

SETTLEMENT AGREEMENT



The Wyoming Department of Environmental Quality, Solid and Hazardous Waste Management Division (DEQ) and Bradley Petroleum, Inc. (Bradley); enter into this Settlement Agreement to fully and finally resolve without litigation the violations alleged in Notice of Violation No. 3851-06, dated March 4, 2006. Bradley is the owner and operator of the underground storage tanks located at 902 East Second Street, Casper, WY 82009. This underground storage tank facility is registered with the DEQ as facility 0-003396. The Notice of Violation alleges that: 1) Bradley failed to investigate and report a suspected release when Statistical Inventory Reconciliation failed for the mid-grade tank in February, 2005, the premium tank in February, 2005, and the Unleaded tank in January, February and March, 2005; 2) Bradley failed to investigate when the Statistical Inventory Reconciliation was inconclusive for the mid-grade tank in July and the unleaded tank in September. Bradley is required to investigate all inconclusive results, audit and resubmit the records for re-evaluation by the provider, and treat inconclusive results as failures if they cannot be resolved during the investigation. These acts are violations of the Wyoming Water Quality Rules and Regulations (WWQRR) Chapter 17 Section 16 (g).

W.S. 35-11-901(a)(ii) authorizes the DEQ to negotiate a stipulated settlement, including payment of a penalty, in lieu of litigation. To that end, Bradley and the DEQ hereby stipulate and agree as follows:

1. The DEQ is responsible for enforcing the Act and Chapter 17, WWQRR.
2. Wyoming Water Quality Rules and Regulations (WWQRR) Chapter 17 Section 16 (g) states: "Statistical Inventory Reconciliation (SIR). All SIR methods shall: (iv) All "inconclusive" results shall be investigated by the owner and/or operator as soon as they are reported by the SIR company, including a complete audit of all input data. The owner and/or operator shall make every effort to resolve all "inconclusive" results as soon as they are reported." Also, WWQRR Chapter 17 Section 16 (g)(v) states: "Owners and/or operators using SIR shall report a suspected release and follow the requirements of Section 19 (c) of this chapter whenever: (A) Any single month is reported as a failure for the UST system by the SIR company; and (B) Any month is reported by the SIR company as "inconclusive" unless that inconclusive result has been resolved by re-submission of audited inventory numbers to the SIR company."
3. Bradley owns and operates tanks located at 902 East Second Street, Casper, Wyoming and registered with the DEQ, as facility 0-003396. As part of the Operator's Annual Inspection Bradley submitted SIR results for 2005 showing failures and inconclusive results.
4. Since receiving the Notice of Violation No. 3851-06 on or about March 10, 2006, Bradley has corrected the cited violations.
5. Bradley agrees to pay a total of Ten Thousand Dollars (\$10,000.00) to the Water Quality Division as a stipulated penalty for the cited violations. Payment of Twenty Five Hundred Dollars (\$2,500.00) shall be made within 30 days after execution of this Settlement Agreement. Payment shall be made by check made payable to the Wyoming Department of Environmental Quality and addressed to the Wyoming Department of Environmental Quality, Attention: Robert Lucht, Herschler Building, 4th Floor West Wing, 122 W. 25th Street, Casper, WY 82002.
6. Seventy Five Hundred Dollars (\$7,500.00) of this penalty is stayed pending full compliance with Chapter 17 for one (1) year from the date of this Settlement Agreement. For purposes of this Settlement Agreement only, full compliance means:

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a. Payment in full of all storage tank fees no later than July 1 of each year;

b. Registration of these tanks every year no later than July 1 and every time there is a change in status of these tanks as required by statute;

c. Performance of any one of the tank leak detection methods found in Chapter 16, Section 16 within thirty days of the date of this settlement agreement and again every thirty days thereafter. This means that Statistical Inventory Reconciliation is to be maintained every month until the automatic tank gauge required under paragraph 10 is fully installed. Records of all of these tests shall also be maintained by Bradley for three (3) years;

d. Providing an Operator's Annual Inspection (OAI) of this facility no later than June 29 of each year. The OAI includes: Having a functional test of the Automatic Line Leak Detectors on the pressurized lines no later than June 29, 2006 and every year thereafter no later than June 29. Records of these tests shall be maintained by Bradley for three (3) years;

e. In the event that the Statistical Inventory Control indicates that a release has occurred, as defined by Chapter 17, Section 16, then Bradley agrees to immediately report a suspected release and follow all procedures called for in Chapter 17, Section 19(c) and Section 20;

f. If these tanks are removed, notification of the department and inspection by the department as required by statute. If, as a result of the removal the site is a contaminated site, payment all contaminated site fees by July 1 of each year.

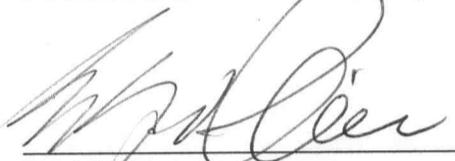
If Bradley complies fully with Chapter 17 for one (1) year from the date of this Settlement Agreement, then Seventy Five Hundred Dollars (\$7,500.00) of this penalty shall be forgiven.

7. Bradley's full compliance with the terms of this Settlement Agreement shall constitute satisfaction for all claims by the DEQ against Bradley based on the violations alleged in Notice of Violation No. 3851-06. Contingent upon Bradley's compliance with the terms of this Settlement Agreement, the DEQ will refrain from taking further enforcement action against Bradley for these particular violations.
8. Bradley waives any statute of limitations which may apply to an enforcement action by the DEQ involving the specific matters described in Notice of Violation No. 3851-06 in the event that Bradley fails to fulfill its obligations under this Settlement Agreement.
9. This Settlement Agreement shall be admissible by either party without objection by the other party in any subsequent action between these parties.
10. Each party shall bear its own attorney fees and costs, if any, incurred through the date this Settlement Agreement is signed by both parties.
11. This Settlement Agreement is binding upon Bradley Petroleum, Inc. and all of its successors and assigns, and upon the DEQ.

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- 12. Nothing in this Settlement Agreement supersedes any provision found in any Wyoming State law, or any regulation issued by the Department of Environmental Quality or any federal law or regulation.
- 13. The persons signing this Settlement Agreement certify that they are duly authorized to bind their respective parties to this Settlement Agreement.

FOR BRADLEY PETROLEUM, INC.:



Brad Calkins
President

6-30-06

Date

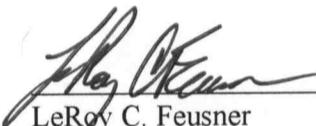
FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:



John V. Corra,
Director

6/8/06

Date



LeRoy C. Feusner
Administrator
Solid and Hazardous Waste Management Division

5/9/06

Date

Penalty check of \$2500⁰⁰ received
7/5/06
