WASTE DIVISION

JUN 29 2010

FRONTIER REFINING INC. SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Solid and Hazardous Waste Division (DEQ/SHWD) and Frontier Refining Inc. (Frontier), pursuant to WYO. STAT. ANN. § 35-11-901(a)(ii), enter this stipulated Settlement Agreement to resolve without litigation allegations in Notice of Violation (NOV) Docket No. 4315-08, dated July 18, 2008, involving storage of treated refinery waste water in certain unlined earthen tank basins in violation of Wyoming Hazardous Waste Rules & Regulations (HWRR), and/or site stabilization and on-site source control requirements under Sections 20.i., 20.ii. & 21 of the Joint Stipulation for Modification of Administrative Order on Consent filed October 17, 2006 in Wyoming Environmental Quality Council (EQC) Docket No. 06-5400.

WYO. STAT. ANN. § 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, Frontier and DEQ/SHWD (hereinafter "the Parties") hereby stipulate and agree as follows.

1. Pursuant to WYO. STAT. ANN. § 35-11-501(b) the DEQ/SHWD is responsible for enforcing and administering Article 5 of the Wyoming Environmental Quality Act.

2. Frontier operates a petroleum refinery located at 2700 East 5th St., Cheyenne, Wyoming (the Facility).

3. On or about June 16, 2008, DEQ/SHWD issued NOV Docket No. 4315-08 to Frontier alleging violations involving storage of treated waste water in unlined earthen tank basins. Sections 20.i, 20.ii, and 21 of the Joint Stipulation for Modification of Administrative Order on Consent filed October 17, 2006 with the EQC Docket No. 06-5400 obligates Frontier to accomplish site stabilization, including elimination and/or remediation of on-going sources of contamination and ensure that on-going activities will not affect site stabilization or impact groundwater. There is no assurance that Frontier's storage of even treated refinery waste water in unlined earthen tank basins, which are or may be contaminated, will not affect site stabilization or impact groundwater.

4. To address the alleged violations Frontier has installed the following equipment: a new Equalization Tank (TK 121), two new DAF (Dissolved Air Floatation) units to split waste water flows, a new DAF float tank for recycling, new piping and valves to route coker API and Desalter to old equalization tank (TK 101) if an upset should occur, new bio reactor media, and end of pipe sand/carbon filters.

5. Frontier, in accordance with this Settlement Agreement, agrees to pay a total of sixty four thousand, nine hundred eighteen dollars ($64,918.00), to the DEQ/SHWD for the alleged violations cited in the NOV and this Settlement Agreement. Such payment shall be made no later than forty-five (45) days after the effective date of this Settlement Agreement, by check made payable to the DEQ/SHWD and sent addressed to:

Wyoming Department of Environmental Quality,
Solid & Hazardous Waste Division, Attention:- Tim Link,
Herschler Building, 4th Floor West Wing
122 W. 25th Street, Cheyenne, WY 82002

6. Frontier waives any statute of limitations which may apply to an enforcement action by the DEQ/SHWD involving the specific matters described in the referenced NOV or this Settlement Agreement in the event that Frontier fails to fulfill its obligations under this Settlement Agreement.

7. 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 that Frontier's full compliance with the terms of this Settlement Agreement constitutes a full and final resolution of the alleged violations cited in the NOV and Settlement Agreement. This settlement does not constitute an admission by Frontier of allegations in NOV No. 4315-08.

8. Each party shall bear its own attorney fees and costs, if any, incurred through the effective date of this Settlement Agreement.

9. This Settlement Agreement is binding upon Frontier, its successors and assigns, and upon the DEQ.

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

11. 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. ANN. § 1-39-104(a) and all other state law.

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

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

14. The effective date of this Settlement Agreement will be the date of the final signature below.

FOR: FRONTIER REFINING INC.

Signed: _____ Date: 6/23/10

FOR: THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:

_____, Director Date: 6/17/10
Department of Environmental Quality (DEQ)

_____, Administrator Date: 6/17/10
DEQ/Solid & Hazardous Waste Division