

6. The parties stipulate and agree to the following matters. It is further agreed that these stipulations are applicable to this Agreement and any enforcement or penalty proceeding arising out of this Agreement or the subject matter of this Agreement:

- a. At all relevant times, Respondent was an importer as defined within the meaning of 40 C.F.R. § 80.2.
- b. During September 17 - 18, 1997, EPA audited Respondent to determine compliance with § 211(k) of the Clean Air Act ("Act"), 42 U.S.C. § 7545, and the reformulated gasoline and anti-dumping fuels regulations issued thereunder at 40 C.F.R. Part 80.
- c. As a result of EPA's audit of Respondent, EPA alleged that Respondent:
 1. Failed to report the importation of each batch of gasoline as required by 40 C.F.R. § 80.105(a) and (b).

For the last 3 months of 1996, Farstad did not report as separate the batches of gasoline that it imported from the Imperial Oil Terminal.

2. Failed to import gasoline that complied with the standards for exhaust benzene, sulfur, and olefins as required by 40 C.F.R. § 80.101(b).
3. Failed in 1996 to comply with the annual average anti-dumping statutory baseline for exhaust benzene as required by 40 C.F.R. § 80.91(c)(5).
4. Failed in 1996 and 1997 to ensure that each foreign refinery (Consumers' Co-operative) used the Reid vapor pressure, Sulfur, and Aromatics test method as required by 40 C.F.R. § 80.46.

7. Jurisdiction to settle this matter exists pursuant to § 211 of the Clean Air Act, 42 U.S.C. § 7545, 40 C.F.R. § 80.20, and other provisions of law.

8. After considering the gravity of the alleged violations, Respondent's history of compliance with the regulations, the economic benefit or savings resulting from the violations, Respondent's size of business, and actions taken to remedy the violations, EPA has determined to mitigate the civil penalty to \$13,000 subject to successful completion of the terms of this Agreement.

9. Respondent agrees to pay \$13,000 to the United States of America within thirty (30) days from the date that this Agreement is executed by EPA and returned to Respondent by certified mail return receipt requested ("the due date"). Late payment of the civil penalty is subject to interest and fees as specified in 31 U.S.C. § 3717.

Respondent agrees to pay the amount by check made payable to the "United States of America," and to mail the payments to:

U.S. Environmental Protection Agency
Washington Accounting Operations
P.O. Box 360277M
Pittsburgh, Pennsylvania 15251
Attn.: AED/MSEB - 6029

A photocopy of the check shall be mailed simultaneously to:

J. L. Adair, Attorney/Advisor
U.S. Environmental Protection Agency
Mobile Source Enforcement Branch
Air Enforcement Division (2242-A)
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20460
Attn.: AED/MSEB - 6029

10. Respondent also agrees to conduct a self-audit to ensure that it is in full compliance with the anti-dumping fuels requirements, 40 C.F.R. Subpart E; and, to disclose to EPA within eighty (80) days of the agreement any violations discovered as a result of the self-audit. Respondent further agrees to take certain steps to prevent future violations. Such steps shall include:

- a. Ensuring that the truck importer's sampling and testing requirements prescribed at 40 C.F.R. § 80.101(i) are being met. For example, determining whether or not an independent laboratory is sampling and testing the Canadian refinery's gasoline subsequent to each receipt of gasoline into the storage tank supplying the importer's truck, or immediately prior to each transfer of gasoline into the importer's truck.
- b. Ensuring that the sampling and testing methods prescribed at 40 C.F.R. Part 80, Appendix D, and 40 C.F.R. § 80.46 are being used. (Note: In the near future, sampling methods may be prescribed at 40 C.F.R. § 80.8)
- c. Ensuring that the gasoline at the truck loading terminal is being tested for each applicable parameter specified under 40 C.F.R. § 80.65(e)(2)(i).
- d. Ensuring that the truck importer is provided the information and monitors the sampling and testing methods, test results, the date of sampling and testing, and the volume of gasoline sampled.
- e. Ensuring that the annual average emissions standards will be met by calculating the conventional gasoline baseline emissions on an ongoing basis, (e.g., monthly).

11. Time is of the essence to this Agreement. Upon failure to timely perform pursuant to paragraphs 9 or 10 of this Agreement, Respondent agrees to pay a stipulated penalty of \$30,000. This stipulated penalty is in addition to the proposed penalty. Upon such default this amount shall

be immediately due and owing. The parties further agree that upon such default or failure to comply, EPA may refer this matter to the United States Attorney General for collection pursuant to § 211(d) of the Clean Air Act, 42 U.S.C. § 7545(d), commence an action to enforce this Agreement or to recover the civil penalty pursuant to § 211 of the Clean Air Act; or pursue any other remedies available to it. Respondent specifically agrees that in the event of such default or failure to comply, EPA may proceed in an action based on the original claim of violation of § 211 of the Clean Air Act, 42 U.S.C. § 7545, and Respondent expressly waives its right to assert that such action is barred by 28 U.S.C. § 2462, other statutes of limitation, or other provisions limiting actions as a result of passage of time.

a. EPA agrees to provide a written notice to Respondent before finding Respondent in default of this Agreement. EPA agrees to send the notice by certified mail, return receipt requested. Respondent shall have five (5) business days to receive the notice in the mail. Thereafter, Respondent shall have ten (10) business days to make all payments or cure the default. The notice shall be sent to Respondent's attorney at its last known business address.

12. This Agreement becomes effective upon the date executed by EPA, at which time a copy will be returned to Respondent.

13. Respondent hereby represents that the individual or individuals executing this Agreement on behalf of Respondent are authorized to do so and that such execution is intended and is sufficient to bind Respondent.

14. Respondent waives its rights, if any, to a hearing, trial or any other proceeding on any issue of fact or law relating to the matters consented to herein.

15. The terms of this Agreement are contractual and not a mere recital. If any provision or provisions of this Agreement are held to be invalid, illegal or unenforceable, the remaining provisions shall not in any way be affected or impaired thereby.

16. The validity, enforceability, and construction of all matters pertaining to this Agreement shall be determined in accordance with applicable federal law.

17. Upon completion of the terms of this Agreement, this matter shall be deemed terminated and resolved. Nothing herein shall limit the right of EPA to proceed against Respondent in the event of default or noncompliance with this Agreement; for violations of § 211 of the Clean Air Act, 42 U.S.C. § 7545, which are not the subject matter of this Agreement; or for other violations of law; or with respect to other matters not within the scope of the Agreement. This Agreement in no way affects, or relieves Respondent of responsibility to comply with other state, federal or local law or regulations.

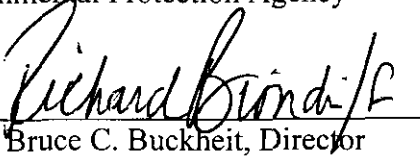
The following agree to the terms of this Agreement:

Farstad Oil, Inc.

by: 

Date: 3-1-02

United States
Environmental Protection Agency

by: 

Date: 3-13-02

Bruce C. Buckheit, Director
Air Enforcement Division
Office of Enforcement and Compliance Assurance