

WOOD GROUP ESP, INC. SETTLEMENT AGREEMENT

SEP 03 2008

The Wyoming Department of Environmental Quality, Solid and Hazardous Waste Division (DEQ/SHWD) and Wood Group ESP, Inc. (the Parties) finally resolve without litigation the violations alleged in **Notice of Violation Docket No. 4299-08, dated June 27, 2008** (NOV) by entering into this Settlement Agreement. The NOV alleges that Wood Group ESP, Inc. is in violation of the Wyoming Hazardous Waste Rules and Regulations (HWRR).

Wyoming Statute, (Wyo. Stat.) § 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, the Parties hereby stipulate and agree as follows.

1. The DEQ/SHWD is responsible for enforcing the HWRR.

2. Wood Group ESP, Inc. operates the oilfield equipment cleaning operation located at 1845 North Oilfield Center Road, Casper, Wyoming (the Facility).

3. On or about June 27, 2008, Wood Group ESP, Inc. received the NOV from the DEQ/SHWD alleging the following violations of the HWRR:

a. Wood Group ESP, Inc. failed to make the proper hazardous waste determination to evaluate the regulatory status of wastes to assure proper management, as required by Chapter 8, Section 1(b)(i)(C).

b. Wood Group ESP, Inc. did not comply with the hazardous waste generator tank standards, as required by HWRR, Chapter 8, Section 3(e)(i)(A)(II) and Chapter 11, Section 11.

c. Wood Group ESP, Inc. did not inspect the hazardous waste tank for leakage and corrosion on a daily basis, as required by HWRR, Chapter 8, Section 3(e)(i)(A)(II) and Chapter 11, Section 11(f).

d. Wood Group ESP, Inc. failed to properly use the hazardous waste manifest to ship hazardous waste, as required by HWRR, Chapter 8, Section 2(d)(i)(C).

e. Wood Group ESP, Inc. did not retain copies of all manifests for at least 3 years and did not maintain adequate copies of manifests, as required by HWRR, Chapter 8, Section 2(d)(i)(C) and Section 4(a).

f. Wood Group ESP, Inc. generates a restricted waste for land disposal without further treatment and does not maintain a copy of the notification that contains

the required information, as required by HWRR, Chapter 13, Sections 1(g)(i)(A)(I) through (V).

g. Wood Group ESP, Inc. did not retain copies of all notifications, certifications, and other relevant documents for five (5) years, as required by HWRR, Chapter 13, Section 1(g)(i)(G).

h. Wood Group ESP, Inc.'s contingency plan did not include a list of all emergency equipment at the Facility and/or descriptions of the equipment and did not contain the required evacuation plan, as required by HWRR, Chapter 8, Section 3(e)(i)(D) and Chapter 11, Sections 6(c)(v) and (vi).

i. Wood Group ESP, Inc. failed to keep the job title and written job description for each position (related to hazardous waste management) at the facility, as required by HWRR, Chapter 8, Section 3(e)(i)(D), and Chapter 11, Sections 4(g)(iv)(A) and (B).

Notwithstanding the above, Wood Group ESP, Inc. does not admit to any of the factual or legal determinations made by DEQ herein or in the NOV, and any action undertaken by Wood Group ESP, Inc. pursuant to this Settlement Agreement shall not constitute an admission of liability by Wood Group ESP, Inc. with respect to the conditions of or actions concerning the Facility.

4. Within sixty (60) days from the date of this Settlement Agreement, Wood Group ESP, Inc. shall notify DEQ/SHWD that the Facility is in compliance with the hazardous waste generator tank standard requirements listed under Alleged Violations #3b and c of this Settlement Agreement.

5. Within sixty (60) days from the date of this Settlement Agreement, Wood Group ESP, Inc. shall notify DEQ/SHWD that the Facility is in compliance with Alleged Violations #3h and 1 of this Settlement Agreement.

