SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Solid and Hazardous Waste Management Division(DEQ) and Powell Valley Oil Company (PVOC), enter into this Settlement Agreement to fully and finally resolve without litigation the violations alleged in Notice of Violation No. 4144-07, dated September 19, 2007. PVOC is the owner and operator of the underground storage tanks (USTs) located at 328 East Main, Byron, Wyoming. This UST facility is registered with the DEQ as facility 0-003853. The Notice of Violation alleges that: 1) PVOC failed to report a suspected release within 24 hours, when the automatic tank gauge (ATG) test result was not obtained on 121 instances during the past three years. 2) PVOC failed to investigate a suspected release when the automatic tank gauge failed to report a passing result. These acts are violations of Chapter 17, Sections 16(c), 19(c) and 20 of the Wyoming Water Quality Rules and Regulations(WWQRR); and

DEQ and Hinze, Inc. (Hinze), enter into this Settlement Agreement to fully and finally resolve without litigation the violations alleged in Notice of Violation No. 4145-07, dated August 31, 2007. Hinze is the owner and operator of the underground storage tanks (USTs) located at 17th Street and Beck Avenue, Cody, Wyoming. This UST facility is registered with the DEQ as facility 0-000350. The Notice of Violation alleges that: 1) Hinze operated the unleaded gasoline tank without an overfill device until that was discovered on August 28, 2007. That act is a violation of the Wyoming Water Quality Rules and Regulations (WWQRR), Chapter 17, Sections 6 (c) (ii) (B); and

DEQ and Red Eagle LC, (Red Eagle), enter into this Settlement Agreement to fully and finally resolve without litigation the violations alleged in Notice of Violation No. 4146-07, dated September 24, 2007. Red Eagle is the owner and operator of the underground storage tanks (USTs) located at the Quik Mart Cenex at 1826 17th Street, Cody, Wyoming registered with the DEQ as Facility #0-001945. The Notice of Violation alleges that: 1) the cathodic protection system on the tanks operated by Red Eagle were due to be tested on January 8, 2007 and they were not tested until March 23, 2007; 2) the cathodic protection system on the tanks operated by Red Eagle failed a routine test March 23, 2007 and that system had not been repaired. These actions or lack of actions are all violations of Chapter 17, Section 11(a) and (b), Wyoming Water Quality Rules & Regulations (WWQRR).

PVOC, Hinze, and Red Eagle (the respondents) are all owned or controlled by Dale, Bryan, and Julie Hinze.

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, the respondents 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 (c), states: "Owners and/or operators using automatic tank gauging shall also: (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…"

   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."

   WWQRR, Chapter 17, Section 20, states: "Release Investigation and Confirmation for Eligible Owners and/or Operators, Owners and/operators of storage tanks who are eligible for cleanup under the Corrective Action Account shall immediately investigate and confirm all suspected releases of regulated substances requiring reporting under Section 19 within seven (7) days of detection."

   Wyoming Water Quality Rules and Regulations (WWQRR), Chapter 17, Section 6 (c) (i) (B), states: "(c) Spill and overfill prevention equipment. (i) Except as provided in Section 6 (c) (ii), to prevent spilling and overfilling associated with regulated substance transfer to the UST system, owners and/or operators shall use the following spill and overfill prevention equipment: (B) Overfill prevention equipment that will: (I) Automatically shut off flow into the tank when the tank is no more than ninety-five percent (95%) full; or (II) Alert the transfer operator when the tank is no more than ninety percent (90%) full by restricting the flow into the tank or triggering a high-level alarm."

   WWQRR, Chapter17, Section 11 (a) states that: "(a) *Continuous Operation*. All CP systems shall be operated and maintained to continuously provide corrosion protection to the metal components of that portion of the tank and piping that routinely contain regulated substances and are in contact with the ground. Once installed, CP systems shall not be removed, even if the tank has also been internally lined, as long as steel tanks or connected piping exist on that site. This does not preclude replacement of parts of the CP system which have become defective."

WWQRR, Chapter 17, Section 11 (b) states that: "(b) *Periodic Inspections.* All storage tank systems equipped with CP systems shall be inspected for proper operation by a qualified CP tester in accordance with the following requirements: (i) All CP systems shall be tested within six (6) months of installation and at least once every three (3) years thereafter. (ii) The criteria that are used to determine that CP is adequate shall be in accordance with the NACE Standard RP0285-2002, 'Control of External Corrosion on Metallic Buried, Partially Buried, or Submerged Liquid Storage Systems."

Since receiving Notice of Violation No. 4144-07 on or about September 25, 2007, PVOC has corrected the cited violations. Since receiving Notice of Violation No. 4145-07 on or about September 1, 2007, Hinze has corrected the cited violations. Since receiving of Notice of Violation No. 4146-07 on or about September 28, 2007, Red Eagle has corrected the cited violations.

3. The respondents have also been cited in Letters of Violation for a number of other violations. Any or all of these other violations could be the subject of a Notice of Violation at the DEQ's discretion. In the interest of efficiency, this Settlement Agreement will also cover the following additional violations that have not yet been enforced through the Notice of Violation process:

TABLE 1:

Date	Red Eagle Store	Storage Tank Facility #	Location and type of Violation	Violation citation
6-8-07	**12**	**0-004139**	**1801 Highway 310, Lovell, Wyoming**	
			OAI did not include tank leak detection records	WWQRR, Chapter 17, Section 13(e)(v)
7-11-07	**7**	**0-004010**	**555 Fair Street, Powell, Wyoming**	
			OAI did not include tank leak detection records	WWQRR, Chapter 17, Section 13(e)(v)
9-17-07	**2**	**0-003574**	**221 Yellowstone, Cody, Wyoming**	
			Failure to monitor CP rectifier every 60 days	WWQRR Chapter 27, Section 9(c)
5-14-07	**17**	**0-001743**	**2490 N. Main, Sheridan, Wyoming**	
			Line Leak Detectors (Sump Sensors) not operational	WWQRR, Chapter 17, Section 14(g)(i)
12-1-06	**16**	**0-001563**	**1968 East Yellowstone, Casper, Wyoming**	
			Broken Spill Bucket	40 CFR 280.30(a)
4-30-07	**14**	**0-001561**	**3600 W. Yellowstone, Casper, Wyoming**	
			Inspector was unable to complete inspection because facility was closed and no-one from Red Eagle was in attendance	WWQRR, Chapter 17, Section 13(b)(vi)
5-31-07	**18**	**0-000508**	**1229 Brundage, Sheridan, Wyoming**	
			Passing ATG results not on file for 2 months(	WWQRR, Chapter 17, Section 14 & 16
2-16-07	**21**	**0-000502**	**200 W. Whalen, Guernsey, Wyoming**	
			Annual mechanical line leak detector function testing conducted after due date	WWQRR Chapter 17, Section 14(g)(i)
			Compliance records not on sight	WS35-11-1422(a)(i)
			Failure to assist inspector	WWQRR Chapter 17, Section13(b)(vi)
9-18-07	**4**	**0-000350**	**17th Street and Beck, Cody, Wyoming**	
			No overfill protection	WWQRR Chapter 17, Section 6(c)(i)
			No hour meter on cathodic protection rectifier	WWQRR Chapter 17, Section 11(c)

Date	Red Eagle Store	Storage Tank Facility #	Location and type of Violation	Violation citation
9-18-07	**3**	**0-000349**	**1545 Depot Drive, Cody, Wyoming**	
			Leak detection (sump sensors) disabled	WWQRR Chapter 17, Section 14(a)(j)
			Overfill prevention device not operational	WWQRR Chapter 17, Section 6(c)(i)
9-24-07		**0-001945**	**Quik Mart Cenex, 17th & Beck, Cody, Wyoming**	
			CP testing conducted late and failed and was not repaired for longer than 6 months	WWQRR Chapter 17, Section 11(a) and (b)

4. The respondents agree to pay a total of Thirteen Thousand, Seven Hundred, Fifty Dollars ($13,750.00) to the Solid and Hazardous Waste Management Division as a stipulated penalty for the cited violations. Payment of Thirteen Thousand, Seven Hundred, Fifty Dollars ($13,750.00) 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: Bob Lucht, Herschler Building, 4th Floor West Wing, 122 W. 25th Street, Cheyenne, WY 82002.

5. The respondents' full compliance with the terms of this Settlement Agreement shall constitute satisfaction for all claims by the DEQ against the respondents based on the violations alleged in Notices of Violation Nos. 4144-07, 4145-07,4146-07 and any of the violations listed in the Letters of Violation shown in Table 1. Contingent upon the respondents' compliance with the terms of this Settlement Agreement, the DEQ will refrain from taking further enforcement action against the respondents for these particular violations.

6. Red Eagle 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. 4146-07 in the event that Red Eagle fails to fulfill its obligations under this Settlement Agreement.

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

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

9. This Settlement Agreement is binding upon Red Eagle LC, Red Eagle LC, and their successors and assigns, and upon the DEQ.

10. 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.

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

FOR RED EAGLE LC:

_____ Date:_____

Dale Hinze, President

FOR POWELL VALLEY OIL COMPANY:

_____ _____

Dale Hinze
President

Date

FOR HINZE, INC.:

_____ _____

Dale Hinze
President

Date

FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:

_____ Date: _____

John V. Corra, Director

_____ Date: _____

LeRoy C. Feusner, P.E. BCEE,
Administrator
Solid and Hazardous Waste Management Division