

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

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality (WDEQ) and States West Water Resources Corporation (States West) enter into this Settlement Agreement to fully and finally resolve without litigation the violation alleged in the WDEQ Notice of Violation (NOV), Docket Number 4155-07, dated October 9, 2007. The NOV alleges the construction of water main without a permit. This is a violation of the Wyoming Environmental Quality Act. The location of the violation is 432 East Mill Street in Pinedale, Sublette 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, States West 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 States West is the engineer for the fire suppression project for the Game and Fish Department's building renovation project at 432 East Mill Street in Pinedale, Sublette County.

3 of 15 Construction of a water main without a permit to construct is a violation of W.S. 35-11-301(a) (v).

4 of 15 States West agrees to pay a total of one thousand dollars (\$1,000.00) only if Item 6 of 15 is not satisfied as a stipulated settlement condition to resolve this matter in lieu of litigation.

In the event Item 6 of 15 is not met, payment of one thousand dollars (\$1000) shall be by check and made payable within thirty (30) days to the Wyoming Department of Environmental Quality/Water Quality Division and shall be sent to: Don McKenzie, WWW Program Manager, Wyoming Department of Environmental Quality, Water Quality Division, Herschler Building, 4 Floor-West, 122 West 25th Street, Cheyenne, Wyoming 82002.

5 of 15 The WDEQ agrees to review the States West application 07-660 within two (2) days. In the event WDEQ review comments are forwarded to States West, the WDEQ agrees to review the subsequent States West review comments response within two (2) days.

6 of 15 States West shall respond to any subsequent WDEQ reviews of the Game and Fish fire suppression project application 07-660 within four (4) days of receipt.

7 of 15 States West and the WDEQ commit to completing the permitting process for the Game and Fish fire suppression project, under application tracking number 07-660, by October 24, 2007.

8 of 15 This signed Settlement Agreement, as specified above, shall constitute full satisfaction for and resolution of all claims by the WDEQ/WQD against States West based on the violations alleged in NOV Docket Number 4155-07. Contingent upon States West's compliance with the terms of this Settlement Agreement, the WDEQ will refrain from taking further enforcement action against States West 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 4155-07.

- 9 of 15 States West waives any statute of limitations which may apply to an enforcement action by the WDEQ involving the specific matters described in NOV Docket Number 4155-07 in the event that States West 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 States West 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 States West, 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 States West, 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 STATES WEST WATER RESOURCES CORPORATION

Signed: Brandon L. Gebhart Date: 10/9/07
 Typed: BRANDON L. GEBHART
 Title: PROJECT MANAGER

FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:

John V. Corne Date: 10/9/07
 John V. Corne, Director
 WDEQ

John F. Wagner Date: 10/9/07
 John F. Wagner, Administrator
 WDEQ/WQD

xc: Don McKenzie, WDEQ, Cheyenne
 Mark Baron, WDEQ, Lander
 Docket Number 4155-07