6. Since receiving the NOV on or about June 28, 2008, Wood Group ESP, Inc. has corrected all of the remaining alleged violations listed under Condition #3 (a, d, e, f, and g) of this Settlement Agreement. Wood Group ESP, Inc. is committed to waste minimization and has evaluated and is implementing waste minimization strategies.

7. Wood Group ESP, Inc., in accordance with this Settlement Agreement, agrees to pay a total of \$27,062, half of the total penalty amount of \$54,125.00, to the Wyoming Department of Environmental Quality for the cited alleged violations in the NOV and this Settlement Agreement. Such payment shall be made no later than twenty (20) days after the effective date of this Settlement Agreement, by check made out to:

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.

In lieu of paying the remaining half of the total penalty of \$27,063 to the DEQ, Wood Group ESP, Inc. will donate that portion of the penalty to a third party to perform Supplemental Environmental Projects (SEPs), which the Parties agree are intended to advance environmental or public health protection and improvements within Natrona County. Wood Group ESP, Inc. will submit one or more third party SEP proposals for DEQ's approval within sixty (60) days of the effective date of this Settlement Agreement. If the Parties are unable to agree upon a SEP or SEPs within ninety (90) days of the effective date of this Settlement Agreement, Wood Group ESP, Inc. shall pay \$27,063 as the remainder of the total penalty amount in the manner prescribed above within thirty (30) calendar days after receiving a written request for such payment from the DEQ.

8. Wood Group ESP, Inc.'s full compliance with the terms of this Settlement Agreement shall constitute satisfaction for all present and future claims by DEQ against Wood Group ESP, Inc., based on the alleged acts or omissions discovered by DEQ in the 2006 and 2008 inspections, included in the NOV and/or contained in this Settlement Agreement. Contingent on Wood Group ESP, Inc.'s compliance with the terms of this Settlement Agreement, DEQ will refrain from taking further enforcement action against Wood Group ESP, Inc., for the particular alleged acts or omissions discovered by DEQ in the 2006 and 2008 inspections, included in the NOV and/or contained in this Settlement Agreement.

9. Wood Group ESP, Inc. waives any statute of limitations which may apply to an enforcement action by the DEQ/SHWD involving the specific matters described in the NOV or Settlement Agreement in the event that Wood Group ESP, Inc. fails to fulfill its obligations under this Settlement Agreement.

10. This Settlement Agreement shall be admissible by either party without objection by the other party in any action between the Parties for purposes of enforcing this Settlement Agreement. The Parties agree and acknowledge that this Settlement Agreement constitutes a full and final resolution of the matters addressed herein. Entering into this settlement shall not constitute an admission of violation of the HWRR by Wood Group ESP, Inc., nor shall the DEQ or any third party infer it to be such an admission by Wood Group ESP, Inc. in any administrative or judicial proceeding.

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

12. This Settlement Agreement is binding upon Wood Group ESP, Inc., its successors and assigns, and upon the DEQ.

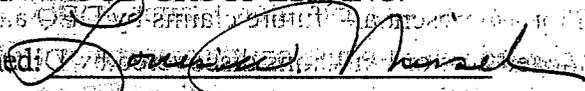
13. This Settlement Agreement may only be amended in writing, signed by both Parties.

14. The State of Wyoming and DEQ/SHWD 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.

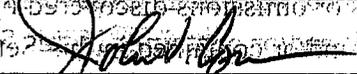
15. The persons signing this Settlement Agreement certify that they are duly authorized to bind their respective party to this Settlement Agreement.

16. This agreement is not binding until fully executed by the Parties to this Settlement Agreement.

FOR: WOOD GROUP ESP INC.

Signed:  Date: 9/02/08
Louis Missel
Vice President of North America Operations

FOR: THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:

, Director Date: 8/20/08
Department of Environmental Quality (DEQ)

, Administrator Date: 22 Aug 08
DEQ/Solid & Hazardous Waste Division