (Melody Ranch), a company authorized to do business in Wyoming, enter into this Settlement Agreement to fully and finally resolve without litigation the violation alleged in the Notice of Violation (NOV) Docket Number 4409-08 issued December 24, 2008. The NOV alleges that Melody Ranch failed to provide an Annual Report to WDEQ/LQD for the years 2006, 2007, and 2008. The Annual Report is a requirement of Wyoming Statute § 35-11-411.

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

1. WDEQ, pursuant to W.S. § 35-11-104, is a department in the executive branch of Wyoming State Government and is principally situated in Cheyenne, Wyoming. WDEQ is the agency principally responsible for administering the Wyoming Environmental Quality Act, including all provisions of the WDEQ/LQD Noncoal Rules and Regulations.
2. Melody Ranch agrees to pay a total penalty of one Thousand Dollars (\$1,000.00) as a stipulated settlement to resolve this matter in lieu of litigation under W.S. § 35-11-901(a)(ii). Payment shall be made by check payable to the Wyoming Department of Environmental Quality - Land Quality Division and sent to the attention of Donald R. McKenzie, Administrator, Wyoming Department of Environmental Quality, Land Quality Division, Herschler Bldg. 3W, 122 West 25th Street, Cheyenne, WY, 82002.
3. This agreement is intended to resolve a record keeping violation only and no environmental standards or requirements have been violated by Melody Ranch.
4. The required Annual Report(s) to cover mining operations which took place during the years 2006, 2007 and 2008 have been submitted to the WDEQ prior to January 30, 2009.
5. This signed Settlement Agreement, payment of penalty, and submission of the Annual Report(s) shall constitute full satisfaction and resolution of all claims by WDEQ/LQD against Melody Ranch based on the violation as specified in the NOV. Contingent upon Melody Ranch's compliance with the terms of this Settlement Agreement, WDEQ/LQD will refrain from taking further enforcement action against Melody Ranch for this particular violation. Through this Settlement Agreement, the parties intend to resolve with prejudice the allegation that was asserted in NOV Docket No. 4409-08.
6. Melody Ranch waives any statute of limitations which may apply to an enforcement action by WDEQ/LQD involving specific matters described in the NOV in the event that Melody Ranch fails to fulfill its obligations under this Settlement Agreement.
7. Nothing in this Settlement Agreement precludes WDEQ/LQD from taking additional enforcement action, including the issuance of a Notice of Violation, Order, and/or pursuing additional penalties should Melody Ranch violate the Wyoming Environmental Quality Act or applicable WDEQ/LQD Rules and Regulations in the future.
8. This Settlement Agreement shall be admissible by either party without objection by the other party in any subsequent action between these parties.
9. Notwithstanding any other language in the Settlement Agreement, the State of Wyoming, and the WDEQ/LQD do not waive Sovereign Immunity by entering into this Settlement Agreement with Melody Ranch and specifically retain all immunity and defenses available as sovereigns under State and Federal law.
10. Each party shall bear its own attorney fees and costs, if any, incurred through the date of this Settlement Agreement is signed by both parties.

11. This Settlement Agreement is binding upon Melody Ranch, its successors and assignees, and upon the WDEQ/LQD.

12. The persons signing this Settlement Agreement certify that they are duly authorized to bind their respective parties to this Settlement Agreement.

For: **MELODY RANCH INVESTMENTS I, LLC formerly known as
MELODY RANCH INVESTMENTS III, LLC**

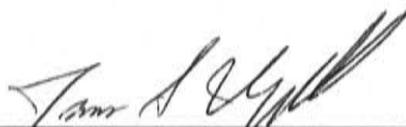
**By: MELODY RANCH INVESTMENTS INC.,
a Wyoming corporation**

By: Paul von Gontard, President

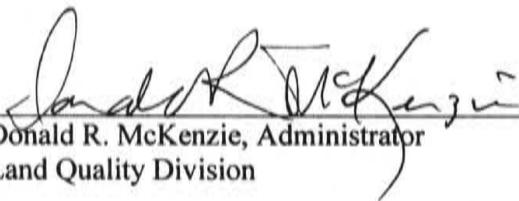
By: 
David K. Larson, Attorney-In-Fact

Date: 3/4/09

For: **WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY**


John V. Corra, Director
Wyoming Department of Environmental Quality

Date: 3-13-09


Donald R. McKenzie, Administrator
Land Quality Division

Date: 03-12-09

xc: Mark Moxley/John Erickson, Lander DEQ/LQD
Docket No. 4409-08