

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

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Land Quality Division (WDEQ/LQD) and Dickau Grading, LLC 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 No. 5003-12, dated June 6, 2012. The NOV alleges the operator failed to obtain LQD authorization prior to the start of mining operations, failed to post an entrance sign, failed to protect and salvage all suitable topsoil, and failed to post topsoil stockpile signs. The mine site is located in Converse County, Section 9 and 17, Township 35 North, Range 70 West. These activities are violations of the Wyoming Environmental Quality Act (Act) and the applicable Wyoming Environmental Quality/Land Quality Noncoal Rules and Regulations (WDEQ/LQD R&R).

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

1. The WDEQ/LQD, 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. Dickau Grading, LLC was registered in Wyoming on July 10, 2006. The main office is located in Shawnee, Wyoming.
3. Violations noted in the Notice of Violation and the appropriate citation included:
 - A. Failure to gain LQD authorization prior to beginning mining operations is a violation of W.S. §35-11-401(a). Dickau Grading had been approved to mine in a different location;
 - B. Failure to post a sign at the entrance of the operation is a violation of WDEQ/LQD R&R, Ch.10, Sec. 4(a);
 - C. Failure to protect and salvage all suitable topsoil and clearly identify topsoil stockpiles by a sign is a violation of WDEQ/LQD R&R, Ch.10, Sec. 4(b).
4. To correct and remedy the alleged violation, Dickau Grading, LLC agrees to submit the following:
 - A. A corrected Form 10 and map properly showing the location of lands affected by the mining operation;
 - B. Post an entrance sign with all required information;
 - C. Protect the soil by seeding and constructing a berm/ditch around all topsoil stockpiles for both current and future disturbances;
 - D. Post a sign on all the topsoil stockpiles.
5. The operator had satisfied all the required mitigation requirements listed under item No. 4 above prior to the Settlement Agreement meeting on June 29, 2012. A new Form 10 and map has been submitted. However, BLM concurrence for mineral removal is required before the WDEQ/LQD approval of this new Form 10 to allow mining to commence. The operator has submitted photographic documentation of all signs and completion of all topsoil protection. Although topsoil protection was of concern, it is apparent that no topsoil was lost. The operator must ensure salvage and protection of all suitable topsoil and subsoil in further operations.
6. This signed Settlement Agreement by Dickau Grading, LLC, as specified above, shall constitute full satisfaction for and resolution of all claims based on the violations alleged in

NOV, Docket No. 5003-12. Contingent upon Dickau Grading, LLC, compliance with the terms of this Settlement Agreement, the WDEQ/LQD will refrain from taking further enforcement action against Dickau Grading, LLC for 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. 5003-12.

7. Dickau Grading, LLC waives any statute of limitations which may apply to an enforcement action by the WDEQ/LQD involving the specific matters described in NOV Docket No. 5003-12 in the event that Dickau Grading, LLC fails to fulfill its obligations under this Settlement Agreement.
8. Nothing in this agreement precludes WDEQ/LQD from taking additional enforcement action, including the issuance of a Notice of Violation, and/or pursuing additional penalties, should Dickau Grading, LLC violate the Wyoming Statutes or applicable R&R in the future.
9. This signed 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 Dickau Grading, LLC 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 Dickau Grading, LLC its successors and assigns, and upon the WDEQ/LQD.
13. The persons signing this Settlement Agreement certify that they are duly authorized to bind their respective parties to this Settlement Agreement.

FOR Dickau Grading, LLC:

Signed: Gary Dickau Date: 6/29/2012

Typed: Gary Dickau

Title: President

FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:

John V. Corra Date: 7/2/12
John V. Corra, Director
Wyoming Department of Environmental Quality

Nancy Nuttbrock Date: 7/2/12
Nancy Nuttbrock, Administrator
Land Quality Division

cc: Lowell Spackman, WDEQ/LQD, District I
NOV Docket No.5003-12