

upon the surface of the ground during CBR's well development and drilling process. CBR recycled its well development water as a conservation measure, rather than treating it as a waste stream and collecting and retaining such water in CBR's lined evaporation ponds, contrary to the terms of its UIC permit. Such treatment of its well development water did not result in any pollution of either the surface of the ground or any aquifer thereunder. CBR discovered this process potentially violated the literal terms of its UIC permit on or about March 31, 2006, and self-reported it to the DEQ's on-site inspector on or about April 7, 2006.

3. NDEQ further alleges that Defendant is therefore subject to a civil penalty as provided in Neb. Rev. Stat. §81-1508.02(2) (Reissue 1999).

4. The parties agree that settlement of these matters is in the public interest and entry of this Consent Decree is the most appropriate means of resolving their dispute. Defendant, without admitting any allegations of the Complaint, agrees to the form and entry of this Consent Decree for purposes of settlement only.

5. The parties agree that this Consent Decree shall be in full satisfaction of all claims alleged in the Complaint and arising out of the same transaction or occurrence asserted therein, provided that such claims were known or were reasonably ascertainable from information in the State's possession as of the date of the filing of this Consent Decree.

6. IT IS THEREFORE ORDERED that Defendant shall pay to the Clerk of the District Court of Lancaster County a civil penalty in the sum of fifty thousand dollars (\$50,000) pursuant to Neb. Rev. Stat. §81-1508.02, together

with court costs in the amount of seventy-nine dollars (\$79.00). Said penalty is to be handled pursuant to Article VII, Section V, of the Nebraska Constitution.

A. \$25,000 (twenty-five thousand dollars) of said penalty will be imposed immediately upon the entry of this Consent Decree by the Court, and is due no later than 10 (ten) days after the entry of this Consent Decree by the Court.

B. \$25,000 (twenty-five thousand dollars) of said penalty will be due and owing 180 days following the approval of this Consent Decree by the Court. In the event that said Defendant continues to maintain compliance with the following obligations and provisions, during the time period between the approval of this Consent Decree by the District Court and 180 days following that approval, the \$25,000 (twenty-five thousand dollars) of civil penalties will be waived:

1. The Environmental Protection Act, Neb. Rev. Stat. §81-1501 *et seq*;
2. Title 122 of the Nebraska Administrative Code, "Rules and Regulations for Underground Injection and Mineral Production Wells;" and
3. Defendant's UIC Permit No. NE0122611 and all conditions and provisions related thereto.

C. To qualify for the \$25,000 (twenty-five thousand dollars) waiver of civil penalties as stated in paragraph 6(B), Defendant shall file a showing with the

Court within 30 (thirty) days following the due date of the civil penalties establishing that it has maintained compliance as required. If the Defendant does not receive a Notice of Violation from NDEQ and is not a party to legal action initiated by the NDEQ disputing compliance with the statutes and regulatory provisions in paragraph 6(B) during the relevant time period, NDEQ shall file a Satisfaction of Judgment in the case within ten days of receipt of Defendant's showing. If Defendant receives a Notice of Violation from NDEQ, or is a party to legal action initiated by NDEQ disputing compliance with the statutes and regulatory provisions in paragraph 6(B) during the relevant time period, NDEQ shall file an objection to Defendant's showing and determination of this waiver provision will be stayed pending ongoing enforcement proceedings.

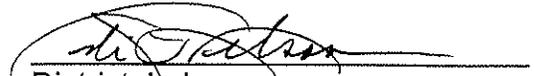
7. IT IS FURTHER ORDERED that the Defendant shall pay, as a Supplemental Environmental Project, the sum of 50,000 (fifty thousand dollars) into the Attorney General's Environmental Protection Fund to be used for environmental safety, training, public awareness, or other related uses as permitted by state law, at the sole discretion of the Nebraska Attorney General. This sum shall be paid as a lump-sum payment due no later than 10 (ten) days after the entry of this Consent Decree.

8. This Consent Decree will have no effect on any enforcement action brought by NDEQ against Defendant for future violations of any statutes or regulations.

9. The undersigned consent without further notice to the form and entry of the foregoing Consent Decree.

DATED THIS 23 day of May, 2008, in Lancaster County, Nebraska.

BY THE COURT:

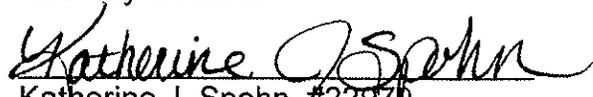

District Judge

JODI L. NELSON

STATE OF NEBRASKA ex rel.
MICHAEL J. LINDER, Director
Department of Environmental
Quality, Plaintiff,

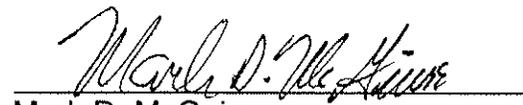
BY: JON BRUNING #20351
Attorney General

BY:


Katherine J. Spohn #22970
Assistant Attorney General
2115 State Capitol Bldg.
Lincoln, NE 68509
Tel. (402) 471-2682
katie.spohn@nebraska.gov
Attorneys for Plaintiff.

CROW BUTTE RESOURCES, INC.,
a Nebraska Corporation, Defendant

BY:

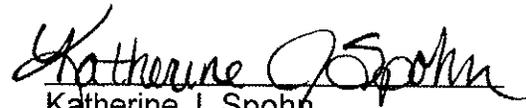

Mark D. McGuire
McGuire and Norby
605 South 14th Street, Suite 100
Lincoln, NE 68508
Tel. (402) 434-2390
Attorney for Defendant.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Consent Decree has been served upon the Defendant by hand Delivery ~~regular United States mail, first~~

class postage prepaid on this ^{23rd} day of May, 2008 addressed to the Defendant's attorney of record as follows:

Mark D. McGuire
McGuire and Norby
605 South 14th Street, Suite 100
Lincoln, NE 68508


Katherine J. Spohn
Assistant Attorney General

SUZANNE M. KIRKLAND
CLERK of the DISTRICT COURT
LANCASTER COUNTY
575 South 10th Street
Lincoln, Nebraska 68508-2810
402-441-7328/Fax 402-441-6190

IN THE DISTRICT COURT OF LANCASTER COUNTY, NEBRASKA

--CERTIFICATE--

I, Simon G. Rezac, Deputy Clerk of the District Court of Lancaster County, Nebraska, do hereby certify that the foregoing is/are a full and correct copy/copies of the original instrument(s) duly filed and or record in this court. This Certificate, which bears the seal of the District Court of Lancaster County, State of Nebraska, USA, was signed on MAY 23 2008.

By: 
Simon G. Rezac, Deputy Clerk

