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State of Utah

Department of
Environmental Quality

Richard W. Sprott
Executive Director

DIVISION OF WATER QUALITY
Walter L. Baker, P.E.
Director

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Governor

GARY HERBERT
Lieutenant Governor

C/007/041 Incoming
CC: Dana
Wayne
Pete

March 11, 2008

CERTIFIED MAIL
(Return Receipt Requested)

Mr. Bruce Hill, President & CEO
UtahAmerican Energy, Inc.
West Ridge Resources, Inc.
6750 North Airport Road
P.O. Box 902
Price, UT 84501

Dear Mr. Hill:

Subject: Settlement Agreement Finalized and Payment Invoice for
Notice of Violation & Order, Docket No. I07-14, West Ridge
Resources, Inc. - UPDES Permit No. UT0025640.

Enclosed is your copy of the fully executed Settlement Agreement between the Utah Water Quality Board and West Ridge Resources, Inc. The 30-day Public Notice for the Settlement Agreement ended on March 1, 2008 with no comments received. Therefore, the Settlement Agreement has been finalized and full payment of the penalty amount will close out this enforcement action and return West Ridge Resources, Inc. to full compliance.

The penalty amount for your Settlement Agreement is \$28,321.00. Therefore, please remit \$28,321.00 within 30 days from receipt of this letter to:

Department of Environmental Quality
Division of Water Quality
Attn: Nicole Carrell
P.O. Box 144870
Salt Lake City, Utah 84114-4870

A separate invoice is included herein. Please be sure to include a copy of the invoice, or the invoice number with your remittance.

Your continued efforts to remain in full compliance with the provisions of your UPDES Permit are appreciated.

RECEIVED

MAR 13 2008

DIV. OF OIL, GAS & MINING

If you have any questions with regards to this matter, please contact Jeff Studenka at (801) 538-6779 or by e-mail at jstudenka@utah.gov.

Sincerely,

Utah Water Quality Board



Walter L. Baker
Executive Secretary

WLB:JAS:st

Enclosure

cc (w/ encl.): Richard W. Sprott, Executive Director, Department of Environmental Quality
 Fred Nelson, Assistant Attorney General
 Jennifer Meints, U.S. EPA Region 8 Enforcement (8ENF-T)
 Claron Bjork, Director, SE Utah District Health Department
 Dave Ariotti, SE Utah DEQ District Engineer
 Daron Haddock, Division of Oil Gas & Mines
 Dave Shaver, UEI West Ridge Mine

JAN 10 2008

UTAH WATER QUALITY BOARD

IN THE MATTER OF	§	DOCKET NUMBER I07-14
WEST RIDGE RESOURCES, INC.	§	SETTLEMENT AGREEMENT
UPDES PERMIT NO. UT0025640	§	
CARBON COUNTY		

This **SETTLEMENT AGREEMENT** (hereinafter "**AGREEMENT**") is between **WEST RIDGE RESOURCES, INC.** (hereinafter "**WEST RIDGE**") 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 "**WEST RIDGE**". By entering into this **AGREEMENT**, "**WEST RIDGE**" withdraws its request for a hearing before the **BOARD**.
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 I07-14 (hereinafter the "**NOTICE**") issued to "**WEST RIDGE**" on June 20, 2007, by the **BOARD**. It does not in any way relieve "**WEST RIDGE**" from any other obligation imposed under the *Act* or any other State or Federal laws.
6. This **AGREEMENT** takes into account good faith efforts by "**WEST RIDGE**" to resolve the violations cited in said **NOTICE**. The **BOARD** acknowledges that in response to inspections and receipt of the **NOTICE OF VIOLATION**, "**WEST RIDGE**" filled the onsite ditch and communicated cooperatively with Utah Division of Water Quality representatives.
7. In resolution of said **NOTICE** referenced in Paragraph 5 of this **AGREEMENT**, "**WEST RIDGE**" agrees to pay a total penalty amount of \$28,321.00 as allocated below. The penalty has been determined using the *Penalty Criteria for Civil Settlement Negotiations*,

Utah Administrative Code ("UAC") R317-1-9 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.

- A. "WEST RIDGE" agrees to remit \$28,321.00 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, 288 North 1460 West, P.O. Box 144870, Salt Lake City, Utah 84114-4870.
- B. "WEST RIDGE" agrees not to deduct or otherwise attempt to obtain a tax benefit from the total penalty amount.
8. Nothing contained in this AGREEMENT shall preclude the BOARD from taking additional actions to include additional penalties against "WEST RIDGE" for permit violations not resolved by this AGREEMENT.
9. If an agreement between "WEST RIDGE" and the EXECUTIVE SECRETARY cannot be reached in a dispute arising under any provision of this AGREEMENT, "WEST RIDGE" 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.
10. Nothing in this AGREEMENT shall constitute a waiver by "WEST RIDGE" 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 "WEST RIDGE", 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 11 day of March, 2008.

WEST RIDGE RESOURCES, INC.

By P. Bruce Hud
Authorized Agent

UTAH WATER QUALITY BOARD

By [Signature]
Executive Secretary