

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Solid and Hazardous Waste Division (DEQ/SHWDD) and Sinclair Wyoming Refining Company (SWRC) a Wyoming Company 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 Docket No. 4168-07, dated November 2, 2007** and **Notice of Violation Docket No. 4177-07, dated November 20, 2007**. The Notices of Violation allege that SWRC is in violation of the Wyoming Environmental Quality Act (Act) and applicable Solid and Hazardous Waste Rules & Regulations or permit conditions.

W.S. 35-11-90 (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, SWRC and the DEQ/SHWD hereby stipulate and agree as follows.

1. The DEQ/SHWD is responsible for enforcing the Solid and Hazardous Waste Rules and Regulations.

2. SWRC operates a refinery in Sinclair, WY.

3. NOV # 4168-07: Permit Condition Part IV(B).D.7. (2007 Permit) of the permit states, "The Permittee shall maintain the ABTU such that the concentration of benzene in the effluent remains below 0.5 mg/L and the Permittee shall verify this benzene level on a weekly basis." Permit Condition I.D.6 states, "The Permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the Permittee to achieve compliance with the conditions of this Permit. Proper operation and maintenance includes effective performance, adequate funding, adequate operator staffing, and training, and adequate laboratory and process controls, including appropriate quality assurance/quality control procedures. This provision requires the operation of back-up or auxiliary facilities or similar systems only when necessary to achieve compliance with the conditions of this Permit."



The August 2007 ABTU Monthly Report documents the benzene exceedance of the permit condition requirement for the ABTU effluent was 0.5 mg/L. Therefore, on the above date, SWRC, was in violation of Permit Condition, Part IV(B).D.7, for exceeding the ABTU effluent limitation of 0.5 mg/L benzene and Permit Condition, Part I.D.6.

4. NOV # 4177-07 Permit Condition Part IV(B).D.7 (2007 Permit) of the permit states, "The Permittee shall maintain the ABTU such that the concentration of benzene in the effluent remains below 0.5 mg/L and the Permittee shall verify this benzene level on a weekly basis." Permit Condition I.D.6 states, "The Permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the permittee to achieve compliance with the conditions of this Permit. Proper operation and maintenance includes effective performance, adequate funding, adequate operator staffing, and training, and adequate laboratory and process controls, including appropriate quality assurance/quality control procedures. This provision requires the operation of back-up or auxiliary facilities or similar systems only when necessary to achieve compliance with the conditions of this Permit."

The September 2007 ABTU Monthly Report documents the benzene exceedance of the permit condition requirement for the ABTU outfluent effluent was 0.72 mg/L, 0.53 mg/L, and 0.60 mg/L. Therefore, on the above date, SWRC, was in violation of Permit Condition, Part IV(B).D.7, for exceeding the ABTU effluent limitation of 0.5 mg/L benzene and Permit Condition, Part I.D.6.

5. Since receiving the Notice of Violation Docket No. 4168-07 on or about November 7, 2007, and Notice of Violation Docket No. 4177-07, on or about November 25, 2007, SWRC has corrected the above violations.

6. SWRC in accordance with this Settlement Agreement agrees to pay a total of ~~\$220,500~~ \$220,400 as a stipulated penalty in two forms. The first amount is \$176,400 dollars to the Solid and Hazardous Waste Division as a stipulated penalty for the cited violations. Such payments shall be made no later than March 31, 2008, by check 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.

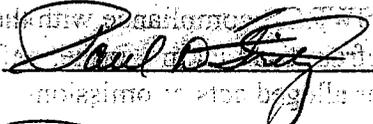
The second amount, SWRC agrees to pay \$44,100 to the town of Sinclair as an Supplemental Environmental Project (SEP) to help the town of Sinclair update their wastewater handling facility. Such payment shall be made no later than April 30, 2008. A copy of the check must be sent to WDEQ to verify payment was sent to the town of Sinclair and a letter from the town of Sinclair verifying the use of this penalty for the above said SEP.

7. SWRC's full compliance with the terms of this Settlement Agreement shall constitute satisfaction for all present and future claims by DEQ against SWRC based on the acts or omissions alleged to be violations in Notice of Violation No. 4168-07 and 4177-07, and all prior alleged violations referenced in Nos. 4168-07, and 4177-07. Contingent on SWRC's compliance with the terms of this Settlement Agreement, DEQ will refrain from taking further enforcement action against SWRC for these particular alleged acts or omissions.
8. SWRC 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. 4168-07 and 4177-07 in the event that SWRC 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 SWRC, its successors and assigns, and upon the DEQ.
12. This Settlement Agreement may only be amended in writing, signed by both parties.
13. 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.

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

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

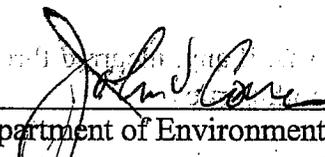
FOR: **Sinclair Wyoming Refining Company**

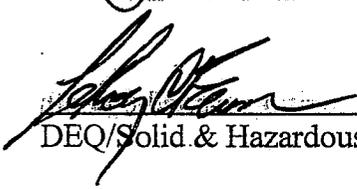
Signed:  Date: 3/24/08

Typed: PAUL D. FRITZ

Title: Refinery Manager

FOR: **THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:**

, Director Date: 13/MAR/08
Department of Environmental Quality (DEQ)

, Administrator Date: 12 Mar 08
DEQ/Solid & Hazardous Waste Division