SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Solid and Hazardous Waste Division ("SHWD") and Water Quality Division ("WQD") (collectively "DEQ"), Herschler Building, 122 West 25th Street, Cheyenne, WY 82002, and Union Pacific Railroad Company ("UPRR"), 1416 Dodge Street, Room 738, Omaha, Nebraska 68179-0738 enter into this Settlement Agreement ("Agreement") to fully and finally resolve without litigation the violations alleged in DEQ Notice of Violations Docket No. 4184-07 and 4202-08 ("NOVs"). The NOVs allege that UPRR failed to properly engineer. operate and maintain its Trona Dump Site #1 ("Site"), preventing closure of the Site and allowing the release of leachate into the waters of the state in Green River, Sweetwater County, Wyoming in violation of the Act, SWRR and WQRR.

WYO. STAT. ANN. § 35-11-901(a)(ii) (West 2008) authorizes stipulated settlement, including payment of a penalty, in lieu of litigation. To that end, UPRR and the DEQ hereby stipulate and agree as follows:

1. The DEQ is responsible for enforcing the Act, SWRR and WQRR.

2. SWRR, Chapter 3, Section 7(c) states: "Prevention of erosion or ponding problems: Facilities shall be engineered to inhibit future problems with erosion or ponding of surface water over filled areas. This may be done via site grading and revegetation, placement of rip rap or other appropriate means."

3. SWRR, Chapter 3, Section 7(j) states: "Surface water structures: Surface water structures shall be maintained and operated throughout the closure and post-closure periods."

4. SWRR, Chapter 3, Section 7(i) states: "Waste containment systems: Waste containment systems, including but not limited to liners, leachate detection, collection and management systems and final cover systems shall be maintained throughout the closure and post-closure periods."

5. SWRR, Chapter 3, Section 7(e) states: "Revegetation: At closure, any portion of the facility that has been disturbed by solid waste disposal activities shall be revegetated to minimize wind and water erosion of the final cover, consistent with the post-closure land use. Vegetation shall be a diverse mix selected to be compatible with the climatic conditions, require little maintenance, and have root depths that will not exceed the depth of the final cover."

6. SWRR, Chapter 1, Section 1(f)(i) states: "A permit or a one-time or emergency disposal authorization is required for the location, construction, operation or closure of any new or existing solid waste management facility as specified by Chapter 1, Section 5, or by the applicable chapter(s) of these rules and regulations. All facilities shall be located, designed, constructed, operated and closed in accordance with the permit or disposal authorization issued by the director or administrator."

7. On October 19, 2007, a SHWD inspector conducted an investigation of UPRR's Site.

8. The DEQ alleges that the inspection revealed that the Site had not been properly engineered to inhibit problems with erosion and/or surface water ponding. It was observed that the Site had several areas of erosion and settling allowing moisture to penetrate the cap increasing the amount of leachate from the landfill.

9. The DEQ asserts that UPRR's failure to properly engineer the Site to prevent erosion and settling and allowing erosion and settling to occur increasing the amount of leachate escaping from the Site is a violation of SWRR Chapter 3, Section 7(c) and UPRR's closure permit issued on December 7, 1992.

10. The DEQ alleges that during the inspection, it was noted that UPRR's surface water structures were not properly maintained to prevent erosion of the Site's cap.

11. The DEQ asserts that UPRR's failure to properly maintain the Site's surface water structures to prevent erosion of the cap is a violation of SWRR, Chapter 3, Section 7(j) and UPRR's closure permit issued on December 7, 1992.

12. The DEQ alleges that during the inspection the SHWD inspector noted that UPRR's waste containment, detection, final cover and leachate collection and management systems at the Site were not properly maintained throughout the closure and post closure care periods.

13. The DEQ asserts that UPRR's failure to properly maintain the waste containment, detection, final cover and leachate collection and management systems at the Site were not properly maintained throughout the closure and post closure care periods is a violation of SWRR, Chapter 3, Section 7(i).

14. The DEQ alleges that during the inspection, the SHWD inspector observed that the Site had not been properly vegetated in accord with the approved closure plan to minimize wind and water erosion of the final cover.

15. The DEQ asserts that UPRR's failure to properly vegetate the Site in accordance with the approved closure plan to minimize wind and water erosion of the final cover is a violation of SWRR, Chapter 3, Section 7(e).

16. The DEQ alleges that during the inspection, the SHWD inspector observed that leachate was not being pumped for treatment/disposal and was being allowed to overflow the collection pit and flow downstream into the Green River.

17. The DEQ asserts that UPRR's failure to pump leachate for treatment/disposal and allowing the leachate to overflow the collection pit and flow downstream into the Green River is a violation of SWRR, Chapter 1, Section1(f)(i).

18. As a result of the SHWD inspection, NOV 4184-07 was issued to UPRR on December 21, 2007.

19. WYO. STAT. ANN. § 35-11-301(a)(i) states: "No person, except when authorized by a permit issued pursuant to the provisions of this act, shall: Cause, threaten or allow the discharge of any pollution or wastes into the waters of the state"

20. WQRR, Chapter 2, Section 2(a) states in pertinent part: "Discharges required to be permitted. All discharges into surface waters of the state . . . shall be permitted as described in these regulations."

