

## SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality (DEQ), Water Quality Division (WQD), and RDG Company, Inc., (RDG), a company 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 (NOV) Docket Number 4363-08 dated September 30, 2008. The violation occurred in Johnson County, Wyoming.**

W.S. §35-11-901(a)(ii) authorizes the DEQ to negotiate a stipulated settlement, including payment of a penalty, in lieu of litigation. To that end, RDG 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. RDG operates an oil treater production facility in Wyoming authorized to discharge under Wyoming Pollution Discharge Elimination System (WYPDES) permit WY0053856 in Wyoming.

3. RDG agrees to pay a penalty of eight thousand six hundred forty dollars and no cents (\$8,640.00) as a settlement to resolve the above referenced NOV. Payment to the DEQ is due and payable within thirty (30) days of the full execution of this Settlement Agreement. Payment 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, Compliance & 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. **The check should reference NOV Docket Number 4363-08.**

4. RDG shall provide the WQD with documentation indicating corrective actions taken or scheduled to be taken to maintain compliance with WYPDES permit requirements. This documentation shall include schedules for completion and type of documentation to be provided for compliance verification (photo, multiple laboratory samples, permit modifications, etc.). This information shall be received by the WQD within 30 days of the signatory date of this agreement.

5. This signed Settlement Agreement and payment by RDG shall constitute full satisfaction for and resolution of all claims by the DEQ against RDG based on the violations alleged in NOV Docket Number 4363-08. Contingent upon RDG's full compliance with the terms of this Settlement Agreement, the DEQ will refrain from taking further enforcement action against RDG for these particular violations. By this Settlement Agreement, the parties intend to resolve with prejudice all allegations that were asserted in NOV Docket Number 4363-08.

6. RDG waives any statute of limitations which may apply to an enforcement action by the DEQ involving the specific matters described in NOV Docket Number 4363-08 in the event that RDG fails to fulfill its obligations under this Settlement Agreement.

7. Nothing in this agreement precludes DEQ from taking additional enforcement action; including the issuance of a NOV, Order, and/or pursuing additional penalties, should RDG violate the Act, applicable rules and regulations, or WYPDES permit requirements in the future.

8. This Settlement Agreement or any actions taken in accordance with its provisions, does not constitute an admission by RDG to any allegations, findings, determinations or conclusions contained in this Agreement, nor is this a retraction by the DEQ of the specific allegations in NOV Docket Number 4363-08. Except as specifically provided for herein, nothing in this Agreement shall prejudice, waive, or impair any right, remedy, or defense that RDG may have against any entity.

9. This Settlement Agreement shall be admissible by either party without objection by the other party in any subsequent action between these parties 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 RDG 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 date this Settlement Agreement is signed by both parties.

12. RDG and the DEQ agree to comply with and be bound by the terms of this agreement and further agree they will not contest the basis or validity of this Settlement Agreement in any action taken by DEQ to enforce the terms of this Settlement Agreement. Therefore this Settlement Agreement is binding upon RDG, 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. Full execution of this Settlement Agreement shall be determined by the latest date of all parties signing.

**FOR: RDG OIL AND GAS, LLC.**

Signed: Jeff Wingerter

Typed: Jeff Wingerter

Title: Geologist / Managing Partner

Date: 12-2-2008

**FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:**

John V. Corra  
John V. Corra  
Director  
Department of Environmental Quality

Date: 11/4/08

John F. Wagner  
John F. Wagner  
Administrator  
DEQ/Water Quality Division

Date: 11/4/08

JVC/JFW/KMW/bb/8-0856

cc: Lee Hanley, 8ENF-W-NP, EPA Region 8 (PDF)  
Bill J. DiRienzo ► Brian K. Lovett ► Leah J. Krafft (PDF)  
IPS (for scanning) ► Docket 4363-08  
Keith Guille, DEQ Public Information Officer (PDF File of signed copy by all parties)