

## SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Solid and Hazardous Waste Management Division (DEQ) and Ron and Lori Hill enter into this Settlement Agreement to fully and finally resolve without litigation the violations alleged in Notice of Violation No. 4016-07, dated February 8, 2007. Ron and Lori Hill are the operators of the underground storage tanks (USTs) located at 901 West Pershing Blvd., Cheyenne, WY 82001, until June 30, 2007. This UST facility is registered with the DEQ as facility 0-000845. The Notice of Violation alleges that: 1) Ron and Lori Hill failed to keep records of automatic tank gauging for any month prior to December 2006. 2) Ron and Lori Hill failed to report a suspected release and failed to investigate when the inventory control records failed to balance for the diesel UST in August and September 2006. Ron and Lori Hill are required to report a suspected release and investigate whenever inventory control records fail to balance within 1% of throughput plus 130 gallons for the second consecutive month. These acts are violations of the Wyoming Water Quality Rules and Regulations (WWQRR), Chapter 17, Sections 16 (a), 16 (c), and 19 (c).

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, Ron and Lori Hill and the DEQ hereby stipulate and agree as follows:

1. The DEQ is responsible for enforcing the Storage Tank Act of 2007 and Chapter 17, WWQRR.
2. Wyoming Water Quality Rules and Regulations (WWQRR), Chapter 17, Section 16 (c), states: “(c) Automatic tank gauging (ATG). Equipment for automatic tank gauging that tests for the loss of a regulated substance shall detect a 0.2 gallon per hour leak rate from any portion of the tank that routinely contains a regulated substance. Owners and/or operators using automatic tank gauging shall also: (i) conduct inventory control in conformance with paragraph (a)(i) of this section, unless: (A) the regulated substance is placed in the UST in batches of twenty five (25) gallons or less; (B) a passing result is obtained monthly from the Automatic Tank Gauge with the tank at least 85% full; (C) the automatic tank gauge itself reconciles the inventory to the same levels as required by paragraph (a)(i) of this section; or (D) a method of equivalent performance to inventory control is also used. (ii) report a suspected release and follow the requirements of Section 19(c) of this chapter whenever: (A) Any calendar month goes by when a passing result cannot be obtained from the ATG sometime during the month; or (B) A pattern becomes evident that the ATG produces a failing result whenever the level of a regulated substance in the tank is high, even if passing results can be obtained when the level is low. (C) Inventory control fails for the second consecutive month.”

Wyoming Water Quality Rules and Regulations (WWQRR), Chapter 17, Section 16 (a), states: “(a) Inventory control. Inventory control is never acceptable as a leak detection method except when it is combined with another method. Product inventory control (or another test of equivalent performance) shall be conducted monthly to detect a release of at least 1.0 percent (1%) of throughput plus one hundred thirty (130) gallons in the following manner: (i) Inventory volume measurements for regulated substance inputs, withdrawals, and the amount still remaining in the UST shall be recorded each operating day; (ii) The equipment used shall be capable of measuring the depth of regulated substance over the full range of the USTs height to the nearest one-eighth (1/8) of an inch; (iii) The regulated substance inputs shall be reconciled with delivery receipts by measurement of the UST inventory volume before and after delivery; (iv) Deliveries shall be made through a drop tube that extends to within one (1) foot of the UST bottom; (v) Dispensing of regulated substances shall be metered and recorded within the local standards for meter calibration or an accuracy of six (6) cubic inches for every five (5) gallons of regulated substance withdrawn; and (vi) Water in the bottom of the UST shall be measured to the nearest one-eighth (1/8) of an inch at least once a month. (vii) Owners and/or operators using inventory control may combine this method with tank tightness testing at least every five (5) years until December 22, 2008, or until ten (10) years after the UST itself first met the requirements of Section 6(a),

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whichever is sooner; (viii) Owners and/or operators using inventory control shall report a suspected release under Section 19(c) of this chapter whenever: (A) the inventory control fails to balance within 1.0 percent (1%) of total throughput plus one hundred thirty (130) gallons for the second consecutive month; (B) More than 20 daily readings are either positive or negative for the second consecutive month; or (C) A graph of the daily over/short readings shows a consistent non-zero trend for two consecutive months.”

