

## SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality Solid and Hazardous Waste Management Division (DEQ) and Gasamat Oil Corporation of Colorado (Gasamat) enter into this Settlement Agreement to fully and finally resolve without litigation the violations alleged in Notice of Violation No. 4059-07 dated April 26, 2007. Gasamat is the owner and operator of the underground storage tanks (USTs) located at 709 South Third Street, Laramie, Wyoming. This UST facility is registered with the DEQ as facility 0-000547. The Notice of Violation alleges that: 1) Gasamat failed to report a suspected release within 24 hours when the automatic tank gauge failed to report a passing result in November 2006; 2) Gasamat failed to investigate a suspected release when the automatic tank gauge failed to report a passing result in November 2006. These acts are violations of the Wyoming Water Quality Rules and Regulations (WWQRR), Chapter 17, Sections 16 (c), 19 (c), and 20. DEQ has issued numerous Letters of Violation (Table 1) to Gasamat over the past three (3) years. This Settlement Agreement is intended to cover the violations cited in Docket Number 4059-07 and the violations cited in the following list of Letters of Violation. A Letter of Violation is the first step in the enforcement process and any of the violations listed could be the subject of a Notice of Violation.

Table 1

Facility	Loaf N' Jug Store Number	Address	City	Date of Inspection Letter of Violation
0-000548	Gasamat #204	620 East 16th Street	Cheyenne	March 2, 2007
0-000549	Gasamat #206	320 Elk Street	Rock Springs	May 16, 2007
0-000552	Gasamat #200	4789 West Yellowstone	Casper	October 16, 2006
0-000553	Gasamat #605	591 E. Flaming Gorge Way	Green River	June 13, 2005

All of the violations alleged in the Letters of Violation listed in Table 1 are also covered by this Settlement Agreement. These acts are violations of the Wyoming Water Quality Rules and Regulations (WWQRR), Chapter 17, 16 (c)(i) & (ii), 19(c), and 20.

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, Gasamat 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.

WWQRR, Chapter 17, Section 16 (c) (ii), 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; or (B) A pattern becomes evident that the ATG produces a failing result whenever the level of a regulated substance in the tank is high, even if passing results can be obtained when the level is low. (C) Inventory control fails for the second consecutive month."

WWQRR, Chapter 17, Section 16 (g), states: "(g) Statistical Inventory Reconciliation (SIR). All SIR methods shall: (i) meet the requirements found in Section 16(a) for inventory control; (ii) be capable of detecting a 0.2 gallon per hour leak rate or a release of one hundred fifty (150) gallons within a month with a probability of detection of at least 0.95 and a probability of false alarm of no more than 0.05; and (iii) be approved, in writing, by the department prior to use. (iv) All "inconclusive" results shall be investigated by the owner and/or operator as soon as they are reported by the SIR company, including a complete audit of all input data. The owner and/or operator shall make every effort to resolve all "inconclusive" results as soon as they are reported. If the inventory for an entire month fails to balance within two thousand (2,000) gallons, that month shall be treated as inconclusive. A month with an un-resolved inconclusive result is a month when no valid leak detection was provided. (v) Owners and/or operators using SIR shall report a suspected release and follow the requirements of Section 19(c) of this chapter whenever: (A) Any single month is

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reported as a failure for the UST system by the SIR company; (B) Any month is reported by the SIR company as “inconclusive” unless that inconclusive result has been resolved by re-submission of audited inventory numbers to the SIR company. (vi) UST Systems with a throughput of more than 500,000 gallons per month in any single system shall not be monitored using SIR as the only release detection method.”

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 in accordance with Section 22 and follow the procedures of Section 22. Owners of sites where storage tanks were formerly located shall also report within seven (7) days after discovering any new evidence of a release. These reports shall be made for any of the following conditions: (c) Monitoring results: Monitoring results from a release detection method required under Section 14 through 17 that indicate a release may have occurred unless the monitoring device is found to be defective, and is immediately repaired, recalibrated or replaced, and additional monitoring does not confirm the initial result.”