21. On October 19, 2007, a WQD inspector conducted an investigation of UPRR's Site, located in Green River, Sweetwater County, Wyoming.

22. The DEQ alleges that during the inspection, the WQD inspector determined that there was an unpermitted release of leachate waste into the waters of the State of Wyoming.

23. Allowing an unpermitted release of leachate waste into the waters of the state is a violation of WYO. STAT. ANN. § 35-11-301(a)(i) and Chapter 2, Section 2(a) of the WQRR.

24. As a result of the WQD inspection, NOV 4202-08 was issued to UPRR on March 6, 2008.

25. DEQ and UPRR agree that the total stipulated settlement amount to resolve the violations alleged in the NOV's set forth above, in lieu of litigation under WYO. STAT. ANN. § 35-11-901(a)(ii) is sixty five thousand dollars and no cents ($65,000.00) by check made payable to the Wyoming Department of Environmental Quality, within thirty (30) days after UPRR has been notified by DEQ that the final signature has been affixed to the Agreement. Of the sixty five thousand dollars and no cents ($65,000.00), three thousand six hundred dollars and no cents ($3,600.00) is allocated for resolution of NOV 4202-08 and sixty one thousand four hundred dollars and no cents ($61,400.00) is allocated for resolution of NOV 4184-07. UPRR shall mail the payment to John S. Burbridge, Senior Assistant Attorney General, 123 Capitol Building, Cheyenne, WY 82002. This Agreement resolves all violations alleged in the NOV's and the DEQ releases all claims against UPRR arising out of those alleged violations through the date of th is Agreement.

26. UPRR, by entering into this Agreement, does not concede or admit to any liability, and this Agreement constitutes no admission of fault or noncompliance.

27. UPRR waives any statute of limitations which may apply to an enforcement action by the DEQ involving the specific matters described in the NOVs in the event that UPRR fails to fulfill its obligations under this Agreement.

28. This Agreement shall be admissible by either UPRR or DEQ (herinafter UPRR and DEQ may be referred to individually as "Party" and collectively as "Parties") without objection by the other Party in any action between these Parties relating to the violations alleged herein.

29. Neither Party hereto shall have any claim against the other for attorney's fees or other costs incurred with the allegations resolved hereby, including costs incurred in the preparation of the Agreement. Each Party shall bear its own attorney fees and costs, if any, incurred through the date this Agreement is signed by both Parties. Each Party assumes the risk of any liability arising from its own conduct. Neither Party agrees to insure, defend or indemnify the other.

30. Any changes, modifications, revisions or amendments to this Agreement which are mutually agreed upon by the Parties shall be incorporated by written instrument, executed and signed by all Parties to this Agreement.

31. The construction, interpretation and enforcement of this Agreement shall be governed by the laws of the State of Wyoming. The Courts of the State of Wyoming shall have jurisdiction over this Agreement and the Parties, and the venue shall be the First Judicial District, Laramie County, Wyoming.

32. This Agreement, consisting of five (5) pages represents the entire and integrated agreement between the Parties and supersedes all prior negotiations, representations, and agreements, whether written or oral.

33. The State of Wyoming and the DEQ do not waive sovereign immunity by entering into this Agreement and specifically retain immunity and all defenses available to them as sovereigns pursuant to WYO. STAT. ANN. § 1-39-104(a) and all other state law.

34. The Parties do not intend to create in any other individual or entity the status of third party beneficiary, and this Agreement shall not be construed so as to create such status. The rights, duties and obligations contained in the Agreement shall operate only between the Parties to this Agreement, and shall inure solely to the benefit of the Parties to this Agreement. The Parties to this Agreement intend and expressly agree that only Parties signatory to this Agreement shall have legal or equitable right to seek to enforce this Agreement, to seek any remedy arising out of a Party's performance or failure to perform any term or condition of this Agreement, or to bring an action for the breach of this Agreement.

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35. Each Party represents that they are authorized to enter into this Agreement and agree to be bound hereby. This Agreement shall become binding upon the Parties once executed by all Parties.

IN WITNESS THEREOF, the Parties, by their duly authorized representatives, have executed this Agreement on the days and dates set out below, and certify that they have read, understood, and agreed to the terms and conditions of this Agreement:

UNION PACIFIC RAILROAD COMPANY

By: _____ 3/5/10
General Solicitor Date

STATE OF WYOMING, DEPARTMENT OF ENVIRONMENTAL QUALITY:

By: _____ 3/16/10
Carl Anderson Date
Solid and Hazardous Waste Administrator

By: _____ 3/16/10
John Wagner Date
Water Quality Division Administrator

By: _____ 3/16/10
John Corra, DEQ Director Date

APPROVAL AS TO FORM:

By: _____ 3·16·10
John S. Burbridge Date
Senior Assistant Attorney General
Attorney for DEQ