

**WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY
WATER QUALITY DIVISION**

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality (WDEQ), Water Quality Division (WQD) and Wagaman Construction (WAGAMAN) enter into this Settlement Agreement to fully and finally resolve without litigation the violations alleged in the WDEQ Notice of Violations (NOVs), Docket Numbers 4007-07 and 4014-07, signed February 8, 2007. The NOVs allege construction of septic systems without permits. This is a violation of the Wyoming Environmental Quality Act. The location of the violations is in the northwest quarter of Section 10 of Township 51 North, Range 63 West in Crook 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, WAGAMAN and the WDEQ hereby stipulate and agree as follows:

1 of 14 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/WQD R&R.

2 of 14 WAGAMAN is the installer of the two un-permitted septic systems identified under NOV Docket Numbers 4007-07 and 4014-07, as well as a third un-permitted system, located in the northwest quarter of Section 10 of Township 51 North, Range 63 West in Crook County.

3 of 14 The construction of septic systems without permits to construct is a violation of W.S. 35-11-301(a) (v).

4 of 14 WAGAMAN agrees to pay a total five thousand dollars (\$5000.00) as a stipulated settlement condition in lieu of litigation.

Five thousand dollars (\$5000.00) shall be held in abeyance if Item 5 of 14 and Item 6 of 14 of the Settlement Agreement is completed as described. If Item 5 of 14 and item 6 of 14 of the Settlement Agreement are not met as specified, the five thousand dollars (\$5000.00) shall be due within thirty (30) days notice by WDEQ.

5 of 14 WAGAMAN and the DEQ shall complete the as-built permitting process of the two un-permitted septic systems for Unruh and Carbajal, as well as a third un-permitted septic system for Noonan, within 60 days of signing the Settlement Agreement. WAGAMAN shall submit the Unruh, Carbajal and Noonan septic system design applications to Don McKenzie within 30 days of full execution of the settlement agreement by both parties. The WQD shall review and issue either review comments or an as-built permit within ten (10) days of receiving the WAGAMAN submittal. In the event WAGAMAN receives review comments, WAGAMAN shall then respond to the WQD within ten (10) days.

6 of 14 WAGAMAN agrees to obtain permits to construct prior to installing septic systems for the next six (6) months.

7 of 14 This signed Settlement Agreement, as specified above, shall constitute full satisfaction for and resolution of all claims by the WDEQ/WQD against WAGAMAN based on the violations alleged in NOV Docket Numbers 4007-07 and 4014-07. Contingent upon WAGAMAN's compliance with the terms of this Settlement Agreement, the WDEQ will refrain from taking further enforcement action against WAGAMAN 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 Numbers 4007-07 and 4014-07.

SETTLEMENT AGREEMENT BETWEEN WDEQ/WQD AND WAGAMAN

- 8 of 14 WAGAMAN waives any statute of limitations which may apply to an enforcement action by the WDEQ involving the specific matters described in NOV Docket Numbers 4007-07 and 4014-07 in the event that WAGAMAN fails to fulfill its obligations under this Settlement Agreement.
- 9 of 14 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 WAGAMAN violate the Wyoming Environmental Quality Act or applicable rules and regulations in the future.
- 10 of 14 This Settlement Agreement shall be admissible by either party without objection by the other party in any subsequent action between these parties.
- 11 of 14 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 WAGAMAN, and specifically retain all immunity and all defenses available as sovereigns under state and federal law.
- 12 of 14 Each party shall bear its own attorney fees and costs, if any, incurred through the date this Settlement Agreement is signed by both parties.
- 13 of 14 This Settlement Agreement is binding upon WAGAMAN, its successors and assigns, and upon the WDEQ.
- 14 of 14 The persons signing this Settlement Agreement certify that they are duly authorized to bind their respective parties to this Settlement Agreement.

FOR WAGAMAN CONSTRUCTION:

Signed: Sandra L. Wagaman Date: 4-20-2007
 Typed: SANDRA L. WAGAMAN
 Title: VP

FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:

John V. Corra Date: 5/1/07
 John V. Corra, Director
 WDEQ

John F. Wagner Date: 5-1-7
 John F. Wagner, Administrator
 WDEQ/WQD

DRM/rm/7-0239.SA
 ORS 3/26/7

xc: Don McKenzie, WDEQ/WQD, Cheyenne
 IPS File Docket Numbers 4007-07 and 4014-07