

JUL 27 2015

RECEIVED

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. 5584-15, dated June 16, 2015**. The NOV alleges: that the mine failed to segregate topsoil from mixing with spoil and waste material and failed to remove topsoil from areas prior to be disturbed by mining. The sites of these violations are located in Sections 19 and 30, Township 57 North, Range 62 West, Sections 24 and 25, Township 57 North, Range 63, Section 8, Township 56 North, Range 61 West, and Sections 29 and 30, Township 58 North, Range 63 West. These are violations 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. Failure to segregate topsoil from mixing with spoil and other waste material is a violation of Non-coal Rules and Regulations Chapter 3, Section 2(c)(i)(A).
4. Failure to remove topsoil from areas to be disturbed by mining is a violation of Non-coal Rules and Regulations Chapter 3, Section 2(c)(i)(A).
5. ACC agrees to pay a total of Eight Thousand Dollars (\$8,000.00) 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: Kyle Wendtland, Administrator, Wyoming Department of Environmental Quality, Land Quality Division, Herschlér Building, 3 Floor-West, 122 West 25th Street Cheyenne, Wyoming 82002.
6. ACC shall perform the following abatement actions and provide photo documentation to the LQD District 3 office on or before September 25, 2015: 1) Segregate topsoil from overburden stockpiles and protect topsoil stockpiles from contamination; strip and salvage topsoil from heavy traffic areas; remove topsoil from the safety berm, remove spoil from unstripped topsoil at the Ericsson Property. 2) Remove sediment deltas from unstripped topsoil at the Haul 1 property. 3) Remove the safety berm and strip and salvage topsoil along the highwall at the Garman/Maupin property. 4) Remove spoil material and sediment deltas from topsoil at the Garman/Ackerman property.
7. 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. 5584-15. 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

JUL 27 2015

RECEIVED

Agreement. By this Settlement Agreement, the parties intend to resolve with prejudice all allegations that were asserted in NOV Docket No. 5584-15.

- 8. 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. 5584-15 in the event that ACC fails to fulfill its obligations under this Settlement Agreement.
- 9. 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.
- 10. This Settlement Agreement shall be admissible by either party without objection by the other party in any subsequent action between these parties.
- 11. 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.
- 12. Each party shall bear its own attorney fees and costs, if any, incurred through the date this Settlement Agreement is signed by both parties.
- 13. **This Settlement Agreement is binding upon ACC, its successors and assigns, and upon the WDEQ/LQD.**
- 14. 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: [Signature]

Date: 7-22-15

Typed: Jason Schneider

Title: Mining Operations Manager

FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:

[Signature]
Todd Parfitt, Director
Wyoming Department of Environmental Quality

Date: 7/27/15

[Signature]
Kyle Wendtland, Administrator
Land Quality Division

Date: July 27, 2015

JVC/DRM/JM/MJR

cc: Mark Rogaczewski, WDEQ/LQD, District III
Permit 620, NOV Docket No. 5584-15