STATE OF COLORADO

Bill Ritter, Jr., Governor
James B. Martin, Executive Director

Dedicated to protecting and improving the health and environment of the people of Colorado

4300 Cherry Creek Dr. S.
Denver, Colorado 80246-1530
Phone (303) 692-2000
TDD Line (303) 691-7700
Located in Glendale, Colorado

Laboratory Services Division
8100 Lowry Blvd.
Denver, Colorado 80230-6928
(303) 692-3090

http://www.cdphe.state.co.us

Colorado Department
of Public Health
and Environment

January 5, 2009

Ms. Jessica Toll, Assistant General Counsel
Mr. Thomas J. Bach, Director of EHS
Knight Inc.
370 Van Gordon Street
Lakewood, CO 80228-8304

RE: Compliance Order on Consent, Number: SC-090105-1

Dear Ms. Toll and Mr. Bach:

Enclosed for Knight Inc. records you will find your copy, with original signatures, of the recently executed Compliance Order on Consent.

Please remember that this agreement is subject to a thirty-day public comment period (paragraph 34). Upon initiation, if the Division receives any comments during this period we will contact your office to discuss. Also, please be advised that the first page of the Order was changed in order to place the assigned Order Number on the final document.

If you have any questions, please don't hesitate to contact Danelle Morgan at (303) 692-3176 or by electronic mail at danelle.morgan@state.co.us.

Sincerely,

Kristi-Raye Beaudin, Legal Assistant
Water Quality Protection Section
WATER QUALITY CONTROL DIVISION

cc: Pitkin County Environmental Health and Natural Resources
MS-3 File

ec: Aaron Urdiales, EPA Region VIII
Mark Kadnuck, Engineering Section, CDPHE
Dick Parachini, Watershed Program, CDPHE
Gary Beers, Permits Unit, CDPHE
Carolyn Schachterle, OPA

Enclosure(s)

COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

WATER QUALITY CONTROL DIVISION

COMPLIANCE ORDER ON CONSENT **NUMBER: SC-090105-1**

IN THE MATTER OF: **KNIGHT INC.**
CDPS PERMIT NO. COR-030000
CERTIFICATION NO. COR-039864
PITKIN COUNTY, COLORADO

The Colorado Department of Public Health and Environment ("Department"), through the Water Quality Control Division ("Division"), issues this Compliance Order on Consent ("Consent Order"), pursuant to the Division's authority under §25-8-605, C.R.S. of the Colorado Water Quality Control Act ("the Act") §§ 25-8-101 to 703, C.R.S., and its implementing regulations, with the express consent of Knight Inc. The Division and Knight Inc. may be referred to collectively as "the Parties."

STATEMENT OF PURPOSE

1. The mutual objectives of the Parties in entering into this Consent Order are to resolve, without litigation, the alleged violations cited herein by the Division and in the Inspection Report from the Division inspection that took place on September 27, 2006 in Pitkin County, Colorado.

DIVISION'S FINDINGS OF FACT AND DETERMINATION OF VIOLATIONS

2. Based upon the Division's investigation into and review of the compliance issues identified herein, and in accordance with §25-8-602 and 605, C.R.S., the Division has made the following determinations regarding Knight Inc. and Knight Inc.'s compliance with the Act and its implementing permit regulations and Knight Inc.'s permit certification.

3. At all times relevant to the violations cited herein, Knight Inc. was a Kansas corporation in good standing and registered to conduct business in the State of Colorado.

4. Knight Inc. is a "person" as defined by §25-8-103(13), C.R.S. and its implementing permit regulation, 5 CCR 1002-61, §61.2(73).

5. On or about June 5, 2006, Knight Inc. initiated construction activities to build a pipeline on 47 disturbed acres of land located at or near Highway 82 and Brush Creek Road in Pitkin County, Colorado, for the transportation of natural gas resources (the "Project".)

6. On or about April 7, 2006, Knight Inc. applied for Permit Coverage under the Colorado Discharge Permit System ("CDPS") General Permit, Number COR-030000, for Stormwater Discharges Associated with Construction Activity (the "Permit".)