WWQRR, Chapter 17, Section 13 (e), states: “(e) Operator’s Annual Inspection. Storage tank system owners and/or operators shall provide an annual report of inspection for the entire facility. An annual inspection is to be conducted either by the owner, the operator, or a qualified consultant. The inspector shall meet all of the qualifications as a CP tester if he or she inspects a CP system. This inspection shall: (i) test all of the CP systems on site which are due for testing in accordance with Section 11; (ii) provide for pressure tests of pressurized piping or U.S. Suction piping in accordance with Section 14(g); (iii) provide for tests of all Automatic Line Leak Detectors as follows; (A) provide a simulated leak test for Mechanical Line Leak Detectors which will demonstrate that the leak detector meets the requirements of Section 14(g). (B) for Electronic Line Leak Detectors a simulated leak is required which demonstrates that the leak detector meets the requirements of Section 14(g). An internal electrical test of the system is not sufficient to meet this requirement. (C) When sump sensors are used to meet the requirement for an Automatic Line Leak Detector, they shall be configured to meet the requirements of Section 14(g) and the annual inspection shall include a manual tripping of each sump sensor. The automatic device used to monitor sump sensors shall be triggered by the manual tripping of the sensors, and a record shall be made showing the date when the test was done, the facility number, and recording the fact that the sensor operated as required. (iv) document that all Automatic Tank Gauges (ATG), interstitial monitoring systems, vapor monitoring systems, or other automatic systems are properly calibrated and functioning. This includes a check to determine if probes are clean and are the proper ones for the regulated substance being stored. (v) provide an annual summary for all inventory control calculations, statistical inventory reconciliation reports, or other leak detection methods which shows compliance for each month of the preceding year. Records of the operation of all leak detection systems for the past three years are required to be kept. (vi) include a physical inspection of all sumps, manholes, dispensers, and other openings provided on the storage tank system. Any leaks found shall be immediately eliminated.”

WWQRR, Chapter 17, Section 13 (d), states: “(d) Availability and maintenance of records. Owners and/or operators of UST systems shall keep the records required either: (i) At the storage tank site and immediately available for inspection by the department; or (ii) At a readily available alternate site and be provided for inspection to the department, upon request. The readily available alternative site shall be within the boundaries of the State of Wyoming. If records are to be kept at an alternate site, the department shall be notified in writing of the name, address and telephone number for that alternate location.”

2. Gasamat owns and operates tanks located at 709 South Third, Laramie, Wyoming, and registered with the DEQ as facility 0-000547. During an inspection conducted March 9, 2007, personnel from the DEQ requested tank leak detection records from Gasamat. When

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these records were reviewed, it was discovered that there was no passing automatic tank gauging record for November 2007 for one of the USTs.

3. All of the violations listed in Docket Number 4059-07 and in Table 1 have been resolved.
4. Gasamat agrees to pay a total of Thirty Thousand Dollars (\$30,000.00) to the Solid and Hazardous Waste Management Division as a stipulated penalty for the cited violations.
5. Instead of the payment of the Thirty Thousand Dollar (\$30,000.00) penalty in cash, Gasamat agrees to complete the following Supplemental Environmental Project (SEP) no later than December 31, 2008:
  - a. A SEP cannot include work that is required by any law or regulation. Gasamat experienced a release at Gasamat #204 located at 620 East 16th Street in Cheyenne, Wyoming. As a result of that release, one of the tanks was taken out of use. Gasamat is not required by regulation to do more than remove the tank from service.
  - b. Gasamat agrees to replace all of the tanks located at 620 East 16th Street, Cheyenne, Wyoming, with new, dual wall non-corrodible tanks, and all of the connected lines with new, dual wall non-corrodible connected lines. Gasamat agrees to monitor these new underground storage tank systems using an automatic tank gauging system, electronic line leak detectors and interstitial monitoring for both the tanks and the connected lines.
  - c. This SEP is on property owned by Gasamat and will benefit Gasamat. This project will cost more than Ninety Thousand Dollars (\$90,000.00). DEQ will allow the entire Thirty Thousand Dollar (\$30,000.00) penalty to be in the form of this SEP.
6. Gasamat's full compliance with the terms of this Settlement Agreement shall constitute satisfaction for all claims by the DEQ against Gasamat, existing as of the date of this Settlement Agreement, for violations listed in the Notice of Violation, Docket Number 4059-07 and in Table 1 of this Settlement Agreement. Contingent upon Gasamat's compliance with the terms of this Settlement Agreement, the DEQ will refrain from taking further enforcement action against Gasamat, for these particular violations.
7. Gasamat waives any statute of limitations that may apply to an enforcement action by the DEQ involving the specific matters described in the Notice of Violation, Docket No. 4059-07, or for any of the violations listed in Table 1 of this Settlement Agreement, in the event that Gasamat fails to fulfill its obligations under this Settlement Agreement.
8. This Settlement Agreement shall be admissible by either party without objection by the other party in any subsequent action between these parties.
9. Each party shall bear its own attorney fees and costs, if any, incurred through the date this Settlement Agreement is signed by both parties.
10. This Settlement Agreement is binding upon Gasamat, and all of its successors and assigns, and upon the DEQ.
11. 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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- 12. Violations not specifically covered in Docket Number 4059-07 and Table 1 are not covered by this Settlement Agreement.
- 13. The persons signing this Settlement Agreement certify that they are duly authorized to bind their respective parties to this Settlement Agreement.

FOR GASAMAT OIL CORPORATION OF COLORADO:

Mike Gallagher      11/17/08  
*Dan Gallagher VP/Sec.*      Date  
Dan

FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:

John V. Corra,      11/7/08  
*John V. Corra*      Date  
Director

LeRoy C. Feusner, PE, BCEE      7 Nov 08  
*LeRoy C. Feusner*      Date  
Administrator  
Solid and Hazardous Waste Management Division