DEPARTMENT OF ENVIRONMENTAL QUALITY
STATE OF WYOMING

IN THE MATTER OF THE NOTICE OF VIOLATION ISSUED TO:	)
	)
Citation Oil and Gas Corporation	)
14077 Cutten Road	)
Houston, TX 77069-2212	)

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality (DEQ), Water Quality Division (WQD), and Citation Oil and Gas Corporation (Citation) a company authorized to do business in Wyoming, enter into this Settlement Agreement to fully and finally resolve without litigation the violation alleged in **Notice of Violation (NOV) Docket Number 4773-10 dated November 24, 2010. These violations occurred in Campbell County, Wyoming.**

W.S. §35-11-901(a)(ii) authorizes the DEQ to negotiate a stipulated settlement, including payment of a penalty and corrective actions, in lieu of litigation. To that end, Citation 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. Citation has agreed to provide the DEQ with documentation demonstrating the steps taken to address the alleged violations covered by this NOV, including the ongoing operational programs designed to prevent violations in the future. Following implementation of the corrective actions, if available, Citation shall provide to the WQD an update of the completed corrective actions including photos of the impacted site.

3. Citation agrees to pay a total of one thousand two hundred dollars and no cents ($1,200.00) as a stipulated penalty. Payment to the DEQ is due within thirty (30) days of the full execution of this Settlement Agreement and shall be by check made payable to the Wyoming Department of Environmental Quality, Water Quality Division. Payment should be sent to Mr. Kevin M. Wells, Natural Resource Program Manager, 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 4773-10.**

4. Citation'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 Citation based upon the specific allegations in NOV docket number 4773-10. Contingent upon Citation's compliance with the terms of this Settlement Agreement, the DEQ will refrain from taking further enforcement action against Citation for these particular violations.

5. Citation waives any statute of limitations which may apply to an enforcement action by the DEQ involving the specific matters described in NOV Docket Number 4773-10 in the event that Citation fails to fulfill its obligations under this Settlement Agreement.

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

7. 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 Citation or a retraction by DEQ of the specific allegations in NOV docket number 4773-10.

8. 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.

9. 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 Citation and specifically retain all immunity and all defenses available as sovereigns under state and federal law.

10. Each party shall bear its own attorney fees and costs, if any, incurred through the date this Settlement Agreement is signed by both parties.

11. Citation 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 Citation, its successors and assigns, and upon the DEQ.

12. 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: CITATION OIL AND GAS CORPORATION.

Signed: _____

Typed: Wayne Wiesen

Title: Senior Vice President

Date: 1/4/11

FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:

_____ Date: 12/15/10

John V. Corra
Director
Department of Environmental Quality

_____ Date: 12/10/10

John F. Wagner
Administrator
DEQ/Water Quality Division

JVC/JFW/KMW/bb/10-1072

cc: David Gwisdalla, 8ENF-W-NP, EPA Region 8 (PDF)
Bill J. DiRienzo ▶ Kevin M. Wells (PDF)
IPS (for scanning) ▶ Docket 4773-10
Keith Guille, DEQ Public Information Officer (PDF File of signed copy by all parties)