7. On April 11, 2006, the Division provided Knight Inc. (through its predecessor Kinder Morgan Inc.) Certification Number COR-039864 authorizing Knight Inc. to discharge stormwater from the construction activities associated with the Project to Brush Creek under the terms and conditions of the Permit. Certification Number COR-039864 became effective April 11, 2006. On April 19, 2007, upon Knight Inc.'s request, the Division transferred the permit certification to Rocky Mountain Natural Gas, LLC.

8. Brush Creek is "state waters" as defined by §25-8-103(19), C.R.S. and its implementing permit regulation, 5 CCR 1002-61, §61.2 (101).

9. Pursuant to 5 CCR 1002-61, §61.8, a permittee must comply with all the terms and conditions of a permit and violators of the terms and conditions specified in a permit may be subject to civil and criminal liability pursuant to §§25-8-601 through 612, C.R.S.

10. On September 27, 2006 a representative from Pitkin County (the "Inspector") conducted an on-site inspection of the Project on behalf of the Division, pursuant to the Division's authority under §25-8-306, C.R.S., to determine Knight Inc.'s compliance with the Water Quality Control Act and the Permit. During the inspection, the Inspector interviewed Project representatives, conducted a review of the Project's stormwater management system records, and performed a physical inspection of a portion of the Project.

11. Pursuant to Part I. B. of the Permit, Knight Inc. was required to prepare a Stormwater Management Plan ("SWMP") that identifies Best Management Practices ("BMPs") that, when implemented, will meet the terms and conditions of the Permit. The SWMP is required to identify potential sources of pollution, which may be reasonably expected to affect the quality of stormwater discharges associated with construction activity from the Project. In addition, the plan is required to describe and ensure the implementation of BMPs, which will be used to reduce the pollutants in stormwater discharges associated with construction activity.

12. Pursuant to Part I. B. of the Permit, the SWMP shall include, at a minimum, the following items:

    a. Site Description - Each plan shall provide a description of the following:

        i. A description of the construction activity.
        ii. The proposed sequence for major activities.
        iii. Estimates of the total area of the site, and the area of the site that is expected to undergo clearing, excavation or grading.
        iv. An estimate of the runoff coefficient of the site before and after construction activities are completed and any existing data describing the soil, soil erosion potential or the quality of any discharge from the site.
        v. A description of the existing vegetation at the site and an estimate of the percent vegetative ground cover.
        vi. The location and description of any other potential pollution sources, such as vehicle fueling, storage of fertilizers or chemicals, etc.

vii. The location and description of any anticipated non-stormwater components of the discharge, such as springs and landscape irrigation return flow.

viii. The name of the receiving water(s) and the size, type and location of any outfall or, if the discharge is to a municipal separate storm sewer, the name of that system, the location of the storm sewer discharge, and the ultimate receiving water(s).

b. Site Map - Each plan shall provide a generalized site map or maps which indicate:

i. Construction site boundaries.
ii. All areas of soil disturbance.
iii. Areas of cut and fill.
iv. Areas used for storage of building materials, soils or wastes.
v. Location of any dedicated asphalt or concrete batch plants.
vi. Location of major erosion control facilities or structures.
vii. Springs, streams, wetlands and other surface waters.
viii. Boundaries of 100-year flood plains, if determined.

c. BMPs for Stormwater Pollution Prevention - The plan shall include a narrative description of appropriate controls and measures that will be implemented before and during construction activities at the facility.

i. Erosion and Sediment Controls - A description of structural site management controls (Structural Practices) which will minimize erosion and sediment transport <u>and</u> a description of interim and permanent stabilization practices (Non-Structural Practices), including the site-specific scheduling of the implementation of the practices.
ii. Material Handling and Spill Prevention - The SWMP shall identify any procedures or significant materials handled at the site that could contribute pollutants to runoff.

d. Final Stabilization and Long-Term Stormwater Management - Description of the measures used to achieve final stabilization and measures to control pollutants in stormwater discharges that will occur after construction operations have been completed.

e. Other Controls - Description of other measures to control pollutants in stormwater discharges, including plans for waste disposal and limiting off-site soil tracking.

f. Inspection and Maintenance - Description of procedures to inspect and maintain in good and effective operating condition the vegetation, erosion and sediment control measures and other protective measures identified in the SWMP.