Wyoming Water Quality Rules and Regulations (WWQRR), Chapter 17, Section 19 (c), states: “Section 19. Reporting of Suspected Releases. Owners and/or operators of storage tank systems shall orally report to the department within twenty-four (24) hours all releases or suspected releases in accordance with Section 22 and follow the procedures of Section 22.

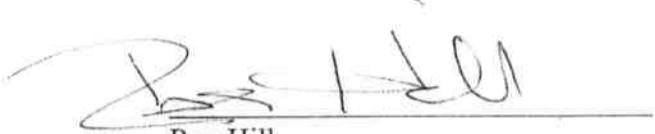
Owners of sites where storage tanks were formerly located shall also report within seven (7) days after discovering any new evidence of a release. These reports shall be made for any of the following conditions:(c) Monitoring results: Monitoring results from a release detection method required under Section 14 through 17 that indicate a release may have occurred unless the monitoring device is found to be defective, and is immediately repaired, recalibrated or replaced, and additional monitoring does not confirm the initial result.”

3. Until June 30, 2007, Ron and Lori Hill operated USTs located at 901 West Pershing Blvd., Cheyenne, Wyoming, and registered with the DEQ, as facility 0-000845. During an inspection conducted December 13, 2006, Ron and Lori Hill were unable to produce any records for ATG prior to December 2006. During that same inspection, it was determined that inventory control records for July, August, and September 2006 failed to balance within 1% of throughput plus 130 gallons.
4. Since receiving the Notice of Violation No. 4016-07 on or about February 10, 2007, Ron and Lori Hill have corrected the cited violations.
5. Ron and Lori Hill agree to pay a total of One Thousand Dollars (\$1,000.00) to the Solid and Hazardous Waste Management Division as a stipulated penalty for the cited violations. Payment of One Thousand Dollars (\$1,000.00) shall be made within thirty (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, 4<sup>th</sup> Floor West Wing, 122 W. 25<sup>th</sup> Street, Cheyenne, WY 82002.
6. Ron and Lori Hill’s full compliance with the terms of this Settlement Agreement shall constitute satisfaction for all claims by the DEQ against Ron and Lori Hill based on the violations alleged in Notice of Violation No. 4016-07. Contingent upon Ron and Lori Hill’s compliance with the terms of this Settlement Agreement, the DEQ will refrain from taking further enforcement action against Ron and Lori Hill for these particular violations.
7. Ron and Lori Hill waive any statute of limitations that may apply to an enforcement action by the DEQ involving the specific matters described in Notice of Violation No. 4016-07 in the event that Ron and Lori Hill fail to fulfill their obligations under this Settlement Agreement.
8. This Settlement Agreement shall be admissible by either party without objection by the other party in any subsequent action between these parties.
9. Each party shall bear its own attorney fees and costs, if any, incurred through the date this Settlement Agreement is signed by both parties.
10. This Settlement Agreement is binding upon Ron and Lori Hill and all of their successors and assigns, and upon the DEQ.

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11. 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.
12. The persons signing this Settlement Agreement certify that they are duly authorized to bind their respective parties to this Settlement Agreement.

FOR RON AND LORI HILL:

  
\_\_\_\_\_  
Ron Hill

7-10-07  
\_\_\_\_\_  
Date

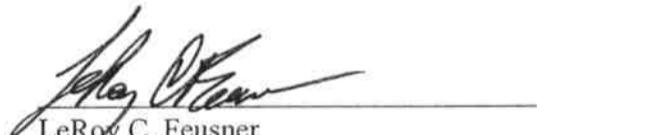
  
\_\_\_\_\_  
Lori Hill

7-10-07  
\_\_\_\_\_  
Date

FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:

  
\_\_\_\_\_  
John V. Corra,  
Director

6/19/07  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
LeRoy C. Feusner  
Administrator  
Solid and Hazardous Waste Management Division

15 Jan 07  
\_\_\_\_\_  
Date

Penalty check in the amount of \$1000<sup>00</sup>  
received 7/12/07 Check # 5436 drawn on  
the account of "Corner Stop" at the  
Bank of the West, Torrington.

