UTAH WATER QUALITY BOARD

IN THE MATTER OF
WESTERN ENERGY OPERATING, LLC
439 NORTH CONWELL STREET
CASPER, WYOMING 82601
UPDES PERMIT NO. UT0000035

DOCKET NUMBER 111-01
SETTLEMENT AGREEMENT

This SETTLEMENT AGREEMENT (hereinafter "AGREEMENT") is between WESTERN ENERGY OPERATING, LLC (hereinafter "OPERATOR") and the UTAH WATER QUALITY BOARD (hereinafter the "BOARD"), concerning violations of the Utah Water Quality Act (the Act), Utah Code Annotated, and the Utah Administrative Code.

1. The BOARD has authority to administer the Utah Water Quality Act, as amended 1953, (hereinafter the "ACT").

2. The BOARD has been delegated authority by the U.S. Environmental Protection Agency (EPA) to administer the National Pollutant Discharge Elimination System (NPDES) permit program under the Federal Clean Water Act (CWA).

3. The parties now desire 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 factual allegation 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. The EXECUTIVE SECRETARY of the BOARD (hereinafter the "EXECUTIVE SECRETARY") will administer the terms and provisions of this AGREEMENT.

5. This AGREEMENT resolves the NOTICE OF VIOLATION and ORDER, Docket Number 111-01 (hereinafter the "NOTICE"), between the OPERATOR and the BOARD, issued to the OPERATOR on February 10, 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.

6. In resolution of said NOTICE referenced in Paragraph 5 of this AGREEMENT, the OPERATOR agrees to pay a total penalty amount of $3,795.00 within 30 days of the effective date of this AGREEMENT by check made payable to the State of Utah delivered or mailed to the Division of Water Quality, Department of Environmental Quality, 195 North 1950 West, P.O. Box 144870, Salt Lake City, Utah 84114-4870.
The penalty has been determined using the *Penalty Criteria for Civil Settlement Negotiations, Utah Administrative Code ("UAC") R317-1-8* which considers such factors as the nature, severity and extent of the violations, history of noncompliance, degree of willfulness and/or negligence, good faith efforts to comply, and economic benefit.

7. Nothing contained in this AGREEMENT shall preclude the BOARD from taking additional actions to include additional penalties against the OPERATOR for permit 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 provision 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 for 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.

AGREED to this _____ day of ______________, __________, (Year)

WESTERN ENERGY OPERATING, LLC

By ___________________________
Authorized Agent

UTAH WATER QUALITY BOARD

By ___________________________
Executive Secretary