13. The Division has determined that Knight Inc. failed to prepare and maintain a complete an accurate SWMP for the Project as described in paragraph 13(a) below:

a. During the September 27, 2006 inspection, the Inspector noted that "Permit Part I.B.3 did not exist for this facility. The SWMP shall be developed to include a narrative description of appropriate controls and measures that will be implemented before and during construction activities at the facility. The plan shall clearly describe the relationship between the phases of construction and the implementation and maintenance of controls and measures. For example, which controls will be implemented during each of the following stages of construction: clearing and grubbing necessary for perimeter controls, initiation of perimeter controls, remaining clearing and grubbing, road grading, storm drain installation, final grading, stabilization, and removal of control measures."

14. Knight Inc.'s failure to prepare and maintain a complete and accurate SWMP for the Project constitutes violation(s) of Part I. B. of the Permit.

15. Pursuant to Part I. B. 3. a. (1) of the Permit, Knight Inc. is required to minimize erosion and sediment transport from the Project. The Permit specifies that structural site management practices may include, but are not limited to: straw bales, silt fences, earth dikes, drainage swales, sediment traps, subsurface drains, inlet protection, outlet protection, gabions, and temporary or permanent sediment basins.

16. Pursuant to Part I. B. 3. a. (2) of the Permit, Knight Inc. is required to implement interim and permanent stabilization practices, including site-specific scheduling of the implementation of the practices. The Permit specifies that site plans should ensure existing vegetation is preserved where possible and that disturbed areas are stabilized. The Permit specifies that non-structural practices may include, but are not limited to: temporary seeding, permanent seeding, mulching, geotextiles, sod stabilization, vegetative buffer strips, protection of trees and preservation of mature vegetation.

17. The Division has determined that Knight Inc. failed to implement and/or maintain functional BMPs at the Project as described in paragraphs 17(a–d) below:

    a. During the September 27, 2006 inspection, the Inspector observed that "BMPS were implemented for sediment control but were in disrepair or installed improperly. In particular, BMPs for erosion and sediment control were inadequate at the creek crossing on Brush Creek. BMPs for erosion control must be implemented and maintained in good and effective operating conditions to prevent sediment transport and erosion."

    b. During the September 27, 2006 inspection, the Inspector observed that "BMPS for erosion control were implemented but not maintained to sufficiently control sediment. In particular, the silt fencing about ¼ mile up Brush Creek Road was in disrepair. BMPs for erosion control must be implemented and maintained in good and effective operating conditions to prevent sediment transport and erosion."

    c. During the September 27, 2006 inspection, the Inspector observed that "BMPs for erosion control were not implemented for outlet protection at the culvert approximately 1 mile west of Gerbaz Lane on Upper River Road on the 10-inch project area. BMPs for erosion control must be implemented and maintained in good and effective operating condition."

d. During the September 27, 2006 inspection, the inspector observed that "BMPs for erosion control were not implemented for erosion or sediment control on the 10-inch project area where the gas line crosses Upper River Road. BMPs for erosion control must be implemented and maintained in good and effective operating condition."

18. Knight Inc.'s failure to implement and maintain functional BMPs to protect stormwater quality during construction activities at the Project constitutes violations of Part I. B. 3. a. of the Permit.

19. Following the inspection, Knight Inc. took steps to address all the issues raised by revising its SWMP, and effecting the appropriate on-site corrective actions. Documentation of the resolution of these issues was provided to the Division in the response from Kinder Morgan Inc. (Knight Inc.'s predecessor) to Pitkin County on November 1, 2006.

ORDER AND AGREEMENT

20. Based on the foregoing factual and legal determinations, pursuant to its authority under §25-8-602 and 605, C.R.S., and in satisfaction of the civil penalties associated with the alleged violations cited herein and in the Inspection Report from the Division inspection that was conducted on September 27, 2006, the Division orders Knight Inc. to comply with all provisions of this Consent Order, including all requirements set forth below.

