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SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality (DEQ), Water Quality Division (WQD), and Wellstar Company, Inc., (Wellstar), 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 4561-09 dated November 3, 2009. The violations occurred in Crook 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, Wellstar 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. Wellstar operates an oil treater production facility in Wyoming authorized to discharge under Wyoming Pollution Discharge Elimination System (WYPDES) permit WY0034878 in Wyoming.

3. Wellstar agrees to pay a penalty of four thousand three hundred twenty dollars and no cents (\$4,320.00) 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 4th Floor-West, 122 West 25th Street, Cheyenne, Wyoming 82002. **The check should reference NOV Docket Number 4561-09.**

4. Wellstar has provided the WQD with documentation indicating corrective actions taken or scheduled to be taken to maintain compliance with WYPDES permit requirements. This information was received in a letter dated December 17, 2009 which included schedules for completion and photos.

5. This signed Settlement Agreement and payment by Wellstar shall constitute full satisfaction for and resolution of all claims by the DEQ against Wellstar based on the violations alleged in NOV Docket Number 4561-09. Contingent upon Wellstar's full compliance with the terms of this Settlement Agreement, the DEQ will refrain from taking further enforcement action against Wellstar for these particular violations. By this Settlement Agreement, the parties intend to resolve with prejudice all allegations that were asserted in NOV Docket Number 4561-09.

6. Wellstar waives any statute of limitations which may apply to an enforcement action by the DEQ involving the specific matters described in NOV Docket Number 4561-09 in the event that Wellstar 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 Wellstar 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 Wellstar 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 4561-09. Except as specifically provided for herein, nothing in this Agreement shall prejudice, waive, or impair any right, remedy, or defense that Wellstar 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 Wellstar 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. Wellstar 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 Wellstar, 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: WELLSTAR CORPORATION

Signed: Paul R. Noble

Typed: Paul R. Noble

Title: Vice President, Operations

Date: 27 Jan 2010

FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:

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

Date: 1/19/10

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

Date: 1/15/10

JVC/JFW/KMW/bb/10-0034

- cc: Lee Hanley, 8ENF-W-NP, EPA Region 8 (PDF)
Bill J. DiRienzo ► Kevin M. Wells (PDF)
IPS (for scanning) ► Docket 4561-09
Keith Guille, DEQ Public Information Officer (PDF File of signed copy by all parties)