

RECEIVED

AUG 1 - 2007

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality (DEQ), Water Quality Division (WQD) and Majestic Petroleum Operations, LLC (Majestic), a corporation authorized to do business in Wyoming, enter into this Settlement Agreement to fully and finally resolve without litigation the violations alleged in **Notice of Violation Docket (NOV) Number 4054-07 dated April 20, 2007.**

W.S. §35-11-901(a)(ii) authorizes the DEQ to negotiate a stipulated settlement, including payment of a penalty, implementation of compliance schedules, or other settlement conditions, in lieu of litigation. To that end, Majestic and the DEQ hereby stipulate and agree as follows:

1. The DEQ, 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. DEQ is the agency with the responsibility for administering the Wyoming Environmental Quality Act (Act) including all provisions of the Wyoming Water Quality Rules and Regulations (WWQRR).

2. Majestic conducts coal bed methane (CBM) production operations in Campbell County in Wyoming, including those that are or have been conducted under WYPDES permits: WY0036340, WY0038130, and WY0052876. Docket number 4054-07 alleges violations involving three (3) unpermitted discharges from Majestic operations due to failure to renew the WYPDES permits mentioned above.

3. Since receiving the NOV, Majestic has provided the DEQ with documentation of corrective actions taken to address the identified concerns and prevent future violations.

4. **Majestic agrees to pay a total civil penalty of one thousand twenty dollars and no cents (\$1,020.00)** as a stipulated settlement to resolve this matter and all allegations contained in NOV 4054-07 as described above in lieu of litigation under W.S. §35-11-901(a)(ii). Payment is due and payable within thirty (30) days of the full execution of this Settlement Agreement. Payment to DEQ shall be by check made payable to the Wyoming Department of Environmental Quality, Water Quality Division and shall be sent to: Mr. Kevin M. Wells, WYPDES Compliance and Enforcement Coordinator, Department of Environmental Quality, Water Quality Division, Herschler Building, 4<sup>th</sup> Floor-West, 122 West 25<sup>th</sup> Street, Cheyenne, Wyoming 82002.

5. Majestic's full compliance with the terms of this signed Settlement Agreement shall constitute full satisfaction for and resolution of all claims by the DEQ against Majestic based on the specific allegations in NOV Docket Number 4054-07. Contingent upon Majestic's compliance with the terms of this Settlement Agreement, the DEQ will refrain from taking further enforcement action against Majestic for these particular alleged violations.

6. Majestic waives any statute of limitations which may apply to an enforcement action by the DEQ involving the specific matters described in NOV Docket Number 4054-07 in the event that Majestic fails to fulfill its obligations under this Settlement Agreement.

7. Nothing in this Settlement Agreement precludes DEQ from taking additional enforcement action, including the issuance of a NOV, Order, and/or pursuing additional penalties, in the event that Majestic violates the Act or applicable rules and regulations in the future.

8. This Settlement Agreement represents a good faith settlement and resolution of the NOV in lieu of litigation and shall not constitute or be construed as an admission by Majestic or a retraction by DEQ of the specific allegations in NOV Docket Number 4054-07.

9. This Settlement Agreement shall be admissible by either party without objection by the other party in any subsequent action to enforce its terms.

10. Notwithstanding any other language in this Settlement Agreement, the State of Wyoming and DEQ do not waive sovereign immunity by entering into this Settlement Agreement with Majestic and specifically retain all immunity and all defenses available as sovereigns under state and federal law.

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

12. This Settlement Agreement is binding upon Majestic Petroleum Operations, LLC. its successors and assigns, and upon the DEQ.

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

14. The effective date of this Settlement Agreement, when signed by all parties, is the date of the latest signature below.

FOR: MAJESTIC PETROLEUM OPERATIONS, LLC.

Signed: 

Date: 7/30/07

Typed: MICHAEL R. ONSTOTT

Title: PRESIDENT

FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:

  
John V. Corra  
Director  
Department of Environmental Quality

Date: 7/29/07

  
John F. Wagner  
Administrator  
DEQ/Water Quality Division

Date: 7/20/07

JVC/JFW/KMW/bb/7-0489.SA

- cc: Aaron Urdiales, 8ENF-W-NP, EPA Region 8 (PDF)  
James B. Eisenhauer, WYPDES Inspection Coordinator, Sheridan DEQ Office (PDF)  
Bill J. DiRienzo ► Brian K. Lovett ► Leah J. Krafft  
IPS (for scanning) ► Docket 4054-07  
Keith Guille, DEQ Public Information Officer (PDF File-signed copy)