21. Knight Inc. agrees to the terms and conditions of this Consent Order. Knight Inc. agrees that this Consent Order constitutes a notice of alleged violation and an order issued pursuant to §§ 25-8-602 and 605, C.R.S., and is an enforceable requirement of the Act. Knight Inc. also agrees not to challenge directly or collaterally, in any judicial or administrative proceeding brought by the Division or by Knight Inc. against the Division:

    a. The issuance of this Consent Order;

    b. The factual and legal determinations made by the Division herein; and

    c. The Division's authority to bring, or the court's jurisdiction to hear, any action to enforce the terms of this Consent Order under the Act.

22. Notwithstanding the above, Knight Inc. does not admit to any of the factual or legal determinations made by the Division herein, and any action undertaken by Knight Inc. pursuant to this Consent Order shall not constitute evidence of fault by Knight Inc. with respect to the conditions of the Project.

Compliance Requirements

23. Knight Inc. shall immediately implement measures to maintain and ensure compliance with the Colorado Water Quality Control Act and the terms and conditions of the CDPS General Permit for Stormwater Discharges Associated with Construction Activity (Number: COR-030000), and the associated certifications issued to Knight Inc. for its active Colorado construction projects or operations.

CIVIL PENALTY AND SUPPLEMENTAL ENVIRONMENTAL PROJECTS

24. In addition to all other funds necessary to comply with the requirements of this Consent Order, Knight Inc. shall pay Thirty Thousand Dollars ($30,000.00) in the form of civil penalties and expenditures on a Supplemental Environmental Project ("SEP") in order to achieve settlement of this matter.

25. Based upon the application of the Division's penalty policy, and consistent with Departmental policies for violations of the Act, Knight Inc. shall pay Six Thousand Dollars ($6,000.00) in civil penalties. The Division intends to petition the Executive Director, or his designee, to impose the Six Thousand Dollar ($6,000.00) civil penalty for the above violation(s) and Knight Inc. agrees to make the payment within thirty (30) calendar days of the issuance of an Order for Civil Penalty by the Executive Director or his designee. Method of payment shall be by certified or cashier's check drawn to the order of the "Colorado Department of Public Health and Environment," and delivered to:

    Danelle Morgan
    Colorado Department of Public Health and Environment
    Water Quality Control Division
    Mail Code: WQCD-CADM-B2
    4300 Cherry Creek Drive South
    Denver, Colorado 80246-1530

26. Knight Inc. shall undertake the following SEP, which the Parties agree is intended to secure significant environmental or public health protection and improvements:

    a. Knight Inc. shall donate Twenty-Four Thousand Dollars ($24,000.00) to the De Beque Fire Protection District. The funds will be used to purchase hazardous materials response equipment as identified in Attachment A.

    b. Knight Inc. shall make the payment of Twenty-Four Thousand Dollars ($24,000.00), and shall include with the donation a cover letter identifying the monies for the above-described project, within thirty (30) calendar days of the effective date of this Consent Order, as follows: "De Beque Fire Protection District", to the attention of Mr. Nick Marx, P.O. Box 180, De Beque, Colorado 81630.

    c. Knight Inc. shall provide the Division with a copy of the cover letter and check within thirty five (35) calendar days of the effective date of this Consent Order.

27. Knight Inc. shall not deduct the expenses associated with the implementation of the above-described SEP for any tax purpose or otherwise obtain any favorable tax treatment of such payment or project.

28. Knight Inc. hereby certifies that, as of the date of this Consent Order, it is not under any existing legal obligation to perform or develop the SEP. Knight Inc. further certifies that it has not received, and will not receive, credit in any other enforcement action for the SEP. In the event that Knight Inc. has, or will receive credit under any other legal obligation for the SEP, Knight Inc. shall pay Twenty Four Thousand Dollars ($24,000.00) to the Division as a civil penalty within thirty (30) calendar days of receipt of a demand for payment by the Division. Method of payment shall be as specified in paragraph 25 above.

