

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

SETTLEMENT AGREEMENT

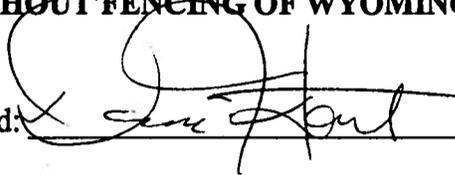
The Wyoming Department of Environmental Quality, Land Quality Division (WDEQ/LQD) and Hout Fencing of Wyoming, Inc. (Hout) a company authorized to do business in Wyoming, enter into this Settlement Agreement to fully and finally resolve without litigation the violations alleged in Notice of Violation (NOV) Docket No. 5027-12, dated August 1, 2012. The NOV was issued for exceeding the maximum disturbance acreage, failure to protect and salvage all suitable topsoil from the disturbed area, failure to protect topsoil from wind and water erosion, and failure to post topsoil stockpile signs. The mine site is located in Converse County, Section 3, Township 31 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, Hout Fencing of Wyoming Inc., 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. Hout Fencing of Wyoming, Inc. (Hout) was registered in Wyoming on December 14, 2001. The main office is located in Worland, Wyoming.
3. Violations noted in the Notice of Violation and the appropriate citation included:
 - A. Exceeding the maximum disturbance acreage is a violation of WDEQ/LQD R&R, Ch.10, Sec. 1. The disturbance was recorded at 11.4 acres;
 - B. 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, Hout agrees to complete the following requirements and submit the following by November 15, 2012:
 - A. A plan to reclaim approximately 1.4 acres of the disturbed area. Provide photographic documentation showing the 1.4 acre area that was reclaimed. The reclamation to be completed by the deadline shall include backfilling as necessary, applying topsoil, and seeding.
 - B. All topsoil resources shall be salvaged within the disturbance limits of the site. Salvaging shall include any areas that were not salvaged previously and the consolidation of all the soil that was windrowed into small piles, which exist throughout the operation, into a large stockpile. With this soil salvage completed, it is anticipated that topsoil loss will be minimal. All soil stockpiles shall be protected from wind and water erosion by seeding and constructing a berm/ditch around the base of the topsoil stockpiles. Hout shall provide photographic documentation showing that all soil previously not salvaged or windrowed have been consolidated as discussed above;
 - C. Signs will be posted on all the topsoil stockpiles. Hout will provide photographic documentation of the signs on the soil stockpiles.

5. This signed settlement agreement is due no later than fifteen (15) days from receipt of the agreement.
6. Subject to the waiver set forth in Item No. 7 below, Hout agrees to pay One Thousand Seven Hundred Fifty Dollars (\$1,750.00) as a stipulated settlement as partial resolution to this matter in lieu of litigation under W.S. §35-11-901(a)(ii). Payment in the amount One Thousand Seven Hundred Fifty Dollars (\$1,750.00) shall accompany this Settlement Agreement with your signature. This signed agreement and payment are due no later than 15 days after Hout's receipt of this agreement. This 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: Nancy Nuttbrock, Administrator, Wyoming Department of Environmental Quality, Land Quality Division, Herschler Building, 3 Floor-West, 122 West 25th Street, Cheyenne, Wyoming 82002.
7. If Hout does not satisfy the terms of this Settlement Agreement by completing all mitigation outlined in Item No. 4 of this agreement by November 15, 2012, an additional One Thousand Seven Hundred Fifty Dollars (\$1,750.00) shall be due. If this mitigation is not completed by November 15, 2012, the additional payment must be mailed to the address listed above in Item No. 6 of this agreement and received by the WDEQ/LQD no later than November 19, 2012.
8. This signed Settlement Agreement by Hout Fencing of Wyoming, Inc., as specified above, shall constitute full satisfaction for and resolution of all claims based on the violations alleged in NOV, Docket No. 5027-12. Contingent upon Hout compliance with the terms of this Settlement Agreement, the WDEQ/LQD will refrain from taking further enforcement action against Hout 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. 5027-12.
9. Hout 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. 5027-12 in the event that Hout fails to fulfill its obligations under this Settlement Agreement.
10. 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 Hout violate the Wyoming Statutes or applicable R&R in the future.
11. This signed 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 Hout Fencing of Wyoming, Inc. and specifically retain all immunity and all defenses available as sovereigns under state and federal law.
13. Each party shall bear its own attorney fees and costs, if any, incurred through the date this Settlement Agreement is signed by both parties.
14. This Settlement Agreement is binding upon Hout Fencing of Wyoming, Inc. its successors and assigns, and upon the WDEQ/LQD.
15. The persons signing this Settlement Agreement certify that they are duly authorized to bind their respective parties to this Settlement Agreement.

FOR HOUT FENCING OF WYOMING, INC.:

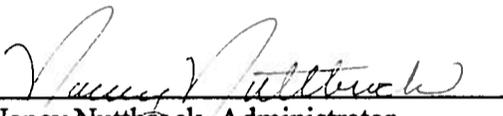
Signed:  Date: 9-26-12

Typed: Dave Hout

Title: President

FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:

 Date: October 1, 2012
John V. Corra, Director
Wyoming Department of Environmental Quality

 Date: October 1, 2012
Nancy Nuttbrock, Administrator
Land Quality Division

cc: Lowell Spackman, WDEQ/LQD, District I
NOV Docket No.5027-12