

WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY
WATER QUALITY DIVISION

DEC 18 2006

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality (WDEQ) and Bruce Engineering (BRUCE) enter into this Settlement Agreement to fully and finally resolve without litigation the violation alleged in the WDEQ Notice of Violation (NOV), Docket Number 3981-06, dated November 6, 2006. The NOV alleges the construction of a public water supply well, Recluse #3, without a permit. This is a violation of the Wyoming Environmental Quality Act. The location of the violation is in the Northeast Quarter of the Southeast Quarter of Section 14 of Township 55 North (T55N), Range 74 West (R74W) in Campbell County.

Wyoming Statute (W.S.) 35-11-901 (a) (ii) authorizes the WDEQ to negotiate a stipulated settlement in lieu of litigation. To that end, BRUCE and the WDEQ hereby stipulate and agree as follows:

- 1 of 15 The WDEQ, pursuant to W.S. 35-11-104, is a department in the executive branch of the state government of Wyoming and is principally situated in Cheyenne, Wyoming. WDEQ is the agency with the responsibility for administering the Wyoming Environmental Quality Act including all provisions of the WDEQ rules.
- 2 of 15 BRUCE is the civil engineer of record for the construction of a public water supply well for the Campbell County School District's Recluse School located in Section 14 of T55N R74W of Campbell County.
- 3 of 15 The construction of a public water supply well without a permit to construct is a violation of W.S. 35-11-301(a) (v).
- 4 of 15 BRUCE agrees to pay a total of fifty thousand dollars (\$50,000.00) as a stipulated settlement as resolution to this matter in lieu of litigation under W.S. 35-11-901 (a) (ii). Twenty five thousand dollars (\$25,000.00) shall be suspended if Item 5 of 15 of the Settlement Agreement is completed as described. If Item 5 of 15 of the Settlement Agreement is not met as specified the suspended twenty five thousand dollars (\$25,000.00) shall be due within thirty days notice by the WDEQ. The remaining twenty five thousand dollars (\$25,000.00) shall be paid in four equal installments of six thousand two hundred fifty dollars (\$6,250.00) by the following dates: January 15, 2007; March 15, 2007; April 16, 2007; and May 15, 2007. Payment to WDEQ shall be by check and made payable to the Wyoming Department of Environmental Quality/Water Quality Division and shall be sent to: John F. Wagner, Administrator, Wyoming Department of Environmental Quality, Water Quality Division, Herschler Building, 4 Floor-West, 122 West 25th Street, Cheyenne, Wyoming 82002.
- 5 of 15 BRUCE shall complete the as-built permitting process with the WDEQ and commits to provide the following to the WDEQ once the Settlement Agreement is signed by both parties: a down-hole video within thirty (30) days, well water quality test results within sixty (60) days and the well flow test results within sixty (60) days.
- 6 of 15 The WDEQ commits to completing the as-built review of the Recluse #3 within thirty (30) days of receiving the water quality test results and the well drawdown results from BRUCE and then either issuing an as-built permit or requesting additional information from BRUCE so an as-built permit can be issued.
- 7 of 15 BRUCE and the WDEQ commit to completing the permit to construct process for the remaining components of the Recluse School water system, specifically the water storage and treatment facilities, under application tracking number 06-798, by January 15, 2007.
- 8 of 15 This signed Settlement Agreement, as specified above, shall constitute full satisfaction for and resolution of all claims by the WDEQ against BRUCE based on the violations alleged

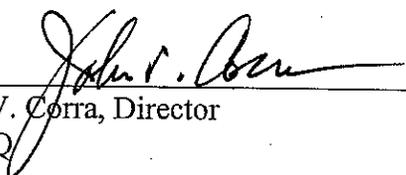
in NOV Docket Number 3981-06. Contingent upon BRUCE's compliance with the terms of this Settlement Agreement, the WDEQ will refrain from taking further enforcement action against BRUCE for the violation cited in this Settlement Agreement. By this Settlement Agreement, the parties intend to resolve with prejudice all allegations that were asserted in NOV Docket Number 3981-06.

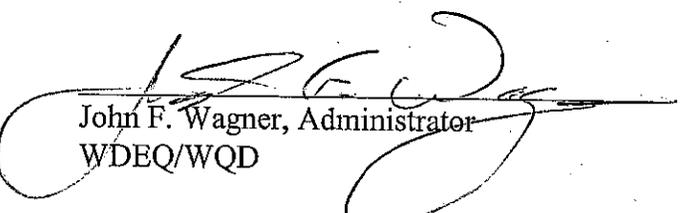
- 9 of 15 BRUCE waives any statute of limitations which may apply to an enforcement action by the WDEQ involving the specific matters described in NOV Docket Number 3981-06 in the event that BRUCE fails to fulfill its obligations under this Settlement Agreement.
- 10 of 15 Nothing in this agreement precludes WDEQ from taking additional enforcement action, including the issuance of a Notice of Violation, Order and/or pursuing additional penalties, should BRUCE violate the Wyoming Environmental Quality Act or applicable rules and regulations in the future.
- 11 of 15 This Settlement Agreement shall be admissible by either party without objection by the other party in any subsequent action between these parties.
- 12 of 15 Notwithstanding any other language in this Settlement Agreement, the State of Wyoming and WDEQ do not waive sovereign immunity by entering into this Settlement Agreement with BRUCE, and specifically retain all immunity and all defenses available as sovereigns under state and federal law.
- 13 of 15 Each party shall bear its own attorney fees and costs, if any, incurred through the date this Settlement Agreement is signed by both parties.
- 14 of 15 This Settlement Agreement is binding upon BRUCE, its successors and assigns, and upon the WDEQ.
- 15 of 15 The persons signing this Settlement Agreement certify that they are duly authorized to bind their respective parties to this Settlement Agreement.

FOR BRUCE ENGINEERING

Signed:  Date: 12-15-06
Typed: STEVEN M. BRUCE
Title: PRES

FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:

 Date: 12/19/06
John V. Corra, Director
WDEQ

 Date: 12/18/06
John F. Wagner, Administrator
WDEQ/WQD

JVC/JFW/DRM/bb/6-1151.SA

xc: Don McKenzie, WDEQ, Cheyenne/Karen Farley, WDEQ, Casper
Docket Number 3981-06