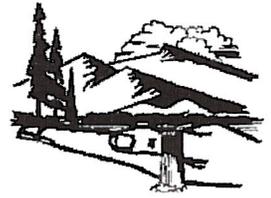




# Department of Environmental Quality

*To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.*



Matthew H. Mead, Governor

Todd Parfitt, Director

November 15, 2014

Mr. Cameron Dustin, Safety & Environmental Director  
Knife River  
P.O. Box 20150  
Cheyenne, WY 82003-7003

**RE: Receipt of Settlement Agreement received for Notice of Violation, Docket No. 5489-14**

Dear Mr. Dustin:

Please find a copy of the original signed Settlement Agreement for NOV Docket # 5489-14. Thank you for your cooperation in this matter. Once all the conditions of the Settlement Agreement have been met, the Violation will be terminated.

Should you have any questions, please contact Robin Jones in the LQD District I Office at 307-777-8956.

Sincerely,

Kim Pandullo  
Office Support Specialist II  
Land Quality Division

Enclosure

xc: District 1  
Permit 684 Violation File  
Knife River, 1461 Bryan Stock Trail, Casper, WY 82601-6821  
Lara Asbury



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

**SETTLEMENT AGREEMENT**

The Wyoming Department of Environmental Quality, Land Quality Division (WDEQ/LQD) and Knife River, DBA JTL Group, Inc. 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. 5489-14 dated October 22, 2014**. The NOV alleges that Knife River: 1) affected lands outside the approved Permit 684 boundary, 2) disturbed areas outside the approved area to affect, and 3) failed to salvage and protect topsoil and subsoil.

The mine site is located in Natrona County in portions of Townships 33 North, Ranges 76 West. The approved permit includes approximately 1,120 acres. The listed allegations are violations of the Wyoming Environmental Quality Act (Act) and the applicable Wyoming Department of Environmental Quality/Land Quality Division Noncoal Rules and Regulations (WDEQ/LQD R&R).

Wyoming Statute (W.S.) §35-11-701(c) authorizes the WDEQ/LQD to attempt to eliminate the cause of the violations by conference and conciliation, in lieu of litigation. To that end, Knife River 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 are principally situated in Cheyenne, Wyoming. WDEQ is the agency with the responsibility for administering the Wyoming Environmental Quality Act including all provisions of the WDEQ/LQD R&R.
2. Knife River is the permittee of Permit 684, a sand and gravel mine operation located in portions of Townships 33 North, Ranges 76 West in Natrona County. Knife River is the also primary operator of the mine.
3. Knife River had mined material outside the approved permit area. It is estimated that there was about 1.85 acres of disturbance in the two pits. Additional disturbance also includes the haul road into these two pits. The two pits were inspected during both site visits on September 24 and October 8, 2014.
4. To mitigate the off-site disturbances, Knife River agrees to backfill and reclaim the two pits that were outside the permit area and the site that was mined outside the Area to Affect before December 1, 2014. Seeding of these sites must occur before April 15, 2015. Photographic documentation of the completion of these items is required for each of these areas. If the spring of 2015 is dry, Knife River may wish to seed to a cover crop like Millet until more favorable conditions exist. If this becomes the case, consultation with LQD is required.
5. To mitigate the failure to salvage and protect the suitable topsoil and subsoil, Knife River agrees to strip all suitable topsoil and subsoil in advance of future mining. Before advancing the highwall, Knife River will ensure that a buffer zone of at least 20 ft. is created where soil has been salvaged. A 20 ft. buffer zone will provide the operator with enough space to construct a safety berm along the highwall and include a road for access by vehicular traffic without traveling on and compaction of the native soil surface. A green line delineating the furthest extent of soil salvage or the soil buffer zone should also be created. It is acceptable to stockpile soil on the native soil above the green line, but piling overburden/spoil on this surface is prohibited by regulation.

District I Supervisor of this mining outside the permit area in July, 2014. According to the Annual Report, once Knife River realized they had mined outside the approved permit, they stopped any additional mining and planned to reclaim these pits later this year. The areas mined outside the permit area were being backfilled. Knife River planned to complete backfilling the western pit, move to the eastern pit, and finish up with the area that was mined outside the disturbance limit or area to affect. Knife River's quick reaction to mitigating this violation has been taken in to account with the penalty assessment as outlined No. 7 below.

B. Knife River also quickly began mitigation of the violation for failure to salvage topsoil and subsoil. During the follow-up inspection of October 8, 2014, the operator had pulled back the soil from the active highwall face and created a soil salvage buffer zone and green line to the west of the advancing highwall face. Knife River had mitigated some of the concerns with the loss of topsoil and subsoil in this area. However, suitable topsoil and subsoil were lost as no soil was salvaged from these offsite disturbances. Knife River's quick responses to the concerns expressed during the initial inspection on September 24 are accounted for in the penalty assessment outlined in Item No. 7, below.

7. Subject to the waiver hereafter set forth, within thirty (30) days of full execution of this Settlement Agreement, Knife River agrees to pay to the WDEQ/LQD three-thousand dollars (\$3000) for the loss of suitable topsoil and subsoil as a stipulated settlement as partial resolution to this matter in lieu of litigation under W.S. §35-11-901(a)(ii). Note that any future loss of soil or failure to salvage and protect the soil will result in a similar penalty, if not higher. 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 25<sup>th</sup> Street, Cheyenne, Wyoming 82002.
8. As a result of Knife River's quick action and partial mitigation of the off-site disturbances, no immediate penalty will be assessed for the off-site violations. However, if Knife River does not satisfy the backfilling and seeding requirement for these off-site disturbances by December 1, 2014 and April 15, 2015 respectively, as previously outlined above, an additional thirty-thousand dollars (\$30,000) will be due within thirty (30) days of notification by the WDEQ/LQD.
9. This signed Settlement Agreement by Knife River as specified above shall constitute full satisfaction for and resolution of all claims based on the violations alleged in NOV Docket No. 5489-14. Contingent upon Knife River's compliance with the terms of this Settlement Agreement, the WDEQ/LQD will refrain from taking further enforcement action against Knife River 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. 5489-14.
10. Knife River 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. 5489-14 in the event that Knife River 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, and/or pursuing additional penalties, should Knife River violate the Wyoming Statutes or applicable R&R in the future.

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 Knife River, 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.

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**FOR KNIFE RIVER**

Signed: 

Date: 11/5/14

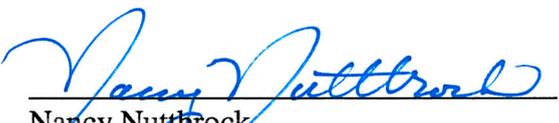
Typed: LEO ZHEMICE

Title: Acting Gen. Mgr.

**FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:**

  
Todd Parfitt, Director  
Wyoming Department of Environmental Quality

11/15/14  
Date

  
Nancy Nuttbrock  
Deputy Director, Dept. of Environmental Quality  
Administrator, Land Quality Division

11/14/14.  
Date

TP/NN/lks

cc: Kim Pandulo, NOV Files (684)  
Robin Jones, LQD