



Department of Environmental Quality

To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.



Matthew H. Mead, Governor

John Corra, Director

CERTIFIED MAIL

July 12, 2012

Mr. Scott Bliss
Environmental Coordinator
Legacy Reserve
1501 Stampede Ave., Ste. 3170
Cody, WY 82414

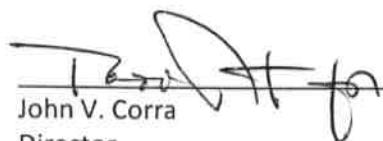
RE: Settlement Agreement for NOV Docket Number 5015-12

Dear Mr. Bliss:

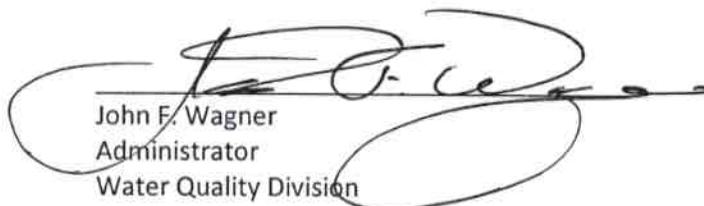
Enclosed are two Settlement Agreements for Notice of Violation Docket Number 5015-12, issued to Legacy Reserve (Legacy) for a crude oil release from a broken pipeline owned by Legacy. The release was reported to the Wyoming Department of Environmental Quality (DEQ), Emergency Response Coordinator on April 25, 2012.

Please review and sign both Settlement Agreements and keep one signed Settlement Agreement for your files. Please return the other signed Settlement Agreement in the self-addressed envelope provided to Mr. Kevin M. Wells, WYPDES Natural Resource Program Manager, Wyoming Department of Environmental Quality, Water Quality Division, Herschler Building 4th Floor West, 122 West 25th Street, Cheyenne, Wyoming 82002.

If you have any questions or comments concerning this matter, please contact Mr. Wells at (307) 777-8669.



John V. Corra
Director
Department of Environmental Quality



John F. Wagner
Administrator
Water Quality Division

JVC/JFW/KMW/bb/12-0610

Enclosures

cc: David Gwisdalla, 8ENF-W-NP, EPA Region 8 (PDF)
Bill DiRienzo ► Kevin M. Wells (PDF)
IPS (for scanning) ► Docket 5015-12
Keith Guille, DEQ Public Information Officer (PDF File of signed copy by all parties only)

Herschler Building · 122 West 25th Street · Cheyenne, WY 82002 · <http://deq.state.wy.us>

ADMIN/OUTREACH (307) 777-7758 FAX 777-7682	ABANDONED MINES (307) 777-6145 FAX 777-6462	AIR QUALITY (307) 777-7391 FAX 777-5616	INDUSTRIAL SITING (307) 777-7369 FAX 777-6937	LAND QUALITY (307) 777-7756 FAX 777-5864	SOLID & HAZ. WASTE (307) 777-7752 FAX 777-5973	WATER QUALITY (307) 777-7781 FAX 777-5973
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DEPARTMENT OF ENVIRONMENTAL QUALITY
STATE OF WYOMING

RECEIVED

SEP 05 2012

DEQ WATER QUALITY

IN THE MATTER OF THE NOTICE)
OF VIOLATION ISSUED TO:)

Mr. Scott Bliss)
Environmental Coordinator)
Legacy Reserves Operating LP)
1501 Stampede Ave., Ste. 3170)
Cody, Wyoming 82414)

Docket Number 5015-12

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality (DEQ), Water Quality Division (WQD), and Legacy Reserves Operating LP (Legacy) 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 5015-12 dated July 2, 2010**. These violations occurred in Park 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, Legacy 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. Legacy 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, Legacy shall provide to the WQD an updated report of the completed corrective actions including photos of the impacted site.

3. Legacy agrees to pay a total of two thousand four hundred dollars and no cents (\$2,400.00) 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 5015-12.

4. Legacy'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 Legacy based upon the specific allegations in NOV docket number 5015-12. Contingent upon Legacy's compliance with the terms of this Settlement Agreement, the DEQ will refrain from taking further enforcement action against Legacy for these particular violations.

5. Legacy waives any statute of limitations which may apply to an enforcement action by the DEQ involving the specific matters described in NOV Docket Number 5015-12 in the event that Legacy 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 Legacy 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 Legacy or a

retraction by DEQ of the specific allegations in NOV docket number 5015-12.

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 Legacy 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. Legacy 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 Legacy, 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: LEGACY RESERVES OPERATING LP

Signed: _____



Typed: _____

TOM FITZSIMMONS

Title: _____

BUSINESS UNIT LEADER

Date: _____

AUGUST 27, 2012

FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:

John V. Corra
Director
Department of Environmental Quality

Date: _____

8/23/12

John F. Wagner
Administrator
DEQ/Water Quality Division

Date: _____

8/23/12

JVC/JFW/KMW/bb/rm/12-0777

cc: David Gwisdalla, 8ENF-W-NP, EPA Region 8 (PDF)
Bill J. DiRienzo ► Kevin M. Wells (PDF)
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Keith Guille, DEQ Public Information Officer (PDF File of signed copy by all parties)
DEQ Director