WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY

LAND QUALITY DIVISION

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Land Quality Division (WDEQ/LQD) and Black Hills Bentonite, LLC(BHB), a company authorized to do business in Wyoming, enter into this Settlement Agreement to fully and finally resolve without litigation the violations alleged in the **Notice of Violation (NOV) Docket Number 5480-14, dated October 7, 2014.** The notice of violation (NOV) alleges that the operator failed to reclaim areas within the permit in accordance with the Chapter 13 requirements.

The violations are located on lands within the permit boundary of Permit #339C, which is located in Natrona and Johnson Counties. This is a violation of the Wyoming Environmental Quality Act (Act) and applicable Wyoming Department of Environmental Quality/Land Quality Division 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, Black Hills Bentonite, LLC (BHB) 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 NC R&R.

2. BHB is the operator of a bentonite mine located in Johnson and Natrona Counties, Wyoming. This mining operation is permitted with WDEQ/LQD as Mining Permit No. 339C. As part of its operation BHB mines mineral from this site and distributes or sells the mineral mined for commercial use.

3. The Notice of Violation was written for failure to reclaim areas within the permit in accordance with Chapter 13, Section 3(a)(vi) of the WDEQ/LQD Non-coal Rules and Regulations.

4. BHB agrees to reclaim the areas by the dates shown on the attached spreadsheet or pay a $10,000 (ten thousand dollar) penalty for each area not reclaimed by the specified date.

5. This signed agreement and compliance schedule provides the basis for full satisfaction and resolution of all claims by the WDEQ/LQD against BHB, based on the violation alleged in Notice of Violation Docket 5480-14. Contingent on BHB compliance with the terms of this Settlement Agreement, the WDEQ/LQD will refrain from taking further enforcement action against BHB for this particular violation cited in this Settlement Agreement. By this Settlement Agreement, the parties intend to resolve with prejudice all allegations that were asserted in NOV Docket 5480-14.

6. BHB waives any statute of limitations which may apply to an enforcement action by WDEQ/LQD involving the specific matters described in the Notice of Violation Docket No. 5480-14.

7. Nothing in this agreement precludes WDEQ/LQD from taking additional enforecement action, including the issuance of a Notice of Violation, Order and/or pursuing additional penalties, should BHB violate the Wyoming Environmental Quality Act or applicable rules and regulations in the future.

8. This Settlement Agreement shall be admissible by either party without objection by the other party in any subsequent action between these parties.

9. Not withstanding 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 BHB and specifically retain all immunity and all defenses available as sovereign under state and federal law.

10. Each party shall bear its own attorney fees and costs, if any, incurred through the dat the Settlement Agreement is signed by both parties.

11. This Settlement Agreement is binding upon BHB its successors and assigns, and upon the WDEQ.

12. The persons signing this Settlement Agreement certify that they are duly authorized to bind their respective parties to this Settlement Agreement.

FOR: Black Hills Bentonite, LLC

Signed: Thomas A. Thorson Date: 11-18-14

Typed: Thomas A. Thorson

Title: President/General Manager

For: The Wyoming Department of Environmental Quality

Todd Parfitt, Director
WDEQ

Date: 11/25/14

Nancy Nuttbrock, Administrator
WDEQ/Land Quality Division

Date: 11/25/14.

Permit 339C	Map Number	Location	Site type	Acres	Affected Date	Settlement Deadline
	No. 9	SE/NW, SE/NE, NE/SE Sec 24, T41, R82	Pit 24-4D	8	2008	30-Jun-15
	No. 1	SW/NW, NW/SW Sec 25, T45, R83	Pit 97-1	1.7	1997	31-Dec-16
	No. 1	NW/SW, Sec 25, T45, R8.	Pit 98-1	3.5	1998	31-Dec-16
	No. 1	NW/NW, SW/NW and SE/NE Sec 26, T45, R83	MDA 10-1	4.1	2010	31-Dec-15