This SETTLEMENT AGREEMENT (hereinafter "AGREEMENT") is entered into between PYRENEES DAIRY (hereinafter “OPERATOR”) and the UTAH WATER QUALITY BOARD (hereinafter the "BOARD") concerning violations of the Utah Water Quality Act (hereinafter “ACT”), Utah Code Annotated, and the Utah Administrative Code (hereinafter “UAC”).

1. The BOARD has authority to administer the ACT, as amended 1953.

2. The EXECUTIVE SECRETARY of the BOARD (hereinafter the “EXECUTIVE SECRETARY”) will administer the terms and provisions of this AGREEMENT.

3. The BOARD and the OPERATOR now wish to resolve this matter fully without further administrative proceedings except to the extent provided herein by entering into this AGREEMENT. Entering into this AGREEMENT is not an admission of liability or of the factual allegations set out in the NOTICE, nor is it an admission of or an agreement to any disputed facts or disputed legal theories, nor is it an admission of any violation of any law, rule, regulation or permit by the OPERATOR.

4. This AGREEMENT resolves the NOTICE OF VIOLATION and ORDER, Docket Number I11-07 (hereinafter "NOTICE"), between the OPERATOR and the BOARD, issued to the OPERATOR on June 21, 2011 by the BOARD. It does not in any way relieve the OPERATOR from any other obligation imposed under the ACT or any other state or federal laws.

5. This AGREEMENT takes into account efforts by the OPERATOR to resolve the violations cited in the NOTICE.
6. In resolution of said NOTICE referenced in Paragraph 4, the OPERATOR agrees to the following settlement terms:

A. Effective immediately, the OPERATOR agrees that the dairy will not discharge manure, compost, pen runoff, parlor water, barn water, mortality runoff, feed runoff, field runoff with manure, or other pollutants to waters of the State unless allowed under terms of a Utah Pollutant Discharge Elimination System (hereinafter “UPDES”) permit.

B. Effective immediately, in accordance with the dairy’s permit and comprehensive nutrient management plan (hereinafter “CNMP”), the OPERATOR agrees to properly manage waste storage structures at levels such that the dairy will not discharge manure, compost, runoff, milk parlor wastewater, and other wastes to waters of the State.

C. Effective immediately, and also upon any update of the dairy’s CNMP, the OPERATOR agrees to update and maintain the dairy’s CNMP to ensure that the CNMP provides the content required by the permit and Natural Resources Conservation Service (hereinafter “NRCS”) practices. Any and all CNMP revisions must be approved by a certified planner.

D. Prior to April 1, 2012, the OPERATOR agrees to, as needed, update the dairy’s CNMP to provide the following content in accordance with permit requirements and NRCS practices:

1. Proper winter applications. Winter applications of manure and other nutrients will be addressed, including winter applications to only those fields approved for winter application; and
2. Manure incorporation. Incorporation of manure and nutrients into soil will occur within 48 hours of any application. If precipitation is forecasted or expected within 48 hours of the application, manure incorporation shall be immediate.

E. Prior to May 1, 2012, the OPERATOR agrees to fully implement the CNMP as approved by the certified planner. The deadline includes any facility construction needed to implement the CNMP. The CNMP must be implemented following NRCS practices and standards and according to permit requirements.

F. Effective immediately, the OPERATOR agrees to report any discharges to waters of the State to the EXECUTIVE SECRETARY within 24-hours of the discharge by calling the AFO/CAFO Program Coordinator (currently Don Hall) at (801) 536-4492. If Don Hall can not be contacted immediately, leave a message with the date and time of the phone call.
G. Effectively immediately, the OPERATOR agrees to comply with the Settlement Agreement for NOV/CO #I09-08. This includes completion and proper utilization of new solid or liquid manure containment structures. Compliance to the original settlement agreement also includes obtaining any Construction or Ground Water permit if needed, and compliance with any other Ground Water Quality requirements needed for the dairy.

H. The OPERATOR agrees to pay a penalty of $3,500. One payment of $3,500 is due prior to April 1, 2012. The $3,500 penalty includes a $1,000 stipulated penalty for not reporting a discharge per the original settlement agreement.

I. The OPERATOR agrees to pay stipulated penalty amounts for conditions of noncompliance with this AGREEMENT. The dairy’s partial compliance to the requirements in this AGREEMENT shall be counted noncompliance and subject to the stipulated penalties. If the OPERATOR fails to comply with this AGREEMENT, the OPERATOR will pay the stipulated amounts below within 30 days of demand by the EXECUTIVE SECRETARY.

<table>
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<tr>
<th>REQUIREMENT</th>
<th>STIPULATED PENALTY</th>
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<tr>
<td>Prevention of any discharge to waters of the State as in paragraph 6A.</td>
<td>A penalty according to any new enforcement action.</td>
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<tr>
<td>Develop, update, and implement the dairy’s CNMP as required in paragraph’s 6B, 6C, 6D, and 6E.</td>
<td>$100 per day for every day of CNMP noncompliance, plus any penalty according to any new enforcement action.</td>
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<tr>
<td>Report any discharges to waters of the State within 24-hours as required in paragraph 6F.</td>
<td>$2,000.00 per day for not reporting, plus a penalty associated with any new enforcement action.</td>
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<tr>
<td>Comply with the requirements of paragraph 6G.</td>
<td>Penalty according to the stipulated penalties in the settlement agreement for the first NOV/CO, plus any penalty according to any new enforcement action.</td>
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<tr>
<td>Pay $3,500 prior to April 1, 2012, as required in paragraph 6H. The penalty payment is late on April 1, 2012.</td>
<td>$100.00 per calendar day after April 1, 2012 unless prior to the deadline, the OPERATOR requests and receives written approval to postpone the payment deadline from the EXECUTIVE SECRETARY.</td>
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7. Nothing contained in this AGREEMENT shall preclude the BOARD from taking additional actions to include additional penalties against the OPERATOR for violations not resolved by this AGREEMENT.

8. If an agreement between the OPERATOR and the EXECUTIVE SECRETARY cannot be reached in a dispute arising under any provisions of this AGREEMENT, then the OPERATOR or the EXECUTIVE SECRETARY may commence a proceeding with the BOARD under the Administrative Procedures Act to resolve the dispute. A final decision in any adjudicative proceeding shall be subject to judicial review under applicable state law.

9. Nothing in this AGREEMENT shall constitute a waiver by the OPERATOR to raise in defense any legal or factual contention to future allegations of noncompliance.

10. Nothing in this AGREEMENT shall constitute or be considered as a release from any claims, to include natural resource damage claims, cause of action, or demand in law or equity which the STATE may have against the OPERATOR, or any other person, firm, partnership or corporation for any liability arising out of or relating in any way to the release of pollutants to waters of the State.

11. This AGREEMENT shall not in any way relieve the OPERATOR of any obligation to comply with any applicable municipal, county, state, or federal laws and regulations.

12. This AGREEMENT is effective once signed by authorized agents from both parties.

13. This AGREEMENT is in effect until all the requirements of this AGREEMENT are met to the satisfaction of the Executive Secretary.

AGREED to this _____ day of __________________, 2012.

PYRENEES DAIRY                              UTAH WATER QUALITY BOARD

By___________________________    By___________________________
Authorized Agent                        Executive Secretary