

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

SETTLEMENT AGREEMENT

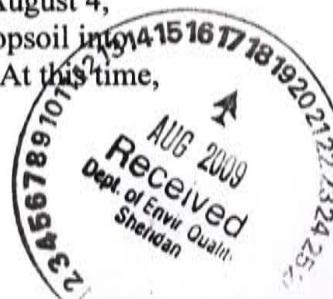
The Wyoming Department of Environmental Quality, Land Quality Division (WDEQ/LQD) and Spencer's Inc. of Mt Airy, NC d/b/a Ararat Rock Products of Wyoming (Ararat) a company authorized to do business in Wyoming, enter into this Settlement Agreement to fully and finally resolve without litigation the violations alleged in **Notice of Violation (NOV) Docket Number 4522-09, dated July 22, 2009**. The Notice of Violation (NOV) alleges that materials from the mining operation had been pushed over the natural escarpments which has affected areas where topsoil has not been salvaged, and that no topsoil signs were erected to identify topsoil stockpiles at LMO 1294ET.

The site of the remaining violations is located in Section 14, Township 43 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, Ararat 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. Ararat is the applicant and operator for a gravel mining operation located in Johnson County, Wyoming, in Section 14, Township 43 North, Range 80 West. As part of its operation, Ararat mines mineral from this site and distributes or sells the mineral mined for commercial use.
3. Pushing or dumping materials over natural escarpments is a violation of the Department of Environmental Quality, Land Quality Division Non-coal Rules and Regulations Chapter 10, section 4.(c)
4. Affecting areas where topsoil has not been salvaged is a violation of the Department of Environmental Quality, Land Quality Division Non-coal Rules and Regulations Chapter 3, Section 2(c)(i)(A).
5. Failure to identify topsoil stockpiles by erecting topsoil signs is a violation of the Department of Environmental Quality, Land Quality Division Non-coal Rules and Regulations Chapter 3, Section 2(c)(i)(D).
6. Ararat agrees to pay a total penalty of Two Thousand, Five Hundred Dollars (\$2,500.00) for the violations stated in Items 3, 4 and 5 above, One Thousand (\$1,000.00) for the violation stated in Item 3 above, One Thousand (\$1,000.00) for the violation stated in Item 4 above, and Five Hundred (\$500.00) for the violation stated in Item 5 above as a partial settlement for the resolution to this matter in lieu of litigation under W.S. §35-11-901(a)(ii). Ararat shall pay \$2,500.00 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.
7. As stated and demonstrated by photographic evidence received from Ararat at the Department of Environmental Quality Land Quality Division III Office on August 4, 2009, Ararat has removed materials spilled over the pit edge, consolidated topsoil into stockpiles, and erected topsoil signs on topsoil stockpiles at LMO 1294ET. At this time, no further remediation action is required at the LMO 1294ET location.

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PERMIT NO. 1294ET
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8. This signed Settlement Agreement and payment by Ararat as specified above shall constitute full satisfaction for and resolution of all claims by the WDEQ/LQD against Ararat, based on the violations alleged in Notice of Violation Docket No. 4522-09. Contingent upon Ararat's compliance with the terms of this Settlement Agreement, the WDEQ/LQD will refrain from taking further enforcement action against Ararat 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. 4522-09.
9. Ararat 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. 4522-09.
10. 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 Ararat violate the Wyoming Environmental Quality Act or applicable rules and regulations in the future.
11. This Settlement Agreement shall be admissible by either party without objection by the other party in any subsequent action between these parties.
12. 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 Ararat and specifically retain all immunity and all defenses available as sovereigns under state and federal law.
12. Each party shall bear its own attorney fees and costs, if any, incurred through the date this Settlement Agreement is signed by both parties.
13. **This Settlement Agreement is binding upon Ararat its successors and assigns, and upon the WDEQ.**
14. The persons signing this Settlement Agreement certify that they are duly authorized to bind their respective parties to this Settlement Agreement.

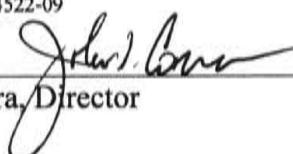
FOR: Spencer's Inc. of Mt Airy, NC d/b/a Ararat Rock Products of Wyoming

Signed: James H. Crossingham IV Date: 8/18/09

Typed: James H. Crossingham IV

Title: President - Ararat Rock of Wyoming

FOR: The Wyoming Department of Environmental Quality



John V. Corra, Director
WDEQ

Date: 8/24/09



Donald R. McKenzie, Administrator
WDEQ/Land Quality Division

Date: 08/24/09

JVC/RAC/DS

cc: Mark Rogaczewski, WDEQ/LQD, District III
Docket Number 4522-09