29. In the event that Knight Inc. fails to comply with any of the terms or provisions of this Consent Order relating to the performance of the SEP, Knight Inc. shall be liable for penalties as follows:

    a. Payment of a penalty in the amount of Twenty Four Thousand Dollars ($24,000.00). The Division, in its sole discretion, may elect to reduce this penalty for environmental or public health benefits created by the partial performance of the SEP.

    b. Knight Inc. shall pay this penalty within thirty (30) calendar days of receipt of written demand by the Division. Method of payment shall be as specified in paragraph 25 above.

30. Knight Inc. shall submit a SEP Completion Report to the Division by April 30, 2009. The SEP Completion Report shall contain the following information:

    a. A detailed description of the SEP as implemented;

    b. A description of any operating problems encountered and the solutions thereto;

    c. Itemized costs, documented by copies of purchase orders and receipts or canceled checks;

    d. Certification that the SEP has been fully implemented pursuant to the provisions of this Consent Order; and

    e. A description of the environmental and public health benefits resulting from implementation of the SEP (with quantification of the benefits and pollutant reductions, if feasible).

31. Failure to submit the SEP Completion Report with the required information, or any periodic report, shall be deemed a violation of this Consent Order.

32. Knight Inc. shall include the following language in any public statement, oral or written, making reference to the SEP: "This project was undertaken in connection with the settlement of an enforcement action taken by the Colorado Department of Public Health and Environment for violations of the Colorado Water Quality Control Act."

SCOPE AND EFFECT OF CONSENT ORDER

33. The Parties agree and acknowledge that this Consent Order constitutes a full and final settlement of the alleged violations cited herein by the Division and in the Inspection Report of the Division inspection that took place on September 27, 2006 in Pitkin County, Colorado.

34. This Consent Order is subject to the Division's "Public Notification of Administrative Enforcement Actions Policy," which includes a thirty-day public comment period. The Division and Knight Inc. each reserve the right to withdraw consent to this Consent Order if comments received during the thirty-day period result in any proposed modification to the Consent Order.

35. This Consent Order constitutes a final agency order or action upon the date when the Executive Director or his designee imposes the civil penalty following the public comment period. Any violation of the provisions of this Consent Order by Knight Inc., including any false certifications, shall be a violation of a final order or action of the Division for the purpose of §25-8-608, C.R.S., and may result in the assessment of civil penalties of up to ten thousand dollars per day for each day during which such violation occurs.

36. Notwithstanding paragraph 22 above, the violations described in this Consent Order will constitute part of Knight Inc.'s compliance history for purposes where such history is relevant. This includes considering the violations described above in assessing a penalty for any subsequent violations against Knight Inc. Knight Inc. agrees not to challenge the use of the cited violations for any such purpose.

37. This Consent Order does not relieve Knight Inc. from complying with all applicable Federal, State, and/or local laws in fulfillment of its obligations hereunder and shall obtain all necessary approvals and/or permits to conduct the activities required by this Consent Order. The Division makes no representation with respect to approvals and/or permits required by Federal, State, or local laws other than those specifically referred to herein.

LIMITATIONS, RELEASES AND RESERVATION OF RIGHTS AND LIABILITY

38. Upon the effective date of this Consent Order, and during its term, this Consent Order shall stand in lieu of any other enforcement action by the Division with respect to the specific instances of violations cited herein and in the Inspection Report for the Division inspection that took place on September 27, 2006 in Pitkin County, Colorado. The Division reserves the right to bring any action to enforce this Consent Order, including actions for penalties or the collection thereof, and/or injunctive relief.

39. This Consent Order does not grant any release of liability for any violations not specifically cited herein or in the October 3, 2006 Pitkin County Stormwater Inspection Report.

40. Nothing in this Consent Order shall preclude the Division from imposing additional requirements in the event that new information is discovered that indicates such requirements are necessary to protect human health or the environment.

41. Upon the effective date of this Consent Order, Knight Inc. releases and covenants not to sue the State of Colorado or its employees, agents or representatives as to all common law or statutory claims or counterclaims arising from, or relating to, the alleged violations of the Act specifically addressed herein.

