

NDEP-BAPC SETTLEMENT AGREEMENTS – June 17, 2010

| TAB NO. | COMPANY NAME | VIOLATION | NOAV NUMBER | PROPOSED SETTLEMENT AMOUNT |
|---------|--|--|-------------|----------------------------|
| 1 | Advanced Refining Concepts, Storey County | NAC445B.275 “Violations: Acts Constituting; notice.” For constructing a fuel processing facility without the required air quality operating permit. On November 12, 2009, a Surface Area Disturbance permit was issued for ground preparation work at the site. During inspections in the Tahoe-Reno Industrial Center, on March 22, 2010, an NDEP inspector noticed the construction of the processing tanks had began without the required Air Quality Operating permit. Based on the Penalty Table, constructing without a permit carries a minimum penalty of \$800. The NDEP-BAPC recommended a penalty of \$3,000. | 2245 | \$3,000 |
| 2 | WorldColor, Lyon County | NAC445B.275 “Violations: Acts Constituting; notice.” For exceeding permitted emission limits and failure to submit the source test report within 60 days. The base penalty for each NOAV is based on the Penalty Table. Failure to submit a report on time carries a minimum penalty of \$600. The NDEP-BAPC recommended a base penalty of \$2,000 for the reporting violation (NOAV 2235). An exceedance of a permitted emission limit carries a minimum penalty of \$4,000. The NDEP-BAPC recommended a base penalty of \$10,000 for the emission exceedance (NOAV 2236). | 2235 & 2236 | \$12,000 |
| 3 | 21 st Century Environmental Management, Lyon County | NAC445B.275 “Violations: Acts Constituting; notice.” For failure to conduct monitoring required by the air quality operating permit. Air quality operating permit AP4953-2235 requires 21 st Century to monitor the volumetric flow rate through the grid scrubber. Based on the Penalty Table, failure to conduct required monitoring carries a minimum penalty of \$600. The NDEP-BAPC recommended a base penalty of \$30,000. | 2233 | \$30,000 |
| 4 | Zeox Corporation, Nye County | NAC445B.275 “Violations: Acts Constituting; notice.” For exceeding permitted emission limits during a source test. Zeox exceeded permitted emission rates for particulate matter by a factor of 3.3 to 6 times the permitted limits. Investigation by Zeox indicates that the exceedance probably resulted from cracks in the baghouse filter cartridges. Zeox did not concur with (stipulate to) the proposed settlement amount. | 2225 | \$8,000 |

NDEP-BAPC SETTLEMENT AGREEMENTS – June 17, 2010 (continued)

| TAB NO. | COMPANY NAME | VIOLATION | NOAV NUMBER | PROPOSED SETTLEMENT AMOUNT |
|---------|------------------------------------|---|-------------|---|
| 5 | Bango Oil, LLC Churchill County | <p>NAC445B.275 “Violations: Acts Constituting; notice.” For constructing unpermitted processing systems without first applying for and receiving a modification of an air quality operating permit. On July 30, 2008 the company submitted an application to revise its air quality permit. The NDEP subsequently discovered that much of two of the systems being permitted, a filtration system (“hydrotreater”) and cooling tower, were already under construction. The revised permit was issued in February 2009.</p> <p>Based on the presence of two unpermitted systems and duration of 18 weeks, the Administrative Penalty Table and Penalty Matrix call for a penalty of \$108,000. The proposed settlement includes payment of a \$10,000 cash penalty and completion of a Supplemental Environmental Project (SEP) requiring installation and operation of a system to treat water generated by the re-refining process. This multiphase, secondary water treatment system must achieve the quality required for reuse of treated waste water in the plant or for surface application, and must cost at least \$122,500 [125% of the remaining \$98,000 penalty]. The SEP would benefit air quality by eliminating a potential source of odors and diminishing pollutant emissions, and benefit water resources by decreasing demands on the local groundwater resource and providing water for plant reuse, dust suppression or other surface applications.</p> <p>On April 1, 2010 the NDEP-Bureau of Water Pollution Control issued a permanent Water Pollution Control Discharge Permit to Bango Oil, under which the facility is permitted to operate the water treatment system. Bango Oil is currently operating only the initial component [dissolved air flotation] of the system; water is being trucked offsite for disposal.</p> | 2146 | <p>\$10,000 penalty; also involves a SEP (water treatment system)</p> |