

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Solid and Hazardous Waste Division (DEQ/SHWDD) and Hermes Consolidated, Inc. (d/b/a Wyoming Refining Company), a Delaware corporation 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 No. 4101-07, July 2, 2007**. The Notice of Violation alleges that: 1) Wyoming Refining Company, is in violation of the Wyoming Environmental Quality Act (Act) and applicable Solid and Hazardous Waste Rules & Regulations or permit conditions.

W.S. 35-11-901(a)(ii) authorizes the DEQ to negotiate a stipulated settlement, including payment of a penalty, compliance schedules, or other enforcement conditions, in lieu of litigation. To that end, Wyoming Refining Company and the DEQ/SHWD hereby stipulate and agree as follows:

1. The DEQ/SHWD is responsible for enforcing the Solid and Hazardous Waste Rules & Regulations.
2. Wyoming Refining Company operates a petroleum refinery near Newcastle, WY. Wyoming SWRR, Chapter 8, Section 5 (c) (ii) requires that petroleum-contaminated soils (PCS) waste units be designed/constructed to prevent the migration of contaminants to other soils, ground water and/or surface water. There was ponded water in contact with stored waste materials in the PCS storage area with the potential for seepage and runoff of contaminants into surface and groundwater.
4. Wyoming HWRR, Chapter 8, Section 4(c)(i)(B) requires hazardous waste generators to file the required exception report within the 45 day required time frame for manifest #000257372. The facility failed to file the required exception report within the 45 day required time frame for manifest #000257372.
5. Wyoming HWRR, Chapter 8, Section 3(e)(iii)(A) requires hazardous waste generators to properly label containers in the satellite accumulation area. The drum in the Syn-Filter satellite accumulation area did not have a legible label.
6. Wyoming SWRR, Chapter 8, Section 4(c)(i)(A) requires generators have copies of the manifest from the TSD. The generator did not have a manifest copy from the TSD for manifest #000257372.
7. By November 1, 2007, WRC shall have corrected all of the above-cited violations.
8. Wyoming Refining Company and the WDEQ/SHWD agree to a stipulated penalty

of twenty thousand and eight hundred seventy-six dollars (\$20,876) in this case. Wyoming Refining Company shall remit a check in the amount of seven thousand, five hundred dollars (\$7,500.00) within thirty (30) days of the effective date of this SA to offset a portion of the total penalty amount.

9. Wyoming Refining Company and the WDEQ/SHWD further agree that in lieu of paying up to thirteen thousand three hundred seventy-six dollars (\$13,376.00), the balance of the total penalty amount, Wyoming Refining Company (WRC) shall construct, maintain and operate a supplemental environmental project (SEP) as described in the July 31, 2007, letter "SEP Credit Approval Request for a Petroleum Contaminated Soil (PCS) Storage Pad Installation" sent to the department and included as Attachment A. Construction of the Petroleum Contaminated Storage Pad shall commence within sixty (60) days after execution of this Settlement Agreement by both parties, and shall be completed no later than February 1, 2008. Wyoming Refining Company shall document the costs incurred building the SEP. This SEP shall comply with the following standard:

- a. The storage unit must be capable of controlling stormwater runoff and eliminating contaminated stormwater runoff from petroleum contaminated wastes.

10. If Wyoming Refining Company does not commence and complete construction of the SEP in accordance with this Settlement Agreement, it agrees to pay a total of \$13,470.00 dollars to the Solid and Hazardous Waste Division as stipulated penalty for the cited violations. If the documented SEP costs, as approved by DEQ/SHWD, are less than \$13,470.00, Wyoming Refining Company shall pay the difference as a stipulated penalty. Such payments shall be made no later than March 1, 2008 by check made payable to the Wyoming Department of Environmental Quality and addressed to the Wyoming Department of Environmental Quality, Attention: WDEQ/SHWD, Herschler Building, 4th Floor West Wing, 122 W. 25th Street, Cheyenne, WY 82002.

11. Wyoming Refining Company's full compliance with the terms of this Settlement Agreement shall constitute satisfaction for all present and future claims by DEQ against Wyoming Refining Company based on the acts or omissions alleged to be violations in Notice of Violation No. 4101-07. Contingent on Wyoming Refining Company's compliance with the terms of this Settlement Agreement, DEQ will refrain from taking further enforcement action against Wyoming Refining Company for these particular alleged acts or omissions.

12. Wyoming Refining Company waives any statute of limitations which may apply to an enforcement action by the DEQ/SHWD involving the specific matters described in Notice of Violation No. 4101-07 in the event that Wyoming Refining Company fails to fulfill its obligations under this Settlement Agreement.

13. This Settlement Agreement shall be admissible by either party without objection

by the other party in any subsequent action between these parties.

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 Wyoming Refining Company, its successors and assigns, and upon the DEQ.

16. This Settlement Agreement may only be amended in writing, signed by both parties.

17. The State of Wyoming and the Department of Environmental Quality, Solid and Hazardous Waste Division, do not waive sovereign immunity by entering into this Settlement Agreement, and specifically retain all immunity and all defenses to them as sovereigns pursuant to Wyo. Stat. §1-39-104(a) and all other state law.

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

19. This agreement is not binding until fully executed by all parties to this Agreement.

FOR: WYOMING REFINING COMPANY

Signed: Bob Neufeld

Date: 9/11/2007

Typed: Bob Neufeld

Title: Vice President Environment and Governmental Relations

FOR: THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:

John V. Brown, Director
Department of Environmental Quality (DEQ)

Date: 9/4/07

Ray Stover, Administrator
DEQ/Solid & Hazardous Waste Division

Date: 31 Aug 07