42. Knight Inc. shall not seek to hold the State of Colorado or its employees, agents or representatives liable for any injuries or damages to persons or property resulting from acts or omissions of Knight Inc., or those acting for or on behalf of Knight Inc., including its officers, employees, agents, successors, representatives, contractors, consultants or attorneys in carrying out activities pursuant to this Consent Order. Knight Inc. shall not hold out the State of Colorado or its employees, agents or representatives as a party to any contract or agreement entered into by Knight Inc. in carrying out activities pursuant to this Consent Order. Nothing in this Consent Order shall constitute an express or implied waiver of immunity otherwise applicable to the State of Colorado, its employees, agents or representatives.

FORCE MAJEURE

43. Knight Inc. shall perform the requirements of this Consent Order within the schedules and time limits set forth herein and in any approved plan unless the performance is prevented or delayed by events that constitute a force majeure. A force majeure is defined as any event arising from causes which are not reasonably foreseeable, which are beyond the control of Knight Inc., and which cannot be overcome by due diligence.

44. Within seventy-two (72) hours of the time that Knight Inc. knows or has reason to know of the occurrence of any event which Knight Inc. has reason to believe may prevent Knight Inc. from timely compliance with any requirement under this Consent Order, Knight Inc. shall provide verbal notification to the Division. Within seven (7) calendar days of the time that Knight Inc. knows or has reason to know of the occurrence of such event, Knight Inc. shall submit to the Division a written description of the event causing the delay, the reasons for and the expected duration of the delay, and actions which will be taken to mitigate the duration of the delay.

45. The burden of proving that any delay was caused by a force majeure shall at all times rest with Knight Inc. If the Division agrees that a force majeure has occurred, the Division will so notify Knight Inc. The Division will also approve or disapprove of Knight Inc.'s proposed actions for mitigating the delay. If the Division does not agree that a force majeure has occurred, or if the Division disapproves of Knight Inc.'s proposed actions for mitigating the delay, it shall provide a written explanation of its determination to Knight Inc.

46. Delay in the achievement of one requirement shall not necessarily justify or excuse delay in the achievement of subsequent requirements. In the event any performance under this Consent Order is found to have been delayed by a force majeure, Knight Inc. shall perform the requirements of this Consent Order that were delayed by the force majeure with all due diligence.

NOTICES

47. Unless otherwise specified, any report, notice or other communication required under the Consent Order shall be sent to:

For the Division:

Colorado Department of Public Health and Environment
Water Quality Control Division / WQCD-CADM-B2
Attention: Danelle Morgan
4300 Cherry Creek Drive South
Denver, Colorado 80246-1530
Telephone: 303.692.3176
E-mail: danelle.morgan@state.co.us

For Knight Inc.:

Ms. Jessica Toll
Assistant General Counsel
370 Van Gordon Street
Lakewood, CO 80228-8304
Telephone: 303.763.3313
E-mail: jessica_toll@kindermorgan.com

and

Mr. Thomas J. Bach
Director of EHS
370 Van Gordon Street
Lakewood, CO 80228-8304
Telephone: 303.914-7842
E-mail: thomas_bach@kindermorgan.com

MODIFICATIONS

48. This Consent Order may be modified only upon mutual written agreement of the Parties.

COMPLETION OF REQUIRED ACTIONS

49. Knight Inc. shall submit a Notice of Completion to the Division upon satisfactory completion of all requirements of this Consent Order. The Division shall either accept or reject Knight Inc.'s Notice of Completion in writing within thirty (30) calendar days of receipt. If the Division accepts Knight Inc.'s Notice of Completion, or does not respond, the obligations set forth in this Consent Order are deemed to have been met and this Consent Order shall terminate. If the Division rejects Knight Inc.'s Notice of Completion, it shall include in its notice a statement identifying the requirements that the Division considers incomplete or not satisfactorily performed and a schedule for completion. Knight Inc. shall, within fifteen (15) calendar days of receipt of the Division's rejection, either:

    a. Submit a notice of acceptance of the determination; or

    b. Submit a notice of dispute.

