

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

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Land Quality Division (WDEQ/LQD) and American Colloid Company (ACC), 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. 5178-13, dated July 5, 2013**. The NOV alleges: that the mine affected lands outside the permit boundary, failed to protect topsoil from wind and water erosion, and failed to prevent the pollution of surface waters. The site of this violation is located in the SW¼SE¼ Section 7, Township 57 North, Range 61 West and NE¼ Section 18, Township 57 North, Range 61. 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).

Wyoming Statute (W.S.) §35-11-901(a)(ii) authorizes the WDEQ/LQD to negotiate a stipulated settlement, including a cash settlement payment, in lieu of litigation. To that end, American Colloid Company 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. ACC is the operator of a bentonite mining operation located in Crook County, Wyoming. As part of its operation, ACC has mined mineral from this site and distributed or sold the mined mineral for commercial use.
3. Affecting lands outside the approved permit boundary of Permit 620 is a violation of W.S. § 35-11-415 (b) (ii).
4. Failure to prevent the pollution of surface and subsurface waters on lands affected by mining is a violation of W.S. § 35-11-415(b)(viii)
5. Failure to protect removed and segregated topsoil from wind and water erosion is a violation of W.S. § 35-1-415(b)(iii).
6. ACC agrees to pay a total of Six Thousand Dollars (\$6000.00) as a stipulated cash settlement payment to resolve this matter in lieu of litigation under W.S. §35-11-901(a)(ii). Payment is due and payable within thirty (30) days of full execution of this Settlement Agreement. Payment shall be by check made payable to the Wyoming 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. ACC agrees to submit application for amendment (or incidental boundary revision) of affected lands into Mine Permit 620 to WDEQ/LQD by December 1, 2013.
8. ACC shall include in the permit application a plan and timetable for the remediation of the erosion and deposition detailed in NOV, Docket No. 5178-13.
9. This signed Settlement Agreement by ACC as specified above shall constitute full satisfaction for and resolution of all claims by the WDEQ/LQD against ACC, based on the violations alleged in NOV, Docket No. 5178-13. Contingent upon ACC's compliance with the terms of this Settlement Agreement, the WDEQ/LQD will refrain from taking further enforcement action against ACC, 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. 5178-13.

10. ACC 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. 5178-13 in the event that ACC fails to fulfill its obligations under this Settlement Agreement.
11. 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 ACC violate the Wyoming Environmental Quality Act or applicable rules and regulations in the future.
12. This Settlement Agreement shall be admissible by either party without objection by the other party in any subsequent action between these parties.
13. 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 ACC and specifically retain all immunity and all defenses available as sovereigns under state and federal law.
14. Each party shall bear its own attorney fees and costs, if any, incurred through the date this Settlement Agreement is signed by both parties.
15. **This Settlement Agreement is binding upon ACC, its successors and assigns, and upon the WDEQ/LQD.**
16. The persons signing this Settlement Agreement certify that they are duly authorized to bind their respective parties to this Settlement Agreement.

FOR American Colloid Company:

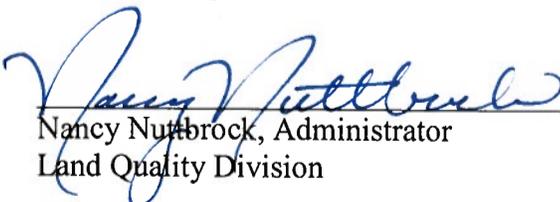
Signed:  Date: 8-14-13

Typed: Lyndon Bucher

Title: Environmental Supervisor

FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:

 Date: 8-26-13
Todd Parfitt, Director
Wyoming Department of Environmental Quality

 Date: 8-26-13
Nancy Nuttbrock, Administrator
Land Quality Division

JVC/DRM/JM/MJR

cc: Mark Rogaczewski, WDEQ/LQD, District III
Permit 620, NOV Docket No. 5178-13