

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

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Land Quality Division (WDEQ/LQD) and Cross H Ranch, 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 4734-10, dated September 8, 2010**. The Notice of Violation (NOV) alleges that the operator commenced or conducted mining operations for which a valid mining permit to which the operator possessed the rights to mine was not in effect, and conducting mining activities not in conformity with the approved mine plan for the permit.

The site of the remaining violations is located in Section 18, Township 51 North, Range 81 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, Cross H Ranch, 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. Cross H Ranch, Inc. is the unauthorized operator of a gravel mining operation permitted to Rock Services, Inc. and located in Johnson County, Wyoming, in Sections 18, Township 51 North, Range 81 West. As part of its operation, Cross H Ranch, Inc. mined mineral from this site and distributed or sold the mineral mined for commercial use.
3. Operating a mine on land for which there is not in effect a valid mining permit to which the operator possesses the rights is a violation of W.S. § 35-11-405(a).
4. Not conducting mining operations within the permit area without conformity with the approved mine plan is a violation of W.S. § 35-11-415(b)(ii).
5. Cross H Ranch, Inc. agrees to pay a total penalty of Fifteen Hundred Dollars (\$1,500.00) for the violations stated in Items 3 and 4 above as a settlement for the resolution to this matter in lieu of litigation under W.S. §35-11-901(a)(ii). Cross H Ranch, Inc. shall pay \$1,500.00 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.
6. This signed Settlement Agreement and payment by Cross H Ranch, Inc. as specified above shall constitute full satisfaction for and resolution of all claims by the WDEQ/LQD against Cross H Ranch, Inc., based on the violations alleged in Notice of Violation Docket No. 4734-10. Contingent upon Cross H Ranch, Inc. compliance with the terms of this Settlement Agreement, the WDEQ/LQD will refrain from taking further enforcement action against Cross H Ranch, Inc. 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. 4734-10.
7. Cross H Ranch, Inc. 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. 4734-10.

8. 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 Cross H Ranch, Inc., Inc. violate the Wyoming Environmental Quality Act or applicable rules and regulations in the future.
9. This Settlement Agreement shall be admissible by either party without objection by the other party in any subsequent action between these parties.
10. 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 Cross H Ranch, Inc., Inc. and specifically retain all immunity and all defenses available as sovereigns under state and federal law.
11. Each party shall bear its own attorney fees and costs, if any, incurred through the date this Settlement Agreement is signed by both parties.
12. **This Settlement Agreement is binding upon Cross H Ranch, Inc. its successors and assigns, and upon the WDEQ.**
13. The persons signing this Settlement Agreement certify that they are duly authorized to bind their respective parties to this Settlement Agreement.

FOR: Cross H Ranch, Inc.,

Signed: M. Wayne Nelson Date: 9/29/10

Typed: M. Wayne Nelson

Title: President

FOR: The Wyoming Department of Environmental Quality

John V. Corra Date: 10/6/10
John V. Corra, Director
WDEQ

Lawell K. Spackman for Date: 10/5/10
Donald R. McKenzie, Administrator
WDEQ/Land Quality Division

JVC/RAC/DS

cc: Mark Rogaczewski, WDEQ/LQD, District III
Permit 697(s) NOV Docket Number 4734-10