

**UTAH DIVISION OF WATER QUALITY**

<b>IN THE MATTER OF ESSENTIAL BOTANICAL FARMS, LC</b>	<b>DOCKET NO. 118-01 SETTLEMENT AGREEMENT</b>
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This **SETTLEMENT AGREEMENT** (hereinafter "**AGREEMENT**") is between **ESSENTIAL BOTANICAL FARMS, LC**, owner and operator of the Mona Farm, and **YOUNG LIVING ESSENTIAL OILS, LC** (collectively, "**YLEO**") and the **DIRECTOR OF THE UTAH DIVISION OF WATER QUALITY** (hereinafter the "**DIRECTOR**"), concerning violations of the Utah Water Quality Act, Utah Code Ann. § 19-5-101 *et seq.* (the "Act"), and the implementing regulations, Utah Admin. Code R317-1 *et seq.*

1. The **DIRECTOR** has authority to administer the Utah Water Quality Act pursuant to Utah Code Ann. § 19-1-105(1)(e), and has authority to enforce rules through the issuance of orders, as specified in Utah Code Ann. § 19-5-106(2)(d) and § 19-5-111. The **DIRECTOR** also has the authority to settle any civil action initiated to compel compliance with the Act and implementing regulations pursuant to Utah Code Ann. § 19-5-106(2)(k).

2. The **DIRECTOR** 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, 33 U.S.C. § 1251 *et seq.* (CWA).

3. The Director issued a NOTICE OF VIOLATION AND ORDER, Docket Number 118-01 (hereinafter "**NOTICE**") to **YLEO** on May 2, 2018, regarding the following incident:

On or about February 13, 2018 and February 21, 2018, Non-Contact Condenser Cooling process water ("Cooling Water") exceeding state water quality thermal temperature standards discharged from the **YLEO** farm distillery and oil extraction facility into Pond 2 of the man-made ponds which are connected by man-made conveyances and fed by a well. The last pond in the complex is connected via a culvert to a drainage that flows past **YLEO's** property boundary and ultimately into Mona Reservoir. Mona Reservoir and its tributaries are waters of the State within the meaning of Utah Code Ann. § 19-5-102(23). The Director determined that said discharges constituted a discharge of a pollutant into a water of the State without a permit in violation of Utah Code Ann. § 19-5-107, and issued a Notice of Violation and Order.

4. On or about February 27, 2018, DWQ received a letter from **YLEO**, advising DWQ of the unpermitted discharge of Cooling Water into the ponds and of the unpermitted discharge of contact process water ("Floral Water" and "Reflux Water") to the ground behind the distillery ("**DISCLOSURE LETTER**").

5. **YLEO** has represented that since its receipt of the February 2018 inspection

reports, the Non-Contact Condenser Cooling Water discharge into Pond 2 has been eliminated and the associated distribution line removed entirely. In addition, while long-term solutions are being developed the other potential process waters of concern, the Reflux Water, is being stored in tanks and hauled offsite for disposal by ET Technologies, while the Floral Water is being captured in a large collection system and combined with Cooling Water then being pumped through a carbon filtration system before being discharged to the ground. With the **DIRECTOR's** approval of this interim status, **YLEO** will submit a formal groundwater discharge permit application for the Floral/Cooling Water discharge.

6. The parties have discussed the **NOTICE** and the facts and circumstances surrounding the incident, and now desire to resolve this matter fully without further administrative proceedings 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 **YLEO**. This **AGREEMENT** does not in any way relieve **YLEO** from any other obligation imposed under the Act or any other State or Federal laws.

7. The **DIRECTOR** will administer the terms and provisions of this **AGREEMENT**.

8. In full resolution of past compliance issues addressed in the **NOTICE** in Paragraph 3 of this **AGREEMENT** and addressed in the **DISCLOSURE LETTER** referenced in paragraph 4 of this **AGREEMENT**:

A. **YLEO** agrees to pay a penalty in the amount of \$13,500.00 which was calculated and adjusted for circumstances in conformance with the penalty policy outlined in Utah Admin. Code R317-1-8.

Payment is to be made within thirty (30) days of the Effective Date of this **AGREEMENT**, shown below, by online payment, or check made payable to the State of Utah delivered or mailed to:

Department of Environmental Quality  
Division of Water Quality  
PO Box 144870  
Salt Lake City, Utah  
84114-4870

B. **YLEO** agrees to continue to cease all unpermitted releases of process water which violate Utah Water Quality Standards, and comply with the interim status until long-term solutions are developed pursuant to the terms of this **AGREEMENT**.

C. **YLEO** agrees to complete proposed process modifications to recirculate its

Cooling Water and Floral Water consistent with the intent of those outlined in the **DISCLOSURE LETTER**, subject to additional engineering. If any groundwater application remains necessary for any portion of the water after the completion of the recirculation systems, **YLEO** will submit an application for a ground water discharge permit in accordance with R317-6-6.3.

D. **YLEO** agrees to submit updates on its progress on the recirculation systems. Updates must be submitted every 3 months upon the effective date of this **AGREEMENT**. The updates must include how the project is progressing and any known setbacks that may impact the progress.

E. On or before October 1, 2018, **YLEO** agrees to submit for **DIRECTOR** review and approval:

- Final engineering design drawings and a construction schedule for the recirculation systems of both non-contact and contact water streams at the Mona Farm operation;
- A written description of how the existing series of 4 man-made ponds will be utilized and managed after the recirculation systems are constructed;
- An application for a ground water discharge permit in accordance with R317-6-6.3 for the interim status;
- A proposed outline of activities and associated schedule to conduct a contaminant investigation and corrective action as described under R317-6-6.15.C, or provide evidence that an investigation and/or corrective action are not necessary.

F. **YLEO** agrees that failure to meet any of the above requirements by the October 1, 2018, deadline shall result in a penalty amount of \$250 per calendar day until the requirements have been satisfied. **If YLEO** determines it cannot meet the deadline, an extension request may be made in writing prior to the deadline. The **DIRECTOR** may grant an extension of time for good cause.

9. Nothing contained in this **AGREEMENT** shall preclude the **DIRECTOR** from taking additional actions against **YLEO** for permit violations not resolved by this **AGREEMENT**.

10. Nothing in this **AGREEMENT** shall constitute a waiver by **YLEO** to raise in defense any legal or factual contention for future allegations of noncompliance.

11. 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 **YLEO**, 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.

If an agreement between **YLEO** and the **DIRECTOR** cannot be reached in a dispute arising under any provision of this **AGREEMENT**, then **YLEO** or the **DIRECTOR** may commence an enforcement proceeding in district court.

AGREED to this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

**YOUNG LIVING ESSENTIAL OILS**

By \_\_\_\_\_  
Its: \_\_\_\_\_

AGREED to this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

**ESSENTIAL BOTANICAL FARMS, LC**

By \_\_\_\_\_  
Its: \_\_\_\_\_

AGREED to this \_\_\_\_\_ day of \_\_\_\_\_, 2018 (Effective Date).

**UTAH DIVISION OF WATER QUALITY**

By \_\_\_\_\_  
Its: \_\_\_\_\_

DWQ-2018-006906