    If Knight Inc. fails to submit either of the above notices within the specified time, it will be deemed to have accepted the Division's determination.

50. If Knight Inc. files any notice of dispute pursuant to paragraph 49, the notice shall specify the particular matters in the Division's determination that Knight Inc. seeks to dispute, and the basis for the dispute. Matters not identified in the notice of dispute shall be deemed accepted by Knight Inc. The Division and Knight Inc. shall have thirty (30) calendar days from the receipt by the Division of the notification of dispute to reach an agreement. If agreement cannot be reached on all issues within this thirty (30) calendar day period, the Division shall confirm or modify its decision within an additional fourteen (14) calendar days, and the confirmed or modified decision shall be deemed effective and subject to appeal in accordance with the Act and the Colorado State Administrative Procedures Act, §§ 24-4-101 through 108, C.R.S.

NOTICE OF EFFECTIVE DATE

51. This Consent Order shall be fully effective, enforceable and constitute a final agency action upon the date when the Executive Director or his designee imposes the civil penalty. If the penalty as described in this Consent Order is not imposed, or an alternate penalty is imposed, this Consent Order becomes null and void.

BINDING EFFECT AND AUTHORIZATION TO SIGN

52. This Consent Order is binding upon Knight Inc. and its corporate subsidiaries or parents, their officers, directors, employees, successors in interest, and assigns. The undersigned warrant that they are authorized to legally bind their respective principals to this Consent Order. Knight Inc. agrees to provide a copy of this Consent Order to any contractors and other agents performing work pursuant to this Consent Order and require such agents to comply with the requirements of this Consent Order. In the event that a party does not sign this Consent Order within thirty (30) calendar days of the other party's signature, this Consent Order becomes null and void. This Consent Order may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same Consent Order.

FOR KNIGHT INC.:

_____ Date: 12/9/2008

Joseph Listengart, General Counsel

FOR THE COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT, WATER QUALITY CONTROL DIVISION:

Lori M Gerzina _____ Date: 1/2/09

Lori M. Gerzina, Section Manager
Compliance Assurance and Data Management Section
WATER QUALITY CONTROL DIVISION

ATTACHMENT A: KNIGHT INC. SEP PROPOSAL

Knight Inc. submits the following information regarding its proposed SEP:

Enforcement Action - Knight Inc. construction activities to build a pipeline for transportation of natural gas located at or near Highway 82 and Brush Creek Road in Pitkin County, Colorado.

Project Name – Donation to the De Beque Fire Protection District for Purchase of Hazmat Response Equipment

Project Manager – Jessica Toll, Knight Inc.

CDPHE Contact Person – Danelle Morgan

Geographic Area to Benefit from Project – Upper Colorado Region, Colorado Headwaters Subregion

Type of Project: Pollution Prevention

Project Description – Donation of $24,000 to the De Beque Fire Protection District to purchase hazardous materials (hazmat) response equipment including:

- 7 PPE uniforms rated by NFPA 1994 for class 3 hazmat response, including helmet with face shield, helmet clip, hood, gloves, suspenders, safety vest, boots, coat and pants. The estimated cost of each uniform is $2381.74 for an estimated total cost for PPE of $16,672.18.
- 5 H2S monitors at an estimated total cost of $1327.82.
- The remaining amount ($24,000 less the actual cost of the PPE uniforms and H2S monitors), estimated to be approximately, $6,000, will be used by the De Beque Fire Protection District towards the purchase of a hazardous materials response trailer.

Expected Environmental/Public Health Benefits – This project will allow the local fire department in the small community of De Beque, where there is increased oil and gas activity, to more safety and effectively respond to releases of hazardous materials and other emergency response situations. This is expected to decrease pollution to the environment, including land and water.

Project Cost - $24,000 as described in more detail under Project Description.

Project Schedule – The schedule will be completed according to paragraphs 26 and 30 of the Consent Order.

Availability of Other Funding – It is Knight Inc.'s understanding that the De Beque Fire Protection District does not have the necessary funding to purchase these items and is relying on donations.

Reporting - Reporting will be completed according to paragraphs 26 and 30 of the Consent Order.