

## SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Solid and Hazardous Waste Management Division (DEQ), Perkins Oil Company (Perkins) and Wamsutter Conoco (W.C.), enter into this Settlement Agreement to fully and finally resolve without litigation the violations alleged in Notice of Violation No. 4203-08, dated January 8, 2008. Perkins is the owner and W.C. is the operator of the underground storage tanks (USTs) located at 390 McCormick Street, Wamsutter, Wyoming. This underground storage tank facility is registered with the DEQ as facility 0-002887. The Notice of Violation alleges that: 1) Perkins and W.C. failed to conduct a test of the impressed current cathodic protection (CP) system when that test was due on September 17, 2006; and 2) Perkins and W.C. did this test November 12, 2007, four hundred twenty-one (421) days late. These acts are violations of the Wyoming Water Quality Rules and Regulations (WWQRR), Chapter 17, Section 11 (b).

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, Perkins, W.C., 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. WWQRR, Chapter 17, Section 11 (b), states: “Section 11. Operation and Maintenance of Corrosion Protection (CP). All owners and/or operators of steel storage tank systems with CP shall comply with the following requirements to ensure that releases due to corrosion are prevented for as long as the storage tank system is used to store regulated substances: (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’.”
3. Perkins owns and W.C. operates tanks located at 390 McCormick Street, Wamsutter, Wyoming, and registered with the DEQ as facility 0-002887. Perkins and W.C. were required to conduct a test of the impressed current cathodic protection (CP) system no later than September 17, 2006. The CP system was finally tested on November 12, 2007, four hundred, twenty one days (421) late.
4. Since receiving Notice of Violation No. 4203-08 on or about January 24, 2008, Perkins and W.C. have corrected the cited violations.
5. Perkins and W.C. agree to pay a total of Three Thousand, Five Hundred Dollars (\$3,500.00) 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 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. Two Thousand, Five Hundred Dollars (\$2,500.00) of this penalty is stayed pending full compliance with Chapter 17 for two (2) years from the date of this Settlement Agreement. For purposes of this Settlement Agreement only, full compliance means:

## SETTLEMENT AGREEMENT

a. Perkins and W.C. shall pay all storage tank fees no later than January 1, 2009, and no later than January 1 of each subsequent year.

b. Perkins and W.C. shall perform any one of the tank leak detection methods found in Chapter 17, Section 16, within thirty (30) days of the date of this settlement agreement and again every thirty (30) days thereafter. This means that at least one passing automatic tank gauging result for each compartment in each UST is to be maintained for each month. Inventory control records are to be kept daily and reconciled both daily and monthly. Records of all these tests shall be maintained by Perkins and W.C. for three (3) years.

c. Perkins and W.C. shall provide an Operator's Annual Inspection (OAI) of this facility no later than September 17 of each year. The OAI includes: completing a functional test of the Automatic Line Leak Detectors on the pressurized lines no later than September 17, 2008, and every year thereafter no later than September 17. Records of these tests shall be maintained by Perkins and W.C. for three (3) years.

d. In the event that any month passes without obtaining at least one passing result from the automatic tank gauge for each compartment of each tank, a release may have occurred, as defined by Chapter 17, Section 16 (g). Perkins and W.C. agree to immediately report a suspected release and follow all procedures in Chapter 17, Section 19(c) and Section 20.

e. In the event that any two (2) consecutive months pass with the inventory control failing for any compartment for any tank, a release may have occurred, as defined by Chapter 17, Section 16 (g). Perkins and W.C. agree to immediately report a suspected release and follow all procedures in Chapter 17, Section 19(c) and Section 20.

f. If these tanks are removed, notification to the department and inspection by the department, as required by statute. If, as a result of the removal, the site is a contaminated site, Perkins and/or W.C. shall pay all contaminated site fees by January 1 of each year.

g. Within one (1) year of the date of this Settlement Agreement, Steve Perkins and Ken Walner shall take and pass the "Wyoming State Specific Laws Test" administered by the International Code Council.

If Perkins and W.C. comply fully with Chapter 17 for two (2) years from the date of this Settlement Agreement, Two Thousand, Five Hundred Dollars (\$2,500.00) of this penalty shall be forgiven.

7. Perkins' and W.C.'s full compliance with the terms of this Settlement Agreement shall constitute satisfaction for all claims by the DEQ against Perkins and W.C., based on the violations alleged in Notice of Violation No. 4203-08. Contingent upon Perkins' and W.C.'s compliance with the terms of this Settlement Agreement, the DEQ will refrain from taking further enforcement action against Perkins and W.C. for these particular violations.

SETTLEMENT AGREEMENT

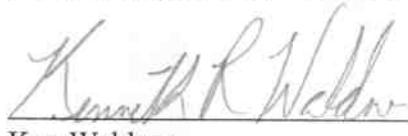
- 8. Perkins and W.C. waive any statute of limitations that may apply to an enforcement action by the DEQ involving the specific matters described in Notice of Violation No. 4203-08 in the event that Perkins and W.C. fail to fulfill their obligations under this Settlement Agreement.
- 9. This Settlement 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 Perkins and all of its successors and assigns, and upon the DEQ.
- 12. This Settlement Agreement is binding upon W.C. and all of its successors and assigns, and upon the DEQ.
- 13. 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.
- 14. The persons signing this Settlement Agreement certify that they are duly authorized to bind their respective parties to this Settlement Agreement.

FOR PERKINS OIL COMPANY:

  
 \_\_\_\_\_  
 Steve Perkins  
 President

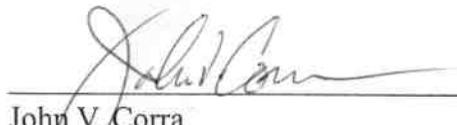
02-29-2008  
 \_\_\_\_\_  
 Date

FOR WAMSUTTER CONOCO:

  
 \_\_\_\_\_  
 Ken Waldner  
 President

2/29/2008  
 \_\_\_\_\_  
 Date

FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:

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

2/14/08  
 \_\_\_\_\_  
 Date

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

14 Feb 08  
 \_\_\_\_\_  
 Date

*Check #13674 drawn on the Bank of Commerce in  
 Settlement Agreement between  
 Perkins Oil Company, Wamsutter Conoco, and the DEQ  
 Page 3 of 3  
 the amount of One Thousand Dollars (\$1000.00)  
 was